BAYPORT MANAGEMENT LTD

(Registration number 54787 C1/GBL)

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

BAYPORT MANAGEMENT LTD

Index

The reports and statements set out below comprise of the consolidated financial statements presented to the shareholders:

Secretary's Certificate in accordance with section 166(d) of the Mauritius Companies Act 2001

In accordance with section 166 (d) of the Mauritius Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required for a company under the Mauritius Companies Act 2001, for the year ended 31 December 2024.

Bellerive Corporate Management Services (Mauritius) Ltd
Company Secretary

28 March 2025

General Information

Country of incorporation and domicile	Mauritius
Nature of business and principal activities	Holding company to businesses involved in provision of retail financial services
Registered office	Bellerive Corporate Management Services (Mauritius) Ltd 3rd Floor Ebene Skies Rue de L'Institut Ebene Mauritius
Business address	3rd Floor Ebene Skies Rue de L'Institut Ebene Mauritius
Main Banker	Standard Bank (Mauritius) Ltd
Auditor	Forvis Mazars LLP 4th Floor,Unicorn Centre Frère Félix de Valois Street, Port Louis, Mauritius
Company registration number	54787 C1/GBL

Directors' Responsibilities and Approval

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

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

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

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

The directors have reviewed the Group’s cash flow forecast for the year to 31 December 2025 and, in light of this review and the current financial position, they are satisfied that the Group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the Group's consolidated financial statements. The consolidated financial statements have been examined by the Group's external auditor and their report is presented on pages 8 to 13.

The consolidated financial statements set out on pages 14 to 88, which have been prepared on the going concern basis, were approved by the Board of Directors on 28 March 2025 and were signed on its behalf by:

Mr Edward Vaughan Heberden
Director

Mr Alastair Andrew Graham Nairn
Director

Directors' Report

The directors have the pleasure in submitting their report on the consolidated financial statements of Bayport Management Ltd and its subsidiaries (referred to as the "Group") for the year ended 31 December 2024.

1. Review of financial results and activities

Main business and operations

Bayport Management Ltd ("the Company") is a holding company to businesses involved in provision of retail financial services. The shares of the Company are listed on the Stock Exchange of Mauritius. The Company holds a Global Business Licence issued by the Financial Services Commission ("FSC").

Bayport Group continues to grow the loan book as the strategic realignment of the Group's operations in key markets yields positive results underpinned by a healthy operating model driven by high-quality customers, strict affordability criteria and strong payroll collections, resulting in low non-performing loan ratios across its operating entities. The Group's liquidity position tightened on the back of the negative impact of foreign exchange movements, principally due to a weakening of African currencies against the US dollar, in addition to the sustained period of elevated global interest rates during 2023 leading into 2024. These factors impacted the Group's liquidity position and cash flows, thereby impacting its ability to meet its 2024 debt service and interest obligations, which were elevated due to the increase in variable rate funding. The Company entered into an agreement with creditors during December 2024 (refer to the note 7, Going Concern) and refinanced its existing debt and drew down on a new super senior facility thereby alleviating the liquidity pressures experienced during 2024. As part of the recapitalisation and restructuring agreement reached with creditors, the directors and shareholders have provided security over key operational assets in the group, separating the operating entities and the group entities directly supporting operations, from group funding activities, as outlined in note 1 to the financial statements. In the unlikely event of default by these funding entities, the creditors are entitled to execute their security over the operational assets as outlined in note 1.

The Group continues to de-risk the impact of foreign exchange movements by focusing on raising local currency funding and reducing operating entities' reliance on US dollar debt. Cost remains well controlled across operating and corporate entities despite the continued investment in the digitisation strategy of the Group to improve client service levels and engagement.

The operating results and statement of affairs of the Group are fully set out in the attached consolidated financial statements and do not in our opinion require any further comment.

2. Share capital

Refer to note 21 of the consolidated financial statements for details of the movement in issued share capital.

3. Dividends

No dividends were declared or paid to the ordinary shareholders and Limited-Voting B shares of the Company during the current or prior year.

4. Directors

The directors of the Company during the year and up to the date of this report are as follows:

Directors	Changes
Mr Christopher Blandford - Newson	
Mr Edward Vaughan Heberden	
Mr Grant Kurland	
Mr Nicholas Haag	
Mr Roberto Rossi	
Mr Stuart Stone	
Mrs Victoria Bejarano	Resigned on 27 March 2025
Mr Sibusiso Madondo	
Mr Gregory Davis	
Mr Alastair Andrew Graham Nairn	
Mr Mathew Joseph Ananthanam	Resigned on 31 December 2024
Mr Jamie Robert Hollins	Resigned on 03 February 2025
Mr Franco Danesi	Resigned on 25 September 2024
Mr Junaid Muhamud Udhin (Alternate to Mr Edward Vaughan Heberden and Mr Alaistair Andrew Graham Nairn)	
Mr Santosh Lalloo (Alternate to Mr Sibusiso Madondo)	Resigned on 15 November 2024
Mr Nimit Shantilal Shah	Resigned on 04 March 2024

Directors' Report (continued)

5. Contract of significance

During the year under review, the Company refinanced its senior and subordinated loans through an agreement with its creditors. No director had a material direct or indirect interest in this agreement.

6. Directors' service contracts

None of the Directors of the Company and of the subsidiaries has service contracts that need to be disclosed under Section 221 of the Mauritius Companies Act 2001.

7. Going concern

On 10 December 2024, the Group's holding company, Bayport Management Ltd (the Company), entered into an agreement with creditors to refinance its existing senior and subordinated loans and draw down on a new super senior credit facility USD 26 million through Bayport Intermediate HoldCo PLC (Intermediate HoldCo), a newly-incorporated English entity owned by the Company, as part of a recapitalization transaction (the transaction). As part of the transaction, on 12 December 2024, an irrevocable, mandatory exchange of its USD 250 million Senior Unsecured Callable Fixed Rate Social Bonds due May 2025 with ISIN NO0012496688 (the "Senior Bonds") and its USD 50 million Subordinated Social Bonds due November 2025 with ISIN NO0012496696 (the "Subordinated Bonds" and, together with the Senior Bonds, the "Bonds") were completed. Holders of the Senior Bonds receiving senior secured floating rate social notes due June 2028 with ISIN NO0013419457 issued by Intermediate HoldCo and holder of the Subordinated Bonds receiving subordinated secured floating rate social notes due December 2028 with ISIN NO0013411678 issued by the Company. As part of the transaction, maturity dates on subordinated bilaterial facilities (subordinated loans) held by the Company have been extended to December 2028.

Interest accrued on the Bonds and subordinated loans during 2024 were capitalized as part of the transaction with future interest payments on a Pay-If-You-Can (PIYC) basis, thereby ensuring available liquidity to the Company and Intermediate HoldCo for all future operational requirements.

The completion of the transaction had the following positive impact on the Company and the Group:

- strengthens the liquidity positions through the USD 26 million super senior credit facility;
- provide the Company's creditors with security through the introduction of an intermediate holding company structure and granting of security over its assets;
- resize the Company's fixed debt service obligations in order to ease liquidity pressures;
- extends the Company's debt maturities to 2028 in order to provide further maturity runway to perform value enhancing initiatives, including to improve its refinancing prospects; and
- harmonise covenants and other terms across the senior and subordinated loan facilities.

For the year ended 31 December 2024, the Group made a loss after tax of USD 80.4 million driven primarily by pre-restructuring funding costs in the Company, USD 22 million advisor fees relating to the transaction, USD 10.4 million recapitalization consent fee and USD 2.4 million penalty interest. Notwithstanding the loss and the impact thereof on the net asset value of both the Company and the Group, the Company's total assets exceed its total liabilities by USD 54.9 million, and current assets exceeded current liabilities by USD 43.8 million, confirming a healthy liquidity position as further disclosed in note 30.4 of the Company's separate financial statements. The Group remains in a strong liquidity position with a surplus of USD 292.9 million of current assets over current liabilities for the next 12 months, as disclosed in note 32.3 of the Group's financial statements, and total asset exceeding total liabilities by USD 34.7 million.

The Directors believe that the completion of the transaction demonstrates the ongoing support of stakeholders for the Company and the Group's ability to continue operating as a going concern. The Directors therefore, consider it appropriate to adopt the going concern basis in preparing the financial statements.

8. Litigation statement

At the date of this report, no material incidences of litigation existed against the Group.

9. Auditor

Forvis Mazars LLP will continue in office in accordance with Section 200 of the Mauritius Companies Act 2001.

10. Company Secretary

The Company secretary is Bellerive Corporate Management Services (Mauritius) Ltd of:

3rd Floor
Ebene Skies
Rue de L'Institut
Ebene
Mauritius

Directors' Report (continued)

11. Separate financial statements

These financial statements represent the consolidated financial statements of the Group in accordance with IFRS 10 Consolidated Financial Statements. The separate financial statements have been prepared and presented separately.

12. Events after the reporting period

Bayport Management Ltd, the Group's Holding company ("the Company"), continues to fulfill the requirements of the recapitalisation transactions ("the transaction"), as outlined in the going concern assessment note on page 6. After the balance sheet date, the Company transferred its entire shareholding in Bayport Financial Services Uganda Limited to Cashfoundry Limited, a group company domiciled in the United Kingdom. This transfer does not alter the ultimate ownership of this subsidiary but rather restructures its shareholding within the Group in alignment with the transaction requirements. As of the release date of these financial statements, the Company has met all its debt obligations and remains well-positioned to fulfill its short to medium-term debt service and operational commitments.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAYPORT MANAGEMENT LTD AND ITS SUBSIDIARIES

Report on the Audit of the Consolidated Financial Statements (continued)

Opinion

We have audited the consolidated financial statements of **BAYPORT MANAGEMENT LTD** (the "Company") and its subsidiaries (the "Group") on pages 14 to 88, which comprise the consolidated statement of financial position as at 31 December 2024 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board(IASB) and with compliance with the requirements of the Mauritius 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 audit report.

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

Independence

We are independent of the Group in accordance with the International 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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18N, Frère Félix de Valois St,
Port Louis
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAYPORT MANAGEMENT LTD AND ITS SUBSIDIARIES

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	Our audit approach to the Key Audit Matter
Going Concern – refer to note 7 on page 6 of the accompanying financial statements	
• The loss incurred by the Group for the year ended 31 December 2024 amounted to **USD 80m** (2023: Profit USD: 6m). • As at 31 December 2024, the Group had cash and cash equivalents amounted to **USD 121m.** • In December 2024, the Group entered in a capitalisation and restructuring agreement whereby no capital repayment of debt will be required over the next 12 months. • The above is subject to strict covenants and to the capacity of the Group to meet its own operational expenses without recourse to further debt. • In the directors' opinion, the debt restructuring plan entered in 2024 demonstrates the ongoing support of creditors. • The directors continue to evaluate a broad range of refinancing solutions. • The directors consider that it is appropriate to continue to prepare the financial statements on a going concern basis.	Our audit approach and procedures comprised of the following: • We have reviewed the 12 months cash budget prepared by management taking into consideration the conditions of the debts especially the Pay If You Can (PIYC) component; • We have assessed the quality of management forecasting by comparing cash flows forecasts for prior periods to actual outcomes; • We challenged the appropriateness of the assumptions that had the most material impact; • We tested the arithmetic integrity of the calculations including those related to management sensitivities; • We assessed the possible mitigating actions identified by management in the event that actual cash flows are below the forecasts; • We have reviewed and identified the new loan covenants and any potential breaches; • We have evaluated the accuracy of the disclosures made by the directors in Note 7 page 6 of the financial statements; • We have reviewed the board representation and disclosures in the financial statements.
Financial assets that are not credit impaired (S1/S2) – refer to note 8 of the accompanying financial statements	
The estimation of Expected Credit Losses ("**ECL**") on financial assets involves Management's judgements and estimates which are subjective due to the significant uncertainty associated with the underlying assumptions in the calculation of ECLs. These include: • accounting interpretations, modelling assumptions and data points applied to estimate the Probability of Default ("PD"), Exposure At Default ("EAD") and Loss Given Default ("LGD"), used to build and run the model that calculate the ECL; • allocation of assets between Stage 1 or 2, i.e., identifying triggers for Significant Increase in Credit Risk ("SICR"); inputs and assumptions relating to forward-looking adjustments; • qualitative adjustments - adjustments to the model-driven results are made by management to address known impairment model limitations or emerging trends. Such adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to sectors and country; • incorporation of forward-looking information (FLI) in the ECL measurement.	Our audit approach and procedures comprised of the following: • evaluated the design and operating effectiveness of controls across the processes relevant to ECL calculation; • evaluated the criteria used to allocate financial assets between Stage 1 or 2 in accordance with IFRS 9 requirements; • reviewed the credit staging triggers; • reviewed and tested the assumptions, inputs and formulae used in the ECL model. This included assessing the appropriateness of model design, refinements made, and recalculating the key inputs such as PD and LGD; • involved our specialist modelling and IFRS 9 team in performing certain procedures such as review of methodology, analytical review, development testing, validation testing, benchmarking and governance review; • agreed ECL calculation data points to source system extracts on sample basis, to evaluate data quality; • Reviewed and reperformed the calculations of Stage 1 and Stage 2 as per IFRS 9; • assessed the adequacy of disclosures in the financial statements in line with accounting standards and regulatory considerations; and • considered the complexity of management's process to design and create financial statement disclosures given the granularity and complexity.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAYPORT MANAGEMENT LTD AND ITS SUBSIDIARIES

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

<table>
<tr><th>Key Audit Matter</th><th>Our audit approach to the Key Audit Matter</th></tr>
<tr><td colspan="2">Financial assets that are credit impaired (S3) – refer to notes 8 of the accompanying financial statements</td></tr>
<tr><td>The estimation of Stage 3 ECL also includes management's judgement and estimates to determine the occurrence of "default" or "loss" events and the eventual recovery of the expected future cash flows, including the realisation of any securities. Change in management assumptions may have significant impacts on the estimation of Stage 3 ECL.</td><td>Our audit approach and procedures comprised of the following:

• evaluated the design and operating effectiveness of controls across the processes relevant to Stage 3 ECL;
• analysed arrears report to identify whether all clients meeting the "default" definition are subject to Stage 3 provisions assessments;
• independently re-computed the ECL, on a sample basis, based on our assessment of expected future cash flows and the recoverability of security in line with IFRS 9;
• where realisation of security was factored in the estimation of future cash flows, we reviewed relevant valuation reports and assessed the expert's objectivity and qualifications;
• Reviewed and reperformed the calculations of specific provisions IFRS 9 (on a sample basis); and
• assessed the adequacy of disclosures for compliance with the accounting standards and regulatory considerations.</td></tr>
<tr><td colspan="2">Investment in associate company – refer to note 11 of the accompanying financial statements</td></tr>
<tr><td>The investment in associated company relates to the 49% interest of the Company in Bayport Financial Services 2010 Proprietary Limited ("BFS 2010").

Under the equity method of accounting for associates, the investment is stated at cost and is adjusted annually by the Company's share of net assets of the associate less any impairment provisions. At 31 December 2024, the carrying amount of BFS 2010 was USD 78m (2023: USD 81m).

BFS 2010 has been incurring losses for the past two years and no impairment charges have been provided for during the year. The impairment assessment relies on the Company's significant judgement of the recoverable amount (notably the value-in-use).

The projected future cash flows and discount rates used by the Company in determining BFS 2010's value-in-use are subject to estimation uncertainty and sensitivity. Therefore, we consider this a key audit matter.</td><td>Our audit approach and procedures comprised the following:
• assessment processes surrounding the determination of the value-in-use of the associated company.
• evaluation of the reasonableness and reliability of cash flow projections against the associate's most recent financial performance
• discussed with management to understand current business performance and expectations and whether they were properly reflected in the Company's forecast assumptions. In particular, we reviewed the pipeline of clients for the year 2025 and the existence of any signed agreements.
• Involved the valuation expert to consider the appropriateness of i) valuation methodology and ii) key inputs such of discount rates, long-term growth rates amongst others.
• Evaluated the accuracy of the Group's disclosures of the application of judgement in estimating the recoverable amount and the sensitivity of the results of those estimates adequately reflect the risks associated with impairment of interests in associated company.</td></tr>
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAYPORT MANAGEMENT LTD AND ITS SUBSIDIARIES

Report on the Audit of the Consolidated Financial Statements (continued)

Other information

The directors are responsible for the other information. The other information comprises the Commentary of The Directors and the Certificate from the Secretary as required by the Mauritius Companies Act 2001 which we obtained prior to the date of the audit report. Other information does not include the financial statements and our audit report thereon.

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

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

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, the Financial Services Act 2007 and the Financial Reporting Act 2004 and for such internal control as management determines 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, directors are responsible for assessing the Group'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 directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAYPORT MANAGEMENT LTD AND ITS SUBSIDIARIES

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 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 audit 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 audit 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 to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charge with governance with a statement that we have complied with the relevant requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be though to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance on the audit of the separate financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAYPORT MANAGEMENT LTD AND ITS SUBSIDIARIES

Report on Other Legal and Regulatory Requirements

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

a) we have no relationship with, or interests in, the Group other than in our capacity as auditor;

b) we have obtained all the information and explanations we have required; and

c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Other matter

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

Forvis Mazars LLP

Udaysingh Taukoordass, FCA
Licensed by FRC

Date: 28 MAR 2025

Consolidated Statement of Financial Position as at 31 December 2024

Year ended 31 December 2024	Note(s)	2024	2023
Assets			
Cash and cash equivalents	4	131,683,960	161,584,082
Other receivables	5	63,975,682	75,020,619
Derivative financial assets	6	6,886,322	6,251,625
Current tax assets	7	16,519,243	12,250,421
Loans and advances	8	1,124,663,148	1,217,474,763
Other investments	9	39,430,979	47,166,657
Investments in associates	11	78,070,238	81,112,569
Goodwill	12	3,645,248	4,419,398
Property and equipment	13	5,731,189	5,642,642
Right-of-use assets	14	4,483,611	5,511,599
Intangible assets	15	26,010,253	39,416,786
Deferred tax assets	7	33,633,788	27,105,527
Total Assets		**1,534,733,661**	**1,682,956,688**
Liabilities			
Bank overdraft	4	10,565,329	14,395,771
Deposit from customers	16	103,457,089	106,795,176
Other payables	17	45,495,234	49,552,935
Provisions	18	4,378,599	2,863,909
Current tax liabilities	7	10,300,935	3,796,136
Derivative financial liabilities	6	2,369,399	7,574,753
Lease liabilities	19	5,605,690	6,695,547
Borrowings	20	1,304,343,769	1,329,469,603
Deferred tax liabilities	7	13,489,978	8,763,127
Total Liabilities		**1,500,006,022**	**1,529,906,957**
Equity			
Share capital and treasury shares	21	416,099,023	416,099,023
Reserves	22	(360,121,947)	(329,555,446)
Retained (loss)/earnings		(22,737,858)	65,358,606
Equity attributable to owners of the Company		33,239,218	151,902,183
Non-controlling interests		1,488,421	1,147,548
Total Equity		**34,727,639**	**153,049,731**
Total Liabilities and Equity		**1,534,733,661**	**1,682,956,688**

The consolidated financial statements and the notes on pages 14 to 88 which have been prepared on the going concern basis, were approved and authorised for issue by the Board Of Directors on 28 March 2025 and were signed on its behalf by:

Mr Edward Vaughan Heberden
Director

Mr Alastair Andrew Graham Nairn
Director

Consolidated Statement of Profit or Loss

Figures in US Dollar	Note(s)	2024	2023
Interest and other similar income	23	329,100,436	331,614,614
Interest and other similar expense	24	(248,166,405)	(219,175,128)
Net interest income		**80,934,031**	**112,439,486**
Lending related income	25.1	27,002,882	29,341,141
Income from insurance activities		1,970,697	1,914,955
Investment income	25.2	11,054,045	11,005,104
Other income	25.3	6,966,002	14,923,232
Non-interest income		**46,993,626**	**57,184,432**
Operating profit		**127,927,657**	**169,623,918**
Operating expenses	26	(146,098,758)	(121,401,215)
Foreign exchange losses		(3,998,135)	(2,202,238)
Operating (loss)/profit before impairment on intangible and financial assets		**(22,169,236)**	**46,020,465**
Impairment on intangible assets		(9,020,068)	-
Impairment on financial assets	5&8	(23,377,089)	(14,028,401)
Operating (loss)/profit before share of post-tax results of associates		**(54,566,393)**	**31,992,064**
Share of post-tax results of associates	11	(1,311,144)	(1,233,415)
Operating (loss)/profit before taxation		**(55,877,537)**	**30,758,649**
Taxation	7	(24,505,553)	(24,306,166)
(Loss)/Profit for the year		**(80,383,090)**	**6,452,483**
Attributable to:			
Owners of the Company		(81,474,977)	5,438,743
Non-controlling interests		1,091,887	1,013,740
(Loss)/Profit for the year		**(80,383,090)**	**6,452,483**
(Loss)/Earnings per share:			
Basic (loss)/earnings per share	27	(2.37)	0.16
Diluted (loss)/earnings per share	27	(2.35)	0.16

Consolidated Statement of Comprehensive Income

Figures in US Dollar	Note(s)	2024	2023
(Loss)/Profit for the year		**(80,383,090)**	**6,452,483**
Other comprehensive (loss) income, net of taxation:			
Items that will not be reclassified subsequently to profit or loss:			
Fair value (loss)/gain on investments in equity instruments designated as at fair value through other comprehensive income	9	(7,735,661)	6,972,235
Share of other comprehensive loss of associate	11	-	(5,551,986)
Total items that will not be reclassified subsequently to profit or loss		**(7,735,661)**	**1,420,249**
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange differences	22.1	(28,917,057)	(26,109,130)
Fair value (loss)/gain arising on hedging instruments		(667,213)	8,190,175
Total items that may be reclassified subsequently to profit or loss		**(29,584,270)**	**(17,918,955)**
Other comprehensive loss for the year net of taxation		**(37,319,931)**	**(16,498,706)**
Total comprehensive loss for the year		**(117,703,021)**	**(10,046,223)**
Attributable to:			
Owners of the Company		(118,705,172)	(10,484,797)
Non-controlling interests		1,002,151	438,574
Total comprehensive loss for the year		**(117,703,021)**	**(10,046,223)**

BAYPORT MANAGEMENT LTD
CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

Consolidated Statement of Changes in Equity

Figures in US Dollar	Share capital	Share premium	Share application monies	Treasury shares	Limited-Voting B shares	Capital contribution	Total share capital and treasury shares	Translation reserve	Cash flow hedging reserve	Equity settled reserves	Other reserves	Total reserves	Retained earnings/ (loss)	Attributable to owners of the Company	Non-controlling interests	Total
Balance at 01 January 2023	**31,394**	**315,441,273**	**60,560,000**	**(6,777,324)**	**30,000,000**	**16,843,680**	**416,099,023**	**(398,511,025)**	**(7,509,466)**	**4,897,356**	**79,429,561**	**(321,693,574)**	**69,564,007**	**163,969,456**	**2,962,712**	**166,932,168**
Impact of adopting IFRS 17	-	-	-	-	-	-	-	-	-	-	-	-	(126,516)	(126,516)	-	(126,516)
Balance at 01 January 2023 as restated	**31,394**	**315,441,273**	**60,560,000**	**(6,777,324)**	**30,000,000**	**16,843,680**	**416,099,023**	**(398,511,025)**	**(7,509,466)**	**4,897,356**	**79,429,561**	**(321,693,574)**	**69,437,491**	**163,842,940**	**2,962,712**	**166,805,652**
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	5,438,743	5,438,743	1,013,740	6,452,483
Other comprehensive loss	-	-	-	-	-	-	-	(25,533,964)	8,190,175	-	1,420,249	(15,923,540)	-	(15,923,540)	(575,166)	(16,498,706)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(25,533,964)**	**8,190,175**	**-**	**1,420,249**	**(15,923,540)**	**5,438,743**	**(10,484,797)**	**438,574**	**(10,046,223)**
Issue of shares	3,431	60,556,569	-	-	-	-	60,560,000	-	-	-	-	-	-	60,560,000	-	60,560,000
Share application monies	-	-	(60,560,000)	-	-	-	(60,560,000)	-	-	-	-	-	-	(60,560,000)	-	(60,560,000)
Recognition of share-based payment	-	-	-	-	-	-	-	-	-	125,449	-	125,449	-	125,449	-	125,449
Retained earnings adjustment	-	-	-	-	-	-	-	-	-	-	-	-	(107,924)	(107,924)	-	(107,924)
Change in ownership interests (note 29)	-	-	-	-	-	-	-	-	-	-	-	-	(1,473,485)	(1,473,485)	(1,856,066)	(3,329,551)
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(397,672)	(397,672)
Transfer to reserves	-	-	-	-	-	-	-	-	-	-	7,936,219	7,936,219	(7,936,219)	-	-	-
Balance at 01 January 2024	**34,825**	**375,997,842**	**-**	**(6,777,324)**	**30,000,000**	**16,843,680**	**416,099,023**	**(424,044,989)**	**680,709**	**5,022,805**	**88,786,029**	**(329,555,446)**	**65,358,606**	**151,902,183**	**1,147,548**	**153,049,731**
Loss for the year	-	-	-	-	-	-	-	-	-	-	-	-	(81,474,977)	(81,474,977)	1,091,887	(80,383,090)
Other comprehensive loss	-	-	-	-	-	-	-	(28,827,321)	(667,213)	-	(7,735,661)	(37,230,195)	-	(37,230,195)	(89,736)	(37,319,931)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(28,827,321)**	**(667,213)**	**-**	**(7,735,661)**	**(37,230,195)**	**(81,474,977)**	**(118,705,172)**	**1,002,151**	**(117,703,021)**
Recognition of share-based payment	-	-	-	-	-	-	-	-	-	40,320	-	40,320	-	40,320	-	40,320
Retained earnings adjustment	-	-	-	-	-	-	-	-	-	-	-	-	1,887	1,887	-	1,887
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(661,278)	(661,278)
Transfer to reserves	-	-	-	-	-	-	-	-	-	-	6,623,374	6,623,374	(6,623,374)	-	-	-
Balance at 31 December 2024	**34,825**	**375,997,842**	**-**	**(6,777,324)**	**30,000,000**	**16,843,680**	**416,099,023**	**(452,872,310)**	**13,496**	**5,063,125**	**87,673,742**	**(360,121,947)**	**(22,737,858)**	**33,239,218**	**1,488,421**	**34,727,639**
Note(s)	21	21	21	21	21	21	21	22.1	22.4	22.2	22.3					

Consolidated Statement of Cash Flows

Figures in US Dollar	Note(s)	2024	2023
Cash flows from operating activities			
(Loss)/Profit before taxation		(55,877,537)	30,758,649
Adjustments for:			
Share of post tax results of associate	11	1,311,144	1,233,415
Depreciation and amortisation	26	8,755,972	10,045,378
(Loss)/Profit on disposal of property and equipment and intangible assets	25.3	105,292	(1,049)
Unrealised exchange losses		455,709	1,174,041
Finance costs	24	248,166,405	219,175,128
Movement in provision for credit impairment		27,675,718	18,195,262
Dividend income	25.1	(5,993,712)	(7,514,142)
Impairment of intangible assets		9,020,068	-
Movement in provisions and share based payments		1,996,971	(1,134,299)
Gain on settlement of loan		(2,618,505)	-
Reversal of impairment of current tax asset	7.2	-	(1,730,000)
Impairment of goodwill	12	-	360,631
Profit before tax adjusted for non-cash items		**232,997,525**	**270,563,014**
Dividend received from equity instrument designated as at FVTOCI	25.1	5,993,712	7,514,142
Finance costs paid		(152,741,572)	(188,525,965)
Tax paid	7.2	(25,506,038)	(23,669,094)
Cash generated by operations before changes in working capital		60,743,627	65,882,097
Changes in working capital:			
Increase in other receivables		(8,772,680)	(11,363,158)
Increase in gross advances		(39,661,023)	(98,327,155)
Increase in deposit from customers		2,107,701	4,699,079
Increase/(Decrease) in other payables		22,157,166	(4,772,882)
Net cash generated by/(used in) operating activities		**36,574,791**	**(40,571,845)**
Cash flows from investing activities			
Proceeds on disposal of property and equipment and intangible assets		101,462	73,584
Purchase of property and equipment and intangible assets	13&15	(4,212,342)	(3,676,496)
Net movement in amount due to associates		254	42,917
Cash inflow from associates on repayment of loans		-	1,734,835
Net cash flows used in investing activities		**(4,110,626)**	**(1,825,160)**

Consolidated Statement of Cash Flows (continued)

Figures in US Dollar	Note(s)	2024	2023
Cash flows from financing activities			
Proceeds from issue of bonds	28	11,815,319	36,172,514
Repayment of bonds	28	(17,437,894)	(6,570,649)
Proceeds from borrowings	28	253,184,778	362,974,765
Repayment of borrowings	28	(298,481,269)	(325,706,686)
Repayment of lease liabilities	14.2	(2,283,522)	(2,420,070)
Dividend paid		(661,278)	(397,672)
Payment on buy back of shares		-	(3,086,076)
Net cash flows (used in)/generated by financing activities		**(53,863,866)**	**60,966,126**
Net (decrease) /increase in cash and cash equivalents		**(21,399,701)**	**18,569,121**
Cash and cash equivalents at the beginning of the year		147,188,311	140,741,215
Effect of foreign exchange rate changes		(4,669,979)	(12,122,025)
Net cash and cash equivalents at the end of the year	4	**121,118,631**	**147,188,311**

1. Segmental Reporting

1. Segmental Reporting

Pursuant to the management approach to segment reporting of IFRS8, operating segments segments are reported in accordance with the internal reporting provided to the Group Executive Committee (the Chief Operating Decision-Makers (CODM)), and aligns to the outcome of the security guarantee provided to creditors as part of the restructuring and recapitalization agreement.

Other than those segmental information already disclosed, the CODM do not consider any other information as material.

The reportable segments are made up as follows:
(a) Africa: Botswana, Ghana, Mozambique, Tanzania, Uganda, Zambia
(b) Latam: Colombia, Mexico, Golden Road Insurance Company Limited
(c) Group operational support entities*
(d) Group central funding entities: Bayport Management Ltd, Bayport Intermediate HoldCo PLC, Bayport International Headquarter Company (Pty) Ltd
(e) Consolidation accounting entries

* Group operational support entities consists of:
  - Cashfoundry Limited
  - Bayport Latam MidCo Limited
  - Bayport Africa MidCo Limited
  - Actvest (Pty) Ltd
  - Bayport Latin America Holdings Ltd
  - Actvest Ltd
  - Bayport Financial Services US

1. Segmental Reporting (continued)

Figures in US Dollar

Segmental reporting Year ended 31 December 2024 Consolidated statement of profit or loss	Group Operating Entities Africa	 Latam	 Group Support	 Total	Group Funding Entities	Consolidation Entries	Group Total
Interest and other similar income	237,610,454	93,015,301	10	330,625,765	8,857,359	(10,382,688)	329,100,436
Interest and other similar expense	(91,116,985)	(77,091,923)	(85,115)	(168,294,023)	(90,256,526)	10,384,144	(248,166,405)
Net interest income/(expense)	**146,493,469**	**15,923,378**	**(85,105)**	**162,331,742**	**(81,399,167)**	**1,456**	**80,934,031**
Lending related income	3,650,655	17,358,515	-	21,009,170	5,993,712	-	27,002,882
Income from insurance activities	2,747	491,950	1,476,000	1,970,697	-	-	1,970,697
Other interest income	5,310,473	3,180,313	19,441	8,510,227	2,543,818	-	11,054,045
Other income	203,866	9,800,797	17,789,876	27,794,539	49,326,667	(70,155,204)	6,966,002
Non-interest income	**9,167,741**	**30,831,575**	**19,285,317**	**59,284,633**	**57,864,197**	**(70,155,204)**	**46,993,626**
Operating profit	**155,661,210**	**46,754,953**	**19,200,212**	**221,616,375**	**(23,534,970)**	**(70,153,748)**	**127,927,657**
Operating expenses	(72,983,546)	(46,441,172)	(17,100,712)	(136,525,430)	(47,095,623)	37,522,295	(146,098,758)
Foreign exchange (losses)/gains	(785,771)	(1,309,219)	(924,782)	(3,019,772)	(2,062,232)	1,083,869	(3,998,135)
Operating profit/(loss) before impairment on intangible and financial assets	**81,891,893**	**(995,438)**	**1,174,718**	**82,071,173**	**(72,692,825)**	**(31,547,584)**	**(22,169,236)**
Fair value movement on investment	-	-	-	-	377,542,094	(377,542,094)	-
Impairment on intangible assets	-	(9,020,068)	-	(9,020,068)	-	-	(9,020,068)
Impairment on financial assets	(14,416,717)	(8,960,372)	-	(23,377,089)	-	-	(23,377,089)
Operating profit/(loss) before share of post-tax results of associates	**67,475,176**	**(18,975,878)**	**1,174,718**	**49,674,016**	**304,849,269**	**(409,089,678)**	**(54,566,393)**
Share of post-tax results of associates	-	-	-	-	(1,311,144)	-	(1,311,144)
Operating profit/(loss) before taxation	**67,475,176**	**(18,975,878)**	**1,174,718**	**49,674,016**	**303,538,125**	**(409,089,678)**	**(55,877,537)**
Taxation	(18,554,226)	(68,137)	(666,526)	(19,288,889)	(5,353,064)	136,400	(24,505,553)
Profit/(Loss) for the year	**48,920,950**	**(19,044,015)**	**508,192**	**30,385,127**	**298,185,061**	**(408,953,278)**	**(80,383,090)**

1. Segmental Reporting (continued)

Figures in US Dollar

Segmental reporting	**Group Operating Entities**						
Year ended 31 December 2024	**Africa**	**Latam**	**Group Support**	**Total**	**Group Funding Entities**	**Consolidation Entries**	**Group Total**
Consolidated statement of financial position							
Cash and cash equivalents	78,693,396	45,476,756	461,505	124,631,657	7,052,172	131	131,683,960
Other receivables	17,533,469	17,869,892	19,272,672	54,676,033	620,260,339	(610,960,690)	63,975,682
Loans and Advances	717,856,850	406,806,249	-	1,124,663,099	-	49	1,124,663,148
Other Investments	108,911	-	24	108,935	39,322,044	-	39,430,979
Investment in Subsidiaries	-	33,515,020	2,817,830	36,332,850	341,974,130	(378,306,980)	-
Investment in Associates	-	-	-	-	78,070,238	-	78,070,238
Other assets	35,967,263	41,240,966	777,345	77,985,574	16,477,497	2,446,583	96,909,654
Total Assets	**850,159,889**	**544,908,883**	**23,329,376**	**1,418,398,148**	**1,103,156,420**	**(986,820,907)**	**1,534,733,661**
Stated Capital	98,294,621	191,841,752	18,092,841	308,229,214	524,081,214	(416,211,405)	416,099,023
Reserves	157,120,875	(57,999,651)	(11,998,089)	87,123,135	(445,078,674)	(24,904,266)	(382,859,805)
Equity Attributable to owners of the Company	**255,415,496**	**133,842,101**	**6,094,752**	**395,352,349**	**79,002,540**	**(441,115,671)**	**33,239,218**
Non-Controlling Interests	-	-	-	-	-	1,488,421	1,488,421
Total Equity	**255,415,496**	**133,842,101**	**6,094,752**	**395,352,349**	**79,002,540**	**(439,627,250)**	**34,727,639**
Bank Overdraft	1,133,771	-	2	1,133,773	9,431,556	-	10,565,329
Deposits from Customers	103,457,089	-	-	103,457,089	-	-	103,457,089
Other Payables	76,998,561	39,332,978	16,484,206	132,815,745	458,747,824	(546,068,335)	45,495,234
Borrowings	398,109,842	353,207,178	-	751,317,020	553,410,884	(384,135)	1,304,343,769
Other liabilities	15,045,130	18,526,626	750,416	34,322,172	2,563,616	(741,187)	36,144,601
Total Liabilities	**594,744,393**	**411,066,782**	**17,234,624**	**1,023,045,799**	**1,024,153,880**	**(547,193,657)**	**1,500,006,022**
Total Liabilities and Equity	**850,159,889**	**544,908,883**	**23,329,376**	**1,418,398,148**	**1,103,156,420**	**(986,820,907)**	**1,534,733,661**

1. Segmental Reporting (continued)

Figures in US Dollar

Segmental reporting	**Group Operating Entities**						
Year ended 31 December 2023	**Africa**	**Latam**	**Group Support**	**Total**	**Group Funding Entities**	**Consolidation Entries**	**Group Total**
Consolidated statement of profit or loss							
Interest and other similar income	237,763,543	94,476,139	-	332,239,682	11,111,087	(11,736,155)	331,614,614
Interest and other similar expense	(93,710,953)	(66,749,059)	(95,606)	(160,555,618)	(70,355,547)	11,736,037	(219,175,128)
Net interest income/(expense)	**144,052,590**	**27,727,080**	**(95,606)**	**171,684,064**	**(59,244,460)**	**(118)**	**112,439,486**
Lending related income	3,959,098	17,867,901	-	21,826,999	7,514,142	-	29,341,141
Income from insurance activities	4,005	431,837	1,479,113	1,914,955	-	-	1,914,955
Other interest income	5,395,077	3,173,668	34,884	8,603,629	2,401,475	-	11,005,104
Other income	153,521	9,823,364	13,623,949	23,600,834	49,029,048	(57,706,650)	14,923,232
Non-interest income	**9,511,701**	**31,296,770**	**15,137,946**	**55,946,417**	**58,944,665**	**(57,706,650)**	**57,184,432**
Operating income/(loss)	**153,564,291**	**59,023,850**	**15,042,340**	**227,630,481**	**(299,795)**	**(57,706,768)**	**169,623,918**
Operating expenses	(76,264,493)	(46,651,946)	(11,759,350)	(134,675,789)	(11,305,000)	24,579,574	(121,401,215)
Foreign exchange (losses)/gains	(1,325,042)	200,332	(202,913)	(1,327,623)	(3,545,234)	2,670,619	(2,202,238)
Operating profit/(loss) before impairment on financial assets	**75,974,756**	**12,572,236**	**3,080,077**	**91,627,069**	**(15,150,029)**	**(30,456,575)**	**46,020,465**
Fair value movement on investment	-	-	-	-	(101,390,649)	101,390,649	-
Impairment on financial assets	(10,925,779)	(3,102,622)	-	(14,028,401)	-	-	(14,028,401)
Operating profit/(loss) before share of post-tax results of associates	**65,048,977**	**9,469,614**	**3,080,077**	**77,598,668**	**(116,540,678)**	**70,934,074**	**31,992,064**
Share of post-tax results of associates	-	-	-	-	(1,233,415)	-	(1,233,415)
Profit/(Loss) before taxation	**-**	**9,469,614**	**3,080,077**	**77,598,668**	**(117,774,093)**	**70,934,074**	**30,758,649**
Taxation	(17,549,492)	131,871	(1,271,649)	(18,689,270)	(5,281,314)	(335,582)	(24,306,166)
Profit/(Loss) for the year	**(17,549,492)**	**9,601,485**	**1,808,428**	**58,909,398**	**(123,055,407)**	**70,598,492**	**6,452,483**

1. Segmental Reporting (continued)

Figures in US Dollar

Segmental reporting Year ended 31 December 2023 Consolidated statement of financial position	Group Operating Entities Africa	 Latam	 Group Support	 Total	Group Funding Entities	Consolidation Entries	Group Total
Cash and cash equivalents	110,244,028	49,250,433	1,251,779	160,746,240	837,711	131	161,584,082
Other receivables	18,985,221	23,869,309	9,802,519	52,657,049	219,821,216	(197,457,646)	75,020,619
Loans and Advances	689,363,658	528,111,056	-	1,217,474,714	-	49	1,217,474,763
Other Investments	108,928	-	24	108,952	47,057,705	-	47,166,657
Investment in Subsidiaries	-	41,017,904	7,674,941	48,692,845	690,651,652	(739,344,497)	-
Investment in Associates	-	-	-	-	81,112,569	-	81,112,569
Other assets	34,205,671	44,045,616	996,028	79,247,315	24,069,411	(2,718,728)	100,597,998
Total Assets	**852,907,506**	**686,294,318**	**19,725,291**	**1,558,927,115**	**1,063,550,264**	**(939,520,691)**	**1,682,956,688**
Stated Capital	88,719,653	191,841,749	16,538,084	297,099,486	519,438,716	(400,439,179)	416,099,023
Reserves	151,525,555	(8,652,776)	(3,739,184)	139,133,595	11,810,855	(415,141,290)	(264,196,840)
Equity Attributable to owners of the Company	**240,245,208**	**183,188,973**	**12,798,900**	**436,233,081**	**531,249,571**	**(815,580,469)**	**151,902,183**
Non-Controlling Interests	-	-	-	-	-	1,147,548	1,147,548
Total Equity	**240,245,208**	**183,188,973**	**12,798,900**	**436,233,081**	**531,249,571**	**(814,432,921)**	**153,049,731**
Bank Overdraft	427,993	328,168	-	756,161	13,639,610	-	14,395,771
Deposits from Customers	106,795,176	-	-	106,795,176	-	-	106,795,176
Other Payables	77,144,106	40,924,597	6,054,039	124,122,742	49,392,637	(123,962,444)	49,552,935
Borrowings	418,585,914	442,689,421	-	861,275,335	468,578,403	(384,135)	1,329,469,603
Other liabilities	9,709,109	19,163,159	872,352	29,744,620	690,043	(741,191)	29,693,472
Total Liabilities	**612,662,298**	**503,105,345**	**6,926,391**	**1,122,694,034**	**532,300,693**	**(125,087,770)**	**1,529,906,957**
Total Liabilities and Equity	**852,907,506**	**686,294,318**	**19,725,291**	**1,558,927,115**	**1,063,550,264**	**(939,520,691)**	**1,682,956,688**

Material Accounting Policies

2. Statement of compliance and presentation of Annual Financial Statements

Basis of preparation

The consolidated financial statements comply with the Mauritius Companies Act 2001 and have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value, and incorporate the principal accounting policies set out below. The consolidated financial statements are presented in US Dollar.

The statement of financial position is presented in order of liquidity. Reference to the current maturities of these financial assets and liabilities are disclosed in the notes to the statement of financial position and in the analysis of financial liabilities. The accounting policies are consistent with the previous year, except where specifically stated otherwise.

On 10 December 2024, the Group's Holding company, Bayport Management Ltd (the Company), entered into an agreement with creditors to refinance its existing senior and subordinated loans and draw down on a new super senior credit facility USD 26 million through Bayport Intermediate HoldCo PLC (Intermediate HoldCo), a newly-incorporated English entity owned by the company, as part of a recapitalization transaction (the transaction). As part of the transaction, on 12 December 2024, an irrevocable, mandatory exchange of its USD 250 million Senior Unsecured Callable Fixed Rate Social Bonds due May 2025 with ISIN NO0012496688 (the "Senior Bonds") and its USD 50 million Subordinated Social Bonds due November 2025 with ISIN NO0012496696 (the "Subordinated Bonds" and, together with the Senior Bonds, the "Bonds") were completed. Holders of the Senior Bonds receiving senior secured floating rate social notes due June 2028 with ISIN NO0013419457 issued by Intermediate HoldCo and holder of the Subordinated Bonds receiving subordinated secured floating rate social notes due December 2028 with ISIN NO0013411678 issued by the Company. As part of the transaction, maturity dates on subordinated bilaterial facilities (subordinated loans) held by the Company have been extended to December 2028.

Interest accrued on the Bonds and subordinated loans during 2024 were capitalized as part of the transaction with future interest payments on a Pay-If-You-Can (PIYC) basis, thereby ensuring available liquidity to the Company and Intermediate HoldCo for all future operational requirements.

The completion of the transaction had the following positive impact on the Company and the Group:

- strengthens the liquidity positions through the USD 26 million super senior credit facility;
- provide the Company's creditors with security through the introduction of an intermediate holding company structure and granting of security over its assets;
- resize the Company's fixed debt service obligations in order to ease liquidity pressures;
- extends the Company's debt maturities to 2028 in order to provide further maturity runway to perform value enhancing initiatives, including to improve its refinancing prospects; and
- harmonise covenants and other terms across the senior and subordinated loan facilities.

For the year ended 31 December 2024, the Group made a loss after tax of USD 80 million driven primarily by pre-restructuring funding costs in the Company, USD 22 million advisor fees relating to the transaction, a USD 10.4 million recapitalization consent fee and USD 2.4 million penalty interest. Notwithstanding the loss and the impact thereof on the net asset value of both the Company and the Group, the Company's total assets exceed its total liabilities by USD 54.9 million, and current assets exceeded current liabilities by USD 43.8 million, confirming a healthy liquidity position as further disclosed in note 30.4 of the Company's separate financial statements. The Group remains in a strong liquidity position with a surplus of USD 293 million of current assets over current liabilities for the next 12 months, as disclosed in note 32.3 of the Group's financial statements, and total asset exceeding total liabilities by USD 34.7 million.

The Directors believe that the completion of the transaction demonstrates the ongoing support of stakeholders for the Company and the Group's ability to continue operating as a going concern. The Directors therefore consider it appropriate to adopt the going concern basis in preparing the financial statements.

2.1 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of Bayport Management Ltd ("the Company") and its subsidiaries (collectively referred as "the Group"), including structured entities which are controlled by the Company and its subsidiaries.

Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights which presently are exercisable or convertible are taken into account.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Material Accounting Policies (continued)

2.1 Consolidation (continued)

Basis of consolidation (continued)

Adjustments are made where necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All inter-company transactions, balances, and unrealised gains on transactions between Group companies are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries are allocated to the non-controlling interest even if this results in a debit balance being recognised.

Transactions which result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transaction are regarded as equity transaction and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to owners of the Company.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liabilities or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other comprehensive income, in accordance with relevant IFRS Accounting Standards's. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business Combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell and deferred tax assets and liabilities and assets and liabilities related to employee benefit arrangements that are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases, the goodwill is translated to the functional currency of the Company at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

Goodwill arising on acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

Material Accounting Policies (continued)

2.1 Consolidation (continued)

Business combinations (continued)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period the revision and future periods if the revision affects both current and future periods.

2.2.1 Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(i) Leases under IFRS 16

Critical judgements made on application of IFRS 16 includes identification of lease contracts, reasonableness in determining whether an extension or termination option will be exercised and determination of stand-alone selling prices of lease and non-lease components.

(ii) Significant increase in credit risk

Expected credit losses (ECL) are measured as an allowance equal to 12 month ECL for stage 1 or lifetime ECL for stage 2 or stage 3 financial assets measured at amortised cost. A financial asset measured at amortised cost moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of a financial asset measured at amortised cost has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable information of customer's recent financial performance while on book and assume that recent performance is a strong indicator of future performance.

(iii) Cell captive insurance contracts

Guardrisk International Limited PCC (GIL)

The Group has an investment with Guardrisk International Limited PCC (GIL), a licensed insurance company, in insurance cells within Mauritius. These "cells" issue certain contracts that transfer the insurance of financial risk. The risks and rewards associated with these contracts are transferred to the Group through a cell agreement.

The Group entered into a shareholders' agreement for insurance cells domiciled in Mauritius. On the basis that the Mauritius cells are protected and the substance of the arrangements in Mauritius, these cells meet the definition of a "deemed separate entity" per IFRS 10.

In accordance with IFRS 10 an investor controls a deemed separate entity/investee if and only if the investor has all of the following elements:

- Power over 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 the amount of the investor's return

An investor has power over a deemed separate entity when the investor has existing substantive rights that give it the current ability to direct the relevant activities of the investee and that the party which practically direct the relevant activities is not an agent of the investor.

Material Accounting Policies (continued)

2.2 Critical accounting judgements and key sources of estimation uncertainty (continued)

2.2.1 Criticial judgements in applying the Group's accounting policies (continued)

(iii) Cell captive insurance contracts (continued)

Guardrisk International Limited PCC (GIL) (continued)

The Group has made an assessment of whether it controls the investee as follows:

- The Group does not have any existing rights to direct the relevant activities of the cell. The rights to direct the relevant activities of the cell (being the underwriting and managing of insurance of financial risk) vests with the Board of Directors of Guardrisk and their decisions will affect the amount of variable returns that the Group are exposed to as a consequence of the investment;
- GIL does not act as an agent on behalf of the Group in directing the relevant activities of the cell as the Group doesn't have the practical ability to direct the relevant activities of the cell;
- The Group does not have the practical ability or is in any way involved with the appointment of the Guardrisk Board of Directors, any key management or any members of the governing bodies of the cell. None of the Board members, key management or members of the governing bodies of the cell are related parties to the Group;
- The Group has no practical ability to direct the cell to enter into or veto any changes to significant transactions for the benefit of the Group.
- The shareholders agreement provides both parties the right to terminate the cell arrangement without cause.

On the basis on the above facts and circumstances, the Group has determined that its involvement with the cell does not meet the definition of control per IFRS 10 and consequently the investments in the insurance cell captives are classified as an investment in equity instruments and measured at fair value through other comprehensive income in line with IFRS 9.

2.2.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, 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.

(i) Deferred tax assets

Future taxable profits are estimated based on budgets which include estimates and assumptions regarding economic growth, interest, inflation, tax rates and competitive forces (refer to note 7 for further details on deferred tax assets).

(ii) Goodwill impairment testing

Goodwill is tested for impairment on an annual basis or when an impairment indicator exists. Future cash flows expected to be generated by the cash generating units (CGUs) are projected, taking into account market conditions and the expected useful lives of these CGUs. The present value of these cash flows, determined using an appropriate discount rate, is compared to the carrying amount of the goodwill and, if lower, the goodwill impaired to the present value. This exercise requires management to make estimation of the “value in use” of the cash generating units (CGUs) to which goodwill is allocated.

Refer to notes 10 and 11 for further detail on goodwill arising on investment in associates and subsidiaries.

(iii) Impairment of financial assets

The Group measures expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date.

The expected credit losses for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses its judgement in making these assumptions and selecting the input of the impairment calculation, based on the Group past history and existing market conditions.

Loans and advances are assessed for impairment for each account. Probability of default constitute a key input in measuring ECL. Probability of default is an estimate of likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Refer to note 2.9.1 for the accounting policies relating to the impairment of financial assets and to note 32.1.1 for credit risk management.

Material Accounting Policies (continued)

2.2 Critical accounting judgements and key sources of estimation uncertainty (continued)

2.2.2 Key sources of estimation uncertainty (continued)

(iv) Share-based payments

Equity-settled share-based payments are recognised as an expense over the vesting period based on their fair value at date of grant. The determination of the fair value of equity-settled share-based payments by management requires estimation through the use of option valuation models, inputs used which are not market observable and estimates derived from available data, such as employee exercise behaviour (refer to note 22.2.1).

Cash-settled share-based payments are recognised as an expense with a corresponding increase in liabilities, over the periods during which the employees become unconditionally entitled to payment. The determination of the fair value of the cash-settled share-based payments by management are based on third party valuations of the Group.

(v) Valuation of investments in GIL

The valuation methodology applied is a discounted cash flow of the future expected cash flows i.e. dividends. Dividends are discounted from the point of distribution to the present time at the risk free yield curve plus a constant risk margin. Unobservable inputs are used in the determination of future expected cash flows.

Refer to 32.8 for the sensitivity analysis performed on the key unobservable inputs.

(vi) Impairment of reinsurance contract rights

Reinsurance contract rights is tested for impairment on an annual basis or more frequently if an impairment indicator exists. Future cash flows expected to be generated by the cash generating units (CGUs) are projected, taking into account market conditions and the expected useful lives of these CGUs. The present value of these cash flows, determined using an appropriate discount rate, is compared to the carrying amount of the reinsurance contract rights and, if lower, the reinsurance contract rights impaired to the present value. This exercise requires management to make estimation of the “value in use” of the cash generating units (CGUs) to which reinsurance contract rights are allocated.

Please refer to note 15 for further detail on reinsurance contract rights.

2.3 Property and equipment

Property and equipment are tangible assets which the Group holds for its own use and which are expected to be used for more than one year.

An item of property and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably.

Property and equipment are initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property and equipment, the carrying amount of the replaced part is derecognised.

Property and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Property and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Material Accounting Policies (continued)

2.3 Property and equipment (continued)

The useful lives of items of property and equipment have been assessed as follows:

Item	Average useful life
Buildings	50 years
Furniture and fittings	3 - 10 years
Motor vehicles	3 - 5 years
Office Equipment	3 - 6 years
IT equipment	3 - 6 years
Leasehold improvements	over the expected term of the lease

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from its continued use. Any gain or loss arising from the derecognition of an item of property and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

2.4 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Material Accounting Policies (continued)

2.4 Leases (continued)

As a lessee (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.5 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost, less any accumulated amortisation and any impairment losses.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are carried at cost less any accumulated amortisation and any impairment losses, on the same basis as intangible assets that are acquired separately.

Reinsurance contract rights arising on acquisition of a business are carried at cost less any impairment losses. The reinsurance contract rights have an indefinite useful life and are tested for impairment annually.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised on a straight line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the tangible assets may be impaired. The estimated useful life and amortisation method for an intangible assets with a finite life are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis:

Item	Average useful life
Computer software	2 - 10 years

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at cash-generated unit level. Such intangibles are not amortised.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gain or loss arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

Material Accounting Policies (continued)

2.6 Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

2.7 Bank overdrafts

Bank overdrafts are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

2.8 Investment in associates

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated annual financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which include any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

The requirements of IAS 28 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying value amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of equity method from the date when the investment ceases to be an associate or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposal of a part interest in the associate are included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if the gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When the Group transacts with an associate, profits and losses resulting from the transaction with the associate are recognised in the Group's consolidated financial statement only to the extent of interests in the associate that are not related to the Group.

Refer to note 11 for details relating to investments in associates.

Material Accounting Policies (continued)

2.9 Financial instruments

The Group initially recognises financial assets and liabilities on the date the Group becomes a party to the contractual provisions of the instruments. This is on the date that these financial instruments are originated.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2.9.1 Financial assets

Classification of financial assets

The Group classifies financial assets into the following categories:
- (i) Financial assets at amortised cost
- (ii) Financial assets at fair value through profit or loss (FVTPL)
- (iii) Equity instruments designated at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as fair value through profit or loss
- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if:
- The financial asset is held in order to collect contractual cash flows and to be sold; and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

The Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in the fair value through other comprehensive income.

The Group may at initial recognition irrevocably designate a financial asset as measured at fair value through profit or loss if doing so significantly reduces a measurement or recognition inconsistency (sometimes referred to as an accounting mismatch) that would otherwise arise from measuring financial assets or liabilities or recognising the gains and losses on them on different bases.

Recognition and measurement

(i) Financial assets at amortised cost

Financial assets at amortised cost are measured using the effective interest method, less any expected credit losses which are recognised in profit or loss. Amortised cost is calculated by taking into account any transaction costs on acquisition as well as fees and costs that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired assets, a credit-adjusted effective interest rate is calculated using estimated cash flows including expected credit losses.

Origination fees are regarded as integral part of the effective interest rate and are accounted for as interest and other similar income.

Material Accounting Policies (continued)

2.9 Financial instruments (continued)

2.9.1 Financial assets (continued)

Recognition and measurement (continued)

(i) Financial assets at amortised cost (continued)

Business model assessment

The Group makes an assessment of the objective of a business model in which an 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. In particular, whether management's strategy focuses on earning contractual interest revenue, matching the duration of financial assets to the liabilities that are funding those assets or realising cash flows through the sales of the assets;
- how the performance of the portfolio is evaluated and reported to 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;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. Information about sales activity is considered as part of the overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Assessment of 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 credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (for example, liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payment of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual clause 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:

- interest rate charged to customers;
- origination fee and service fee charged to customers;
- any other amounts charged to customers (if any);
- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (for example, non-recourse asset arrangements); and
- features that modify consideration of time value of money (for example, periodical reset of interest rates).

Financial assets which have been classified as measured at amortised cost include cash and cash equivalents, other receivables, and loans and advances.

Financial assets are reclassified only if the Group changes its business model for managing financial assets.

(ii) Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

Material Accounting Policies (continued)

2.9 Financial instruments (continued)

2.9.1 Financial assets (continued)

(iii) Equity instruments designated at FVTOCI

The Group may make an irrevocable election at initial recognition for particular investments that would otherwise be measured at fair value through profit and loss to present subsequent changes in fair value through other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by a Company in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in other reserves. Amounts recognised in other comprehensive income are not reclassified to profit or loss under any circumstances, instead, they will be transferred to retained earnings in case of disposal. The Group has designated other investments at FVTOCI. Please refer to note 9.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount can be measured reliably). Dividend income is included in the 'lending related income' line item in the consolidated statement of profit or loss.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses based on the general approach on the following financial assets:

- Loans and advances,
- Other receivables; and
- Cash and bank balances

Impairment are measured as 12-month expected credit losses when credit risk has not increased significantly since initial recognition. Where there has been a significant increase in credit risk since initial recognition of a financial asset, the loss allowance is measured as an amount equal to lifetime expected credit losses. A lifetime expected credit loss is calculated for credit impaired and defaulted loans.

Write off policy

Financial assets are written off either partially or entirely when the Group has no reasonable expectations of recovering them. This occurs when the Group determines that the debtor does not have the capacity to repay its amount due. The write off does not mean that the Group has forfeited its legal right to claim the sums due. Any recovery will be recognised in the statement of profit or loss under "other income".

Definition of default

The definition of default is critical to the determination of the ECL. It is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk. Refer to note 32.1.

While assessing if the debtor is unlikely to pay its credit obligation, the financial performance of the debtor is assessed by the Group.

Recognition and measurement

Expected credit losses are an estimate of credit losses over the life of a financial asset and when measuring expected credit losses, the Group takes into account:

- The probability-weighted outcomes
- Reasonable and supportable information that is available without undue cost or effort

Expected credit losses are measured as follows:

- Financial assets that are not credit impaired at the reporting date – as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expect to receive);
- Financial assets that are credit impaired at the reporting date – as the difference between the gross carrying amount and the present value of estimated future cash flows.

Loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset.

Material Accounting Policies (continued)

2.9 Financial instruments (continued)

2.9.1 Financial assets (continued)

Recognition and measurement (continued)

For other receivables, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly, since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost and effort. If reasonable and supportable forward-looking information is available without undue cost or effort, the Group relies on this information as well as historic information when determining whether credit risk has increased significantly since initial recognition.

Credit risk

The Group monitors the borrowers' credit risk using both qualitative and quantitative information such as number of days in arrears and recency. Days in arrears represent the number of days that the contractual installment has past due and recency is calculated by referencing the most recent payment history of loans. The definition of default used in the measurement of expected credit losses is consistent with the definition of default used for our internal credit risk management purposes. Where collections are mainly through payroll deductions, the Group has defined credit impaired financial assets which have missed four or more consecutive instalments or when there is qualitative information of the borrower being in significant financial difficulty. The policy of management is to use recency to assess the default status of a loan as opposed to days in arrears due to high levels of administration and concomitant delays associated with payroll deductions. The internal definition of default is used instead of the IFRS 9 90 days presumption.

The Group classifies loan into the 3 different stages based on recency and days in arrears as follows:

IFRS 9 Stage allocation	Recency	Recency definition
12-month-ECL - Credit risk has not increased significantly since initial recognition	Standard Performing	No missed instalments (IFRS 9 Stage 1)
Lifetime-ECL- not credit-impaired - Credit risk has increased significantly since initial recognition	Performing Active (1-2)	Loans that are performing, on payroll, and have made payment on either one or both of their most recent 2 instalments expected. Loans in this category relate mainly to loans in technical arrears which are generally still on payroll and as a consequence evidence high payment propensity. (IFRS 9 Stage 2)
	Performing Active (3-4)	Partial performing loans that have over the last four consecutive periods reviewed, missed their most recent two instalments expected but have paid either one or both of the preceding two instalments due. This is a transitional bucket with the majority of these loans likely to be indicative of separation from payroll and likely to move into NPL but more time and analysis is required to confirm that assessment. (IFRS 9 Stage 2)
Lifetime-ECL- credit-impaired - Credit risk has increased significantly since initial recognition and loans are credit impaired	Non-performing	Loans that have over the last four consecutive periods reviewed, missed all four instalments expected. (IFRS 9 Stage 3)
	Doubtful	Delinquent loans where the probability of recovery is uncertain and the separation from payroll has been confirmed, as well as credit impaired loans. (IFRS 9 Stage 3)
	Bad	Delinquent loans which have been identified for write offs subject to board approval and approved by the Board. (IFRS 9 Stage 3)

Refer to note 32.1.1 on credit risk management and measurement.

Material Accounting Policies (continued)

2.9 Financial instruments (continued)

2.9.1 Financial assets (continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost 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 occured.

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

1. The recovery procedures as specified in the operation's arrears collection process have proven unsuccessful and the cost of recovering the debt outweighs the benefit.
2. The recovery of such debt is not possible, due to various reasons, such as the debtors are untraceable or deceased.

Derecognition of financial assets

Financial assets (or a portion thereof) are derecognised when the Group realises the rights to the benefits specified in the contract, the rights expire, the asset is substantially modified or the Group surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable (including any new asset obtained) are included in profit or loss.

2.9.2 Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

(i) Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group at FVTPL are recognised in profit or loss.

Fair value is determined in the manner described in note 32.8.

Material Accounting Policies (continued)

2.9 Financial instruments (continued)

2.9.2 Financial liabilities (continued)

(ii) Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

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

The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge and fair value hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in the note 6 to the financial statements.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity limited to the cumulative change in fair value of the hedge item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

Offsetting

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

2.9.3 Derivative financial instruments

The Group uses derivative financial instruments, such as forward agreements, futures agreements, swaps and options to hedge various financial risks, mainly interest rate and foreign exchange rate risk. Such derivative financial instruments are initially recognized at their fair values on the date the derivative agreement is executed, and subsequently remeasured at fair value, in accordance with IFRS 9.

Any gain or loss from changes in the fair value of derivatives is recognised directly in the statement of profit or loss, except for those under hedge accounting.

Material Accounting Policies (continued)

2.9 Financial instruments (continued)

2.9.3 Derivative financial instruments (continued)

At the beginning of a hedging relationship, the Group designates and documents the hedging relationship to which it wishes to apply hedge accounting, and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the fair value of the hedging instrument in offsetting the exposure to changes in the fair value of the hedged item or cash flows attributable to the hedged risk. Hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows, and to this end are evaluated on an ongoing basis throughout the reporting periods for which they were designated.

The objective of hedge accounting is to represent, in the financial statements, the effect of the Group's risk management activities when it uses financial instruments to manage exposures arising from specific risks that could affect the result for the period. This approach is intended to represent the context of the hedging instruments for which hedge accounting is applied, in order to provide a better understanding of their purpose and effects.

Types of Hedge

Once the criteria for hedge accounting are met, hedges are classified and accounted for as follows:

Fair value hedge

Fair value hedges: when the Group hedge the exposure to changes in the fair value of recognized assets or liabilities or unrecognized firm commitments.

The change in the fair value of a derivative that is a hedging instrument is recognized in profit and loss for the period as financial cost or income. The change in the fair value of the hedged item attributable to the hedged risk is recorded as part of the carrying amount of the hedged item and is also recognised in profit or loss for the period as financial cost or income.

For fair value hedges that relate to items carried at amortised cost, adjustments to the carrying value are amortised in profit or loss over the remaining term to maturity. Amortisation of the effective interest rate may begin as soon as there is an adjustment to the carrying amount of the hedged item, but must begin no later than when the hedged item is no longer adjusted for changes in its fair value attributable to the risk being hedged. Amortisation of carrying value adjustments is based on the recalculated effective interest rate at the amortization start date. If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss for the period.

Cash flow Hedge

Cash flow hedges correspond to hedges of the exposure to changes in cash flows attributed either to a specific risk associated with a recognised asset or liability or to a highly likely forecast transaction.

The purpose of cash flow hedge accounting is to recognise in other comprehensive income the changes in fair value of the hedging instrument for application to the profit or loss when and at the rate at which the hedged item affects the profit or loss.

The effective portion of the gain or loss from the measurement of the hedging instrument is recognized immediately in other comprehensive income, while the ineffective portion is recognised immediately in the profit or loss for the period as financial expenses.

Amounts recognised in other comprehensive income are reclassified to profit or loss when the hedged transaction affects profit or loss, as well as when the hedged financial income or expense is recognised, or when the forecast transaction occurs. When the hedged item constitutes the cost of a non-financial asset or liability, the amounts recognised in other comprehensive income are reclassified to the initial carrying amount of the non-financial asset or liability. If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss for the period.

If the hedging instrument expires or is sold, terminated, or exercised without a successive replacement or renewal of a hedging instrument with another hedging instrument, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

Gains or losses on the hedging instrument that relate to the effective portion of the hedge are recognised in other comprehensive income, while any gain or loss relating to the ineffective portion is recognised in profit or loss for the period.

Material Accounting Policies (continued)

2.9 Financial instruments (continued)

2.9.3 Derivative financial instruments (continued)

Measurement of Effectiveness

The Group uses a qualitative assessment where it establishes whether the fundamental conditions of the hedging instrument and the hedged item have values that will generally move in opposite directions due to the same risks, and flows occurring at the same time, i.e. are co-dependent, and therefore defines that there is an economic relationship between the hedged item and the hedging instrument.

On the contrary, if it considers that the fundamental conditions of the hedging instrument and the hedged item are not exactly aligned, it generates an increase in the level of uncertainty about the magnitude of the offset. Therefore, the effectiveness of the hedge over the duration of the hedging relationship is more difficult to predict. In this situation it may only be possible for the Group to conclude on the basis of a quantitative assessment that there is an economic relationship between the hedged item and the hedging instrument.

2.10 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities / assets for the current and prior periods are measured at the amount expected to be paid to / recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit / tax loss.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit / tax loss.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the periods, except to the extent that the tax arises from:

- a transaction or event which is recognised in the same or different period to other comprehensive income, or

- a business combination

Current tax and deferred tax are changed to other comprehensive income if the tax relates to items that are credited on change, in the same on different period, to other comprehensive income.

Current tax and deferred tax are changed to credited directly to equity if the tax relates to items that are credited on change in the same on a different period directly in equity.

Material Accounting Policies (continued)

2.11 Impairment of assets other than financial assets and goodwill

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

2.12 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity. Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

Limited-voting B shares are classified as equity. Limited-voting B shares are recognised at par value and classified as 'limited-voting B shares' in equity. Dividends are recognised as a liability in the year in which they are declared.

2.13 Share-based payments arrangements

Equity-settled share-based payments are accounted at the fair value at the grant date and are expensed on a straight-line basis over the vesting periods, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled benefit reserve. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in notes to the financial statements.

Cash-settled share-based payments are recognised as an expense with a corresponding increase in liabilities, over the periods during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and any changes in the liability are recognised in profit or loss.

Contingently cash settled share-based payments are classified as either cash-settled or equity-settled in its entirety depending on which outcome is probable at each reporting date. Any change in the probable method of settlement is accounted for prospectively, with the cumulative expense adjustment to reflect the appropriate charge for the method of settlement considered probable at the respective reporting date, with an associated reclassification to/from equity to liabilities as required.

Material Accounting Policies (continued)

2.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

For employees who are not covered under a pension plan, the net present value at gratuity on retirement payabe under the Workers' Right Act 2019 (and other relevant acts) is computed and provided for.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

2.15 Borrowing costs

Borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.16 Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation 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 obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the financial statements.

2.17 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded in the functional currency of the relative entities of the Group, by applying the spot exchange rate between the functional currency and the foreign currency at the date of the transaction and is translated to the Group functional currency on consolidation.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

Material Accounting Policies (continued)

2.17 Translation of foreign currencies (continued)

Foreign currency transactions (continued)

When a gain or loss on a non-monetary item is recognised in other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised in other comprehensive income and accumulated in equity.

When a gain or loss on a non-monetary item is recognised in profit on loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in US Dollar by applying the exchange rate between US Dollar and the foreign currency at the date of the cash flow.

The results and financial position of a foreign operation are translated into US Dollar, which is the presentation currency of the Group, using the following procedures:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- income and expenses for each item of profit or loss are translated at average exchange rates for the period; and
- all resulting exchange differences are recognised to comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to comprehensive income on disposal of the ownership interest in a net investment of a foreign operation. The Group's policy is to interpret its ownership interest in a net investment in a foreign operation as a proportional interest in the foreign operation.

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 of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

2.18 Insurance and reinsurance contracts classification

IFRS 17 has been applied to Golden Road Insurance Company Limited (“Golden Road“), a wholly owned subsidiary of the Group. The Group issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities, under which it accepts significant insurance risk from the entities. These contracts relate to personal accident and credit protection plan.

As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

2.18.1 Insurance and reinsurance contracts accounting treatment

2.18.1.1 Separating components from insurance and reinsurance contracts

Before the Group accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated and accounted for under another standard. IFRS 17 distinguishes three categories of components that have to be accounted for separately:

- Cash flows relating to embedded derivatives that are required to be separated
- Cash flows relating to distinct investment components
- Promises to transfer distinct goods or distinct non-insurance services

No discretionary participation features, embedded derivatives, investment components or non-insurance service components have been identified on the contracts in scope for IFRS 17.

When identifying contracts in scope of IFRS 17, the Group has assessed whether a set or series of contracts needs to be treated as a single contract. No contracts have been combined.

Material Accounting Policies (continued)

2.18 Insurance and reinsurance contracts classification (continued)

2.18.1 Insurance and reinsurance contracts accounting treatment (continued)

2.18.1.2 Level of aggregation

Under IFRS 17, insurance contracts are aggregated into groups for measurement purposes. Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together. Contracts in different product lines or managed separately are expected to be in different portfolios. Each portfolio, where applicable, is then divided into annual cohorts aligned with the Group's financial year. Each cohort is further subdivided depending on the profitability of the contracts included.

Insurance contracts are classified as onerous or profitable at initial recognition. Profitable contracts are further split into groups with no significant possibility of becoming onerous and remaining profitable business.

The Group considers facts and circumstances to identify whether a group of contracts are onerous based on:
- Pricing information
- Results of similar contracts it has recognised

The Group divides portfolios of reinsurance contracts held by applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition.

The International Retrocession Agreement, whilst one contract in its legal form, is split into multiple insurance contracts for the purposes of IFRS 17.

The first split relates to related insurance business, which is included in the General Account, and non-related insurance business, which is included in Easy Wind. Business within these accounts is not deemed to be managed together given that insurance profits/losses of Easy Wind accrue to the cell owner, Picasso Moon.

The related business is split into three further portfolios by product type and country as the risks covered are not deemed to be similar. Bayport Colombia personal accident (PA) covers accidental death only, whilst Bayport Colombia credit protection plan (CPP) and Bayport Mexico CPP both cover credit life. The split by country is preferred for management reporting.

All business within Easy Wind covers credit life in Colombia and are thus included in the same portfolio.

The Preference Share Subscription Agreement is included in its own portfolio called Picasso Moon. This agreement is not deemed to be managed together with the other reinsurance contract held.

Insurance contracts are classified based on a quantitative approach. Specifically, where the fulfilment cash flows (FCF) are negative at initial recognition, the contracts are classified as profitable. Conversely, where the FCFs are positive at initial recognition, the contracts are classified as onerous. Where contracts are profitable a threshold is applied based on expert judgement and industry best practice to split contracts further into groups of contracts with no significant probability of becoming onerous and remaining contracts.

For insurance contracts measured under the premium allocation approach (PAA), a simplified quantitative approach has been applied where a combined ratio is used to allocate contracts to profitability groups.

A similar approach has been adopted for reinsurance contracts held. The only difference being that reinsurance contracts held can never be onerous, with the profitability groups defined as a net gain or net cost at initial recognition. The latter is further split into groups with a significant possibility of becoming a net gain and remaining business.

2.18.1.3 Recognition

The Group recognises groups of insurance contracts it issues from the earliest of the following:
- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous

The Group recognises a group of reinsurance contracts held it has entered into from the earlier of the following:
- The beginning of the coverage period of the group of reinsurance contracts held. (However, the Group delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

And
- The date the Group recognises an onerous group of underlying insurance contracts if the Group entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Group adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

Material Accounting Policies (continued)

2.18 Insurance and reinsurance contracts classification (continued)

2.18.1 Insurance and reinsurance contracts accounting treatment (continued)

2.18.1.4 Contract boundary

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks

Or

- Both of the following criteria are satisfied:
- The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

The International Retrocessional Agreement states that the Agreement shall be unlimited in duration but may be cancelled with notice of cancellation three months prior to the cancelation effective date by either party giving notice by registered mail. Such termination or cancellation shall not affect the reinsurance on any Reinsured Policy issued on or before the date of such termination or cancellation. The Reinsurer shall remain liable for losses occurring during the period, up to and including the later of the effective date of termination of this Agreement or any applicable Reinsured Policy.

The three-month notice period implies that, for the purpose of IFRS 17, the contract boundary of each reinsurance contract issued include cash flows relating to the underlying insurance policies, referred to as the “Reinsured Policy”, issued over the three-month period only. This period may also include cash flows relating to underlying insurance policies not yet issued. Cash flows arising from underlying insurance policies issued after the three-month period fall outside the boundary of the reinsurance contract issued. These cash flows are excluded as such amounts relate to future reinsurance contracts issued.

The underlying insurance policies are group policies that are annually renewable. Depending on the review date of these policies, the coverage period of each reinsurance contract issued is between 12-15 months – as underlying insurance policies could be issued at any time during the three-month notice period.

The International Retrocessional Agreement is automatically eligible for measurement under the PAA as at the transition date.

Cash flows relating to underlying insurance policies not yet issued would be excluded from the measurement of the existing reinsurance contracts issued as at 31 December. Cash flows relate to future contracts, not yet issued as at 31 December.

The Preference Share Subscription Agreement, a reinsurance contract held, is open-ended. No unilateral rights with regards to the cancellation of future new business, nor the agreement exists. Future new business refers to the underlying reinsurance contracts issued, each with a coverage period of between 12-15 months. As a result, this agreement is not automatically eligible for measurement under the PAA with the general measurement model (GMM) applying.

Cancellation of the Reinsurance Agreement, a reinsurance contract held, only occurs at the end of the Underwriting Year, if notice was given three-months prior. This implies that, for the purpose of IFRS 17, the contract boundary of each reinsurance contract held will include cash flows relating to the underlying reinsurance contracts, arising from the International Retrocessional Agreement, issued over the Underwriting Year. This period may also include cash flows relating to underlying reinsurance contracts not yet issued. Cash flows arising from underlying reinsurance contracts issued after the Underwriting Year fall outside the boundary of the reinsurance contract held.

The coverage period of each reinsurance contract held is between 12-24 months – as underlying insurance policies, covered by underlying reinsurance contracts, arising from the International Retrocessional Agreement, could be issued at any time during the Underwriting Year – and thus not automatically eligible for measurement under the PAA with the GMM applying.

Material Accounting Policies (continued)

2.18 Insurance and reinsurance contracts classification (continued)

2.18.1 Insurance and reinsurance contracts accounting treatment (continued)

2.18.1.4 Contract boundary (continued)

The coverage period of all contracts in scope of IFRS 17, excluding the Preference Share Subscription Agreement and the business included within Easy Wind, are 12 months or less. The PAA will thus be applied to these contracts.

The coverage period for the identified contracts within the scope of IFRS 17 are all 12 months. The Group has chosen the PAA for the measurement of the contracts.

2.18.1.5 Initial and subsequent measurement

The Group uses the PAA for measuring contracts.

On initial recognition of insurance contracts issued, the Group measures the Liability for remaining coverage (LFRC) at the amount of premiums received, less any acquisition cash flows allocated to the group of contracts adjusted for any amounts arising from the derecognition of any prepaid acquisition cash flows asset.

The Group expenses acquisition cash flows as the costs are incurred.

On initial recognition of reinsurance contracts held, the Group measures the remaining coverage at the amount of ceding premiums paid.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

(a) The Liability for remaining coverage (LFRC)
(b) The liability for incurred claims (LIC), comprising the fulfilment cash flows (FCF) related to past service allocated to the Group at the reporting date

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

(a) The remaining coverage
(b) The incurred claims, comprising the FCF related to past service allocated to the group at the reporting date

For insurance contracts issued, at each of the subsequent reporting dates, the LFRC is:

(a) Increased for premiums received in the period
(b) Decreased for insurance acquisition cash flows paid in the period
(c) Decreased for the amounts of expected premiums received recognised as insurance revenue for the services provided in the period
(d) Increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

(a) Increased for ceding premiums paid in the period
(b) Decreased for the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period

A claims handling fee under Bayport Colombia PA is incurred when the single premium is received. Only a proportion of this fee relates to the insurance contracts recognised in the current reporting period with the remaining proportion relating to future contracts. Thus, a pre-recognition asset has been set up and released when the insurance contracts to which this fee relates are recognised.

2.18.1.6 Insurance contracts – modification and derecognition

The Group derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired)

Or

- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

Material Accounting Policies (continued)

2.18 Insurance and reinsurance contracts classification (continued)

2.18.1 Insurance and reinsurance contracts accounting treatment (continued)

2.18.1.7 Presentation

The Group has presented in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities under other receivables and other payables respectively.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contracts that they relate to.

The Group disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result; comprising insurance revenue and insurance service expense, and insurance finance income or expenses which is presented under credit life insurance as part of lending related income in the statement of profit or loss.

The Group does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result which is presented under credit life insurance as part of lending related income in the statement of profit or loss.

2.18.2 Insurance revenue

Insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Group allocates expected premiums equally to each period of related insurance contract services, unless the expected pattern of the release of risk during the coverage period differs significantly from an even basis. In the latter case, expected premium receipts are allocated to the period based on the expected timing of incurred claims and other incurred insurance service expenses.

2.18.3 Loss components

The Group assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances mentioned in note 2.18.1.2 indicate that a group of insurance contracts is onerous, the Group establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group as determined in note 2.18.1.5 Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

2.18.4 Loss-recovery components

Where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

2.18.5 Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

Given that the PAA will be applied to all contracts and that no significant financing component exists in the LFRC, no discounting is required in the LFRC calculations. This is applicable for both profitable and onerous insurance contracts.

For the LIC, the period between when claims are incurred and when they are paid are less than one year and thus no discounting is applied. The claim delay period was confirmed as part of the RA investigation. As at 31 December 2021, the claims delay period for Bayport Colombia CPP, Bayport Colombia PA and Bayport Mexico CPP is estimated at 3, 4 and 9 months respectively.

2.18.6 Net income or expense from reinsurance contracts held

The Group presents the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid under credit life insurance as part of lending related income in the statement of profit or loss. The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes investment components and commissions from an allocation of reinsurance premiums.

Material Accounting Policies (continued)

2.19 Revenue

Revenue is recognised upon transfer of services to customers in an amount that reflects the consideration the Group expect to receive in exchange for those services. Revenue is recognised net of any taxes collected from customers.

Revenue comprises fees for collection of owned book debts, rendering of services to customers and finance charges on loans.

Interest Income

Interest Income is recognised in profit or loss at amortised cost using the effective interest method.

Non-interest income

Lending related income and other income are recognised over time based on the substance of the relevant agreement and when services are rendered.

2.20 Related parties

Related parties are individuals and companies, where the individual and company have the ability, directly or indirectly, to control the other party or exercise significant influence on the other party in making financial and operating decisions. Related parties also include close family members of those individuals and key management personnel of the Group. Related party transactions and balances are disclosed in the notes to the financial statements.

Notes to the Consolidated Financial Statements

3. New Standards and Interpretations

In the current year, the Group has applied all of the new year and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2024.

3.1 New and revised Standards and Interpretations with no material effect on the financial statements

The following relevant Standards and Interpretations have been applied in these financial statements. However, they did not have any impact on the Group's financial statements but may impact the accounts for future transactions or arrangements.

IAS 1 Presentation of Financial Statements - amendments regarding the classification of debt with covenants

IAS 1 Presentation of Financial Statements - amendment to defer the effective date of the January 2020 amendments

IAS 1 Presentation of Financial Statements - amendments regarding the classification of liabilities

IAS 7 Statement of Cash Flows - Amendments regarding supplier finance arrangements

IFRS 7 Financial instruments: Disclosures - Amendments regarding supplier finance arrangements

IFRS 16 Leases - amendments to clarify how a seller-lessee subsequently measures sales and leaseback transactions

3.2 Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations were in issue but effective on annual period on or after the respective dates as indicated:

IAS 21 The Effect of changes in Foreign Exchange - Amendments regarding lack of exchangeability (effective on February 2025)

IFRS 7 Financial instruments: Disclosures - Amendments regarding the classification and measurement of financial instruments (effective 1 January 2026)

IFRS 9 Financial instruments: Amendments regarding the classification and measurement of financial instruments (effective 1 January 2026)

IFRS 18 Presentation and Disclosures in Financial Statements - Original issue (effective 1 January 2027)

IFRS 19 Subsidiaries without Public Accountability: Disclosures - Original issue - (effective 1 January 2027)

The directors anticipate that these amendments will be applied in the annual financial statements for the annual periods beginning on the respective dates as indicated above. The directors have not yet assessed the potential impact of the application of these amendments.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar		2024	2023

4. Cash and cash equivalents

Cash and cash equivalents for the purposes of the statement of cash flows consist of:

	2024	2023
Cash and bank balances	131,683,960	161,584,082
Bank overdraft	(10,565,329)	(14,395,771)
Total cash and cash equivalents	**121,118,631**	**147,188,311**

Bank balances:

Lien over cash and bank balances amounts to USD 33.4 million (2023: USD 42.0 million).

Bank overdrafts:

As at 31 December 2024, the Group had available facilities totalling USD 25.4 million (2023: USD 21.4 million) of which USD 10.6 million (2023: USD 14.1 million) is utilised.

Bank overdrafts of USD 9.5 million are unsecured (2023: USD 14.4 million) and USD 1.1 million (2023: USD 6.4 million) are secured over loans and advances.

Interest rates charged varied from 8.17% to 34.30% per annum (2023: 9.71% to 24.1% per annum).

The reinsurance liability represents funds due to the cell owners of a segregated cell of Golden Road Insurance Company Limited. As governed by a shareholders agreement, the shares issued to the cell owners gives them the rights to participate in the profits and losses of the cell and to receive dividends based on the profitability of the cell. The shares issued by the cell owners creates a facility for cells to contract insurance business in a cell captive and the rights and obligations are set out in a shareholders agreement.

The carrying amount approximates its fair value.

5. Other receivables

		2024	2023
Current assets			
Sundry debtors*		20,504,224	28,576,241
Insurance premiums receivable	(i)	1,901,461	3,480,953
Prepayments		7,723,058	10,196,656
Vat receivable		633,643	862,870
Impairment provision	(ii)	(79,296)	(97,185)
Amount receivable from related parties (note 31.2)		13,250	1,003,427
Loans receivable under share-based incentive scheme (note 31.2)	(iv)	182,443	-
		30,878,783	44,022,962
Non-current assets			
Loans receivable from associate (note 31.3)	(iii)	33,096,899	30,824,256
Loan receivable under share-based incentive scheme (note 31.2)	(iv)	-	173,401
Total other receivables		**63,975,682**	**75,020,619**

		2024	2023
Impairment provision			
At 1 January		97,185	121,083
Impairment recognised in profit or loss		1,587	(26,943)
Foreign exchange movements		(19,476)	3,045
At 31 December	(ii)	**79,296**	**97,185**

The directors consider that the carrying amount of other receivables approximate their fair values at balance sheet date. No collateral is held for receivables except for the loan receivable under the share-based incentive scheme. The Group applies IFRS 9 to measure loss allowances for expected credit losses on other receivables by reference to past default experience of the debtors, the debtors' financial position and general economic conditions of the industry in which the debtors operate.

The Group measures the loss allowance of other receivables classified as current at an amount equal to lifetime ECL. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

* Sundry debtors consists primarily of receivables due from employers relating to loan book collections and an amount of USD 9.1 million receivable in December 2023 from the settlement of a legal case which was received during the current financial year.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2024	2023

5. Other receivables (continued)

(i) The insurance premiums are receivable from local insurance companies in Colombia and Mexico. They are short term in nature and carry low credit risk.

(ii) Impairment of USD 26,943 was reversed in 2023 as this amount was recovered during the year end. An impairment of USD 1,587 was recognised during the year.

(iii) The loans receivable from associates are unsecured and are repayable by March 2028. The loans are denominated in US Dollars and carry interest ranging from 7.24% to 8.13% per annum (2023: 7.31% to 8.04%) which represents Secured Overnight Financing Rate (SOFR) + 2.75% (2023: US Dollar 12 month LIBOR plus 2%). An amendment to the agreement was signed in December 2020 whereby the settlement of the outstanding loan receivable will be made through redemption of Class B shares held by the associate in the books of the Company. The credit risk on the loan is low and immaterial.

(iv) The loan receivable under the share-based incentive scheme carry interest at 5.2% per annum (2023: 5.2%), are repayable by March 2025 and are secured by the shares allotted under the scheme.

6. Derivative financial instruments

	2024	2023
Derivative financial assets	6,886,322	6,251,625
Derivative financial liabilities	(2,369,399)	(7,574,753)
Total derivative financial instruments	**4,516,923**	**(1,323,128)**

	2024	2023
Derivative financial liabilities are comprised of the following:		
Fair value of financial derivatives (hedging instruments)	(2,369,399)	(8,235,402)
Fair value of financial liabilities (hedged items)	-	660,649
Derivative financial liabilities	**(2,369,399)**	**(7,574,753)**

The derivative asset and liability represents the fair value of hedging instruments entered into by Bayport Colombia S.A to manage the exposure to foreign currency exchange differences and fair value movements due to movements in interest rates. Please refer to note 32.9 for full disclosure of hedge accounting and the underlying hedges.

7. Income taxes

7.1 Income tax recognised in profit or loss

	2024	2023
Current tax		
In respect of the current year	20,051,782	17,983,163
In respect of prior years	113,623	(139,807)
Withholding taxes	6,963,549	7,148,284
Total current tax expense	**27,128,954**	**24,991,640**
Deferred tax		
In respect of the current year	(2,596,271)	717,954
In respect of prior years	(27,130)	(1,403,428)
Total deferred tax expense	**(2,623,401)**	**(685,474)**
Total income tax expense recognised in the current year	**24,505,553**	**24,306,166**

Reconciliation of the tax expense

The Company is liable to income tax in Mauritius at the rate of 15% (2023: 15%). Under the new tax regime and subject to meeting the necessary substance as required under the Financial Services Act 2007 (as amended by the Finance Act 2018) and such guidelines issued by the Financial Services Commission, the Company is entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability computed at 15% on such income, or (b) an exemption of 80% on some of the income derived, including but not limited to foreign source dividends or interest income, subject to meeting prescribed substance conditions.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2024	2023

7. Income taxes (continued)

7.1 Income tax recognised in profit or loss (continued)

(Loss)/Profit before taxation	**(55,877,537)**	**30,758,649**
Tax at the effective rate 15% (2023: 15%)	(8,381,631)	4,613,797
Effect of different tax rates of subsidiaries operating in other jurisdictions	(50,082,431)	31,422,313
Effect of expenses that are not deductible in determining taxable profit	73,067,844	(13,078,251)
Effect of withholding tax	6,963,549	7,148,284
Effect of exempt income	(919,678)	(1,136,231)
Current year tax losses for which no deferred tax is being recognised	3,771,407	3,120,511
	24,419,060	25,849,401
Adjustments recognised in the current year in relation to the current tax of prior years	86,493	(1,543,235)
Income tax expense recognised in profit or loss	**24,505,553**	**24,306,166**

7.2 Current tax assets/(liabilities)

Current tax assets	16,519,243	12,250,421
Current tax liabilities	(10,300,935)	(3,796,136)
Total current tax	**6,218,308**	**8,454,285**
At 1 January	8,454,285	7,935,942
Tax paid	25,506,038	23,669,094
Current tax for the year recognised in profit or loss	(27,128,954)	(24,991,640)
Foreign exchange movements	(613,061)	(254,647)
Reversal of impairment	-	1,730,000
Others	-	365,536
At 31 December	**6,218,308**	**8,454,285**

7.3 Deferred tax assets/(liabilities)

The following is the analysis of deferred tax assets and liabilities presented in the statement of financial position.

Deferred tax assets	33,633,788	27,105,527
Deferred tax liabilities	(13,489,978)	(8,763,127)
Total deferred tax	**20,143,810**	**18,342,400**
Deferred tax breakdown		
Tax losses available for set off against future taxable income	11,546,713	13,655,037
Provision for impairment of loans and advances	18,035,737	13,632,441
Unrealised exchange losses	2,771,354	2,694,389
Accelerated capital allowances for tax purposes	(1,506,130)	(1,356,538)
Revenue and expense recognition timing differences	840,495	(2,588,575)
Others	(11,544,359)	(7,694,354)
Total deferred tax	**20,143,810**	**18,342,400**
Reconciliation of net deferred tax assets		
At 1 January	18,342,400	19,380,864
Tax losses utilised for set off against future taxable income	(2,108,324)	(545,362)
Originating temporary differences on provision for impairment on loans and advances	4,403,296	2,989,098
Unrealised exchange losses	76,965	1,106,530
Originating temporary differences on tangible fixed assets	(149,592)	29,501
Originating temporary differences on revenue and expenses	3,429,070	(981,888)
Others	(3,850,005)	(3,636,343)
At 31 December	**20,143,810**	**18,342,400**

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2024	2023

7. Income taxes (continued)

7.3 Deferred tax assets/(liabilities) (continued)

The deferred tax asset recognised relating to unutilised tax losses is supported by management's forecast of future taxable income for the next five years. The directors are satisfied that the Group will utilise the deferred tax asset relating to unutilised tax losses within the next five years. In making such forecast, all positive and negative evidences were considered, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies and results of recent operations.

At the end of the reporting date, the Group has unused tax losses of USD 88,064,313 (2023: USD 79,638,330) available for offset against future profits. A deferred tax asset has been recognised in respect of USD 44,224,732 (2023: USD 47,117,487) of such losses. No deferred tax asset has been recognised in respect of the remaining USD 43,839,581 (2023: USD 32,520,844) due to unpredictability of future profit streams. The tax losses expire on a rolling basis usually over 5 years as follows:

Financial year	Losses carried forward	Expiry date of losses
31 December 2017	203,303	31 December 2027
31 December 2018	638,734	31 December 2028
31 December 2019	7,272,124	31 December 2029
31 December 2019	6,399	31 December 2024
31 December 2020	16,831,327	31 December 2025
31 December 2022	3,993,294	31 December 2032
31 December 2022	9,382,062	31 December 2027
31 December 2023	4,632,790	31 December 2028
31 December 2024	19,778,745	31 December 2029
	25,325,535	No expiry date
Total losses carried forward	**88,064,313**	

8. Loans and advances

	2024	2023
Gross advances	1,189,856,987	1,288,358,151
Impairment provision	(65,193,839)	(70,883,388)
Net loans and advances	**1,124,663,148**	**1,217,474,763**
Non-current assets	960,650,847	1,047,306,270
Current assets	164,012,301	170,168,493
Net loans and advances	**1,124,663,148**	**1,217,474,763**
Impairment provision		
At 1 January	70,883,388	65,854,822
Impairment recognised in profit or loss	23,375,502	14,055,344
Utilisation of allowance for impairment	(23,313,370)	(6,318,985)
Stage 3 Statement of financial position adjustment	(3,052,884)	(883,059)
Foreign exchange and other movements	(2,698,797)	(1,824,734)
At 31 December	**65,193,839**	**70,883,388**

Loans and advances advanced by the individual subsidiaries are provided as security for those subsidiaries' bank overdrafts and term loan balances totalling USD 774.3 million (2023: USD 838.2 million).

Please refer to note 32.1 for disclosures on credit risks.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2024	2023

9. Other investments

Investments in equity instruments designated at FVTOCI		
At 1 January	47,166,657	40,194,473
Change in fair value (note 22.3.1)	(7,735,661)	6,972,235
Foreign exchange movements	(17)	(51)
At 31 December	**39,430,979**	**47,166,657**

The Group participates in insurance activities through cell captive insurance companies. Bayport Management Ltd owns 100% of the issued share capital of cells created by GIL.

Fair value is determined by discounting the estimated future cash flows at a risk adjusted rate. The method used is documented in note 32.8.

10. Subsidiaries

Information about the composition of the Group at the end of the reporting period is as follows:

Name of company	Country	Main business	2024	2023
Actvest Limited	Mauritius	Professional services	100.00 %	100.00 %
Actvest Mexico S.A.P.I de C.V, E.N.R	Mexico	Investment holding	100.00 %	100.00 %
Actvest Proprietary Limited	South Africa	Professional services	100.00 %	100.00 %
Bayport Asesores Ltda	Colombia	Insurance services	100.00 %	100.00 %
Bayport Colombia S.A.	Colombia	At source lending	100.00 %	100.00 %
Bayport Financial Services (USA), Inc.	United States	Investment holding	100.00 %	100.00 %
Bayport International Headquarter Company (Pty) Ltd	South Africa	Investment holding	100.00 %	100.00 %
Bayport Latin America Holdings Ltd	Mauritius	Investment holding	100.00 %	100.00 %
Cashfoundry Limited	United Kingdom	Investment holding	100.00 %	100.00 %
Financiera Fortaleza, S.A de C.V, SOFOM, E.N.R	Mexico	At source lending	100.00 %	100.00 %
Golden Road Insurance Company Limited	Bermuda	Insurance services	100.00 %	100.00 %
Bayport Savings and Loans PLC	Ghana	At source lending	98.89 %	98.89 %
Money Quest Investments (Proprietary) Limited	Botswana	At source lending	98.31 %	98.31 %
Desembolsos 48H SA DE CV	Mexico	At source lending	100.00 %	100.00 %
Bayport Financial Services Limited	Zambia	At source lending and retail banking	98.81 %	98.81 %
Bayport Financial Services Mozambique (MCB), SA	Mozambique	At source lending and retail banking	95.00 %	95.00 %
Bayport Financial Services (T) Limited (i)	Tanzania	At source lending	100.00 %	100.00 %
Bayport Financial Services Uganda Limited	Uganda	At source lending	85.00 %	85.00 %
Bayport Intermediate HoldCo 2 Limited (ii)	United Kingdom	Investment holding	100.00 %	-
Bayport Africa MidCo Limited (ii)	United Kingdom	Investment holding	100.00 %	-
Bayport Latam MidCo Limited (ii)	United Kingdom	Investment holding	100.00 %	-
Bayport Intermediate Holdco PLC (ii)	United Kingdom	Investment holding	100.00 %	-

(i) During the year ended 31 December 2023, Bayport Financial Services (T) Limited, incorporated in Tanzania, carried out a share buyback of 11% of shares held by minority shareholders. Consequently, the ownership interest of the company increased from 89% to 100%.

(ii) During the year ended 31 December 2024, the Company established four new English entities, Bayport Intermediate HoldCo PLC, Bayport Intermediate HoldCo 2 Limited, Bayport Latam MidCo Limited and Bayport Africa MidCo Limited, as part of the recapitalization transaction (refer to note 7 on page 6, going concern).

Management does not consider any subsidiary to have material non-controlling interests that require further disclosures.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2024	2023

11. Investments in associates

At 1 January	81,112,569	95,366,916
Share of losses	(1,311,144)	(1,233,415)
Impact of application of IFRS 17	(19,174)	71,014
Share of other comprehensive loss	-	(5,551,986)
Movement in currency translation reserve	(1,712,013)	(7,539,960)
At 31 December	**78,070,238**	**81,112,569**
Material associates	78,070,238	81,112,569
Total investments in associates	**78,070,238**	**81,112,569**

11.1 Details of material associate

Name of associate	: Bayport Financial Services 2010 Proprietary Limited
Principal activity	: Retail financial services
Place of incorporation	: South Africa
Proportion of ownership	: 49%

The summarised financial information below represents amounts shown in the consolidated financial statements of Bayport Financial Services 2010 Proprietary Limited, prepared in accordance with IFRS Accounting Standards.

Summarised statement of financial position		
Current assets	27,205,949	35,276,806
Non current assets	269,272,488	279,487,229
Current liabilities	(9,624,357)	(13,188,053)
Non current liabilities	(225,468,493)	(236,111,101)
Equity attributable to owners of the Company	**61,385,587**	**65,464,881**

Summarised statement of profit or loss and other comprehensive income		
Net interest income	9,821,199	175,104
Loss for the year	(2,703,565)	(2,517,173)
Other comprehensive loss for the year	-	(11,330,584)
Total comprehensive loss for the year	(2,703,565)	(13,847,756)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Bayport Financial Services 2010 Proprietary Limited		
Net assets of associates	61,385,587	65,464,881
Proportion of the Group's ownership interest	49.00%	49.00%
Share of net assets	30,078,938	32,077,792
Goodwill	47,991,300	49,034,777
Total carrying amount	**78,070,238**	**81,112,569**

The movement in goodwill relates to foreign exchange losses.

When testing the investment in associate for impairment, the recoverable amounts of cash generating units (CGUs) are determined as the higher of value in use and fair value less costs to sell.

As at 31 December 2024, the impairment assessment was performed using the residual income method and by incorporating budgets approved by the board. Cash flows beyond the period covered by approved budgets were forecasted based on projected growth rates for the relevant cash generating unit. The evaluation was based on a five year forecast:

- Discount rates reflect management's assessment of risks specific to the CGU as well as current market trends of the time value of money. Cost of equity discount rate used is 16.70% (2023: 17.03%).
- Growth rates are based on industry indicators as well as current and expected business trends. At the end of the forecast period, a terminal value was included with a growth expectation of 5.20% (2023: 5.90%).

Based on the assessment performed, no provision for impairment was recognised.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2024	2023

12. Goodwill

Cost and carrying amount		
At 1 January	4,419,398	4,260,416
Foreign exchange movements	(774,150)	519,613
Impairment loss during the year	-	(360,631)
At 31 December	**3,645,248**	**4,419,398**

Goodwill acquired on business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

At source lending activities		
Money Quest Investments (Proprietary) Limited	151,610	157,556
Bayport Colombia S.A.	197,805	228,189
Financiera Fortaleza S.A de C.V., SOFOM, E.N.R	3,295,833	4,033,653
Total	**3,645,248**	**4,419,398**

Goodwill is tested annually for impairment, or more frequently if there are indications that goodwill might be impaired. When testing goodwill for impairment, the recoverable amounts of the CGUs are determined based on the higher of fair value less costs of disposal and value in use.

The impairment assessment was done using the adjusted net asset value valuation methodology.

The net asset value valuation methodology offers a more practical, cost effective and relevant means of presenting the value of each subsidiary more directly linked to covenants that forms part of the group's recapitalization transaction. Additionally, this approach aligns well with the group's lenders and investors' focus on solvency, especially when operational risk and economic conditions challenge the company's earnings potential.

The net asset value approach ensures goodwill is tested against a more realistic measure of net assets but would result in a valuation lower than book net asset value, since it does not include non-tangible assets such as goodwill and computer equipment. However, these assets still offer cash generating value to the underlying subsidiaries.

Since the difference between the book net asset value and the adjusted net asset valuation primarily reflects the exclusion of intangible assets and the goodwill under impairment review, both of which continue to provide value in use, there is currently no indication of goodwill impairment.

During the year ended 31 December 2023, the impairment assessment was done using a weighted average of the results from the Residual Income method, Price to Earnings ratios (PE) multiples and Price to Book ratios (PB) multiples by incorporating budgets approved by the board. Cash flows beyond the period covered by approved budgets were forecasted based on projected growth rates for the relevant cash generating unit. The evaluation was based on a five year forecast. The key assumptions for value in use calculations are discount rates, growth rates, PE and PB.

Discount rates reflect management's assessment of risks specific to the CGU as well as current market trends of the time value of money. Growth rates are based on industry indicators as well as current and expected business trends. PB and PE multiples are based on an average for listed financial institutions operating in the same business segment. The following assumptions were used in the value in use calculation.

Discount Rate		
Bayport Savings and Loans PLC	33.50 %	31.20%
Bayport Financial Services (T) Limited	20.90 %	22.10%
Money Quest Investments (Proprietary) Limited	14.80 %	16.32%
Bayport Colombia S.A.	19.50 %	16.26%
Financiera Fortaleza S.A de C.V., SOFOM, E.N.R	16.60 %	16.23%

Growth Rate		
Bayport Savings and Loans PLC	N/A	10.97%
Bayport Financial Services (T) Limited	N/A	8.25%
Money Quest Investments (Proprietary) Limited	N/A	6.84%
Bayport Colombia S.A.	N/A	4.78%
Financiera Fortaleza S.A de C.V., SOFOM, E.N.R	N/A	5.23%

Based on the assessment performed, no impairment was recognised during the year ended 2024. An impairment was recognised for Bayport Financial Services (T) Limited and Bayport Savings and Loans PLC in 2023.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

13. Property and equipment

Non-current assets

Cost	Buildings	Furniture and Fittings	Motor Vehicles	Office Equipment	IT Equipment	Leasehold Improvements	Total
At 01 January 2023	1,037,416	3,916,361	4,062,196	2,191,962	8,176,701	4,543,045	23,927,681
Additions	-	88,571	1,112,482	21,277	790,199	112,806	2,125,335
Transfers	-	(15,234)	(4,695)	-	(18,356)	16,744	(21,541)
Disposals	-	(138,245)	(267,792)	(265,313)	(403,262)	(2,851)	(1,077,463)
Foreign exchange movements	(308,112)	(256,634)	(707,834)	(143,897)	(751,505)	14,431	(2,153,551)
At 01 January 2024	**729,304**	**3,594,819**	**4,194,357**	**1,804,029**	**7,793,777**	**4,684,175**	**22,800,461**
Additions	-	362,790	717,349	84,705	770,559	688,592	2,623,995
Disposals	-	(85,242)	(408,514)	(24,797)	(111,301)	(239,294)	(869,148)
Foreign exchange movements	(56,589)	(317,237)	(315,826)	(126,512)	(458,236)	(389,442)	(1,663,842)
At 31 December 2024	**672,715**	**3,555,130**	**4,187,366**	**1,737,425**	**7,994,799**	**4,744,031**	**22,891,466**

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

13. Property and equipment (continued)

Accumulated depreciation	**Buildings**	**Furniture and Fittings**	**Motor Vehicles**	**Office Equipment**	**IT Equipment**	**Leasehold Improvements**	**Total**
At 01 January 2023	111,463	3,027,251	2,488,601	1,996,536	6,819,587	3,376,852	17,820,290
Charge for the year	15,540	207,338	469,313	75,196	748,022	405,981	1,921,390
Disposals	-	(116,498)	(198,456)	(261,528)	(368,451)	(2,851)	(947,784)
Foreign exchange movements	(33,104)	(348,495)	(471,788)	(142,446)	(617,422)	(22,822)	(1,636,077)
At 01 January 2024	**93,899**	**2,769,596**	**2,287,670**	**1,667,758**	**6,581,736**	**3,757,160**	**17,157,819**
Charge for the year	14,334	160,823	579,183	65,636	731,454	272,805	1,824,235
Disposals	-	(71,391)	(278,632)	(23,843)	(101,785)	(162,415)	(638,066)
Foreign exchange movements	(7,288)	(194,192)	(174,693)	(122,301)	(375,596)	(309,641)	(1,183,711)
At 31 December 2024	**100,945**	**2,664,836**	**2,413,528**	**1,587,250**	**6,835,809**	**3,557,909**	**17,160,277**
Carrying value							
At 31 December 2024	**571,770**	**890,294**	**1,773,838**	**150,175**	**1,158,990**	**1,186,122**	**5,731,189**
At 31 December 2023	**635,405**	**825,223**	**1,906,687**	**136,271**	**1,212,041**	**927,015**	**5,642,642**

During the year ended 31 December 2024, management carried out impairment assessment of property and equipment where indicators of impairment existed and concluded that property and equipment of the Group were not impaired (31 December 2023: USD nil).

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

14. Right-of-use assets

The Group leases many assets including buildings, motor vehicles and office equipment. Information about leases for which the Group is a lessee is presented below.

Non-current assets

Cost	Rental of space	Motor vehicles	Office equipment	Total
01 January 2023	**15,030,405**	**257,823**	**544,708**	**15,832,936**
Additions	3,523,432	71,941	59,540	3,654,913
Modifications	(1,621,084)	-	-	(1,621,084)
Foreign exchange movements	(426,177)	38,635	78,990	(308,552)
At 01 January 2024	**16,506,576**	**368,399**	**683,238**	**17,558,213**
Additions	1,500,466	102,586	-	1,603,052
Modifications	188,081	-	-	188,081
Foreign exchange movements	(1,513,351)	(67,386)	(122,575)	(1,703,312)
At 31 December 2024	**16,681,772**	**403,599**	**560,663**	**17,646,034**

Accumulated depreciation				
At 01 January 2023	**8,590,281**	**175,589**	**372,626**	**9,138,496**
Charge for the year	2,435,997	68,897	164,757	2,669,651
Foreign exchange movements	158,952	26,312	53,203	238,467
At 01 January 2024	**11,185,230**	**270,798**	**590,586**	**12,046,614**
Charge for the year	2,013,703	72,142	44,453	2,130,298
Foreign exchange movements	(859,329)	(49,533)	(105,627)	(1,014,489)
At 31 December 2024	**12,339,604**	**293,407**	**529,412**	**13,162,423**

Carrying value				
At 31 December 2024	**4,342,168**	**110,192**	**31,251**	**4,483,611**
At 31 December 2023	**5,321,346**	**97,601**	**92,652**	**5,511,599**

14.1 Amount recognised in profit or loss

2024	Rental of space	Motor Vehicles	Office equipment	Total
Interest on lease liabilities	757,476	17,557	7,634	782,667
Depreciation of right of use asset	2,013,703	72,142	44,453	2,130,298
Expenses relating to short term leases	295,971	-	-	295,971
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	486,573	-	-	486,573
	3,553,723	**89,699**	**52,087**	**3,695,509**

2023	Rental of space	Motor Vehicles	Office equipment	Total
Interest on lease liabilities	977,006	12,631	14,783	1,004,420
Depreciation of right of use asset	2,435,997	68,897	164,757	2,669,651
Expenses relating to short term leases	134,880	-	-	134,880
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	6,576	-	-	6,576
Gain on lease terminations	34,067	(2,801)	(8,737)	22,529
	3,588,526	**78,727**	**170,803**	**3,838,056**

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2024	2023

14. Right-of-use assets (continued)

14.2 Amount recognised in the statement of cash flows

Total cash outflow for leases	2,283,522	2,420,070

Refer to note 19 for further details on lease liabilities.

15. Intangible assets

Cost	Computer software	Software under development	Reinsurance contract rights	Total
At 01 January 2023	**43,646,118**	**1,001,381**	**19,258,773**	**63,906,272**
Additions	942,443	608,718	-	1,551,161
Transfers	41,186	3,524	-	44,710
Foreign exchange movements	(213,794)	46,694	-	(167,100)
At 01 January 2024	**44,415,953**	**1,660,317**	**19,258,773**	**65,335,043**
Additions	1,397,641	190,706	-	1,588,347
Transfers	87,990	(522,046)	-	(434,056)
Impairment	-	-	(9,020,068)	(9,020,068)
Foreign exchange movements	(1,825,708)	(163,670)	-	(1,989,378)
At 31 December 2024	**44,075,876**	**1,165,307**	**10,238,705**	**55,479,888**
Accumulated amortisation				
At 01 January 2023	**20,760,102**	**-**	**-**	**20,760,102**
Charge for the year	5,454,337	-	-	5,454,337
Foreign exchange movements	(296,182)	-	-	(296,182)
At 01 January 2024	**25,918,257**	**-**	**-**	**25,918,257**
Charge for the year	4,801,439	-	-	4,801,439
Foreign exchange movements	(1,250,061)	-	-	(1,250,061)
At 31 December 2024	**29,469,635**	**-**	**-**	**29,469,635**
Carrying value				
31 December 2024	**14,606,241**	**1,165,307**	**10,238,705**	**26,010,253**
31 December 2023	**18,497,696**	**1,660,317**	**19,258,773**	**39,416,786**

During the year ended 31 December 2024, management carried out an impairment assessment of computer software and no impairment was recognised (31 December 2023 : USD nil).

When testing reinsurance contract rights for impairment, the recoverable amount was determined as the present value of future cash flows under value-in-use. Cash flows beyond the period covered by approved budgets were forecasted based on future growth rates. The evaluation is based on five year forecasts with key assumptions being discount rates and growth rates ranging from 16.60% to 19.50% and 4.78% to 5.23% respectively (2023 : from 16.23% to 16.26% and 3.95% to 5.26% respectively).

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2024	2023

16. Deposit from customers

By maturity		
Within one month	9,670,856	12,429,421
One to three months	18,568,738	23,508,763
Three months to one year	46,725,494	45,185,605
More than one year	28,492,001	25,671,387
Total deposits from customers	**103,457,089**	**106,795,176**
By nature		
Current accounts	5,035,129	2,205,107
Saving accounts	14,586,669	2,755,079
Fixed deposit accounts	83,835,291	101,834,990
Total deposits from customers	**103,457,089**	**106,795,176**
Interest rates charged on customer deposits		
Bayport Financial Services Mozambique (MCB) SA	13% - 16%	13% - 16%
Bayport Financial Services Ltd (Zambia)	0.5% - 19%	0.19% - 14%
Bayport Financial Services Ghana Ltd	8% - 26%	10% - 26%

17. Other payables

Current liabilities		
Accruals	15,794,408	17,428,818
Sundry creditors	9,499,722	7,383,879
Unallocated receipts	3,328,099	4,343,218
Withholding tax payable	3,192,796	4,111,795
Vat payable	5,520,944	5,678,321
Insurance payable	3,700,414	4,660,670
Audit and non audit fees payables	1,376,792	1,604,190
Unearned premium reserve (i)	553,252	729,338
Claims payables (ii)	605,311	861,065
IBNR claims payable (iii)	1,918,834	2,751,047
Amount due to related parties (note 31.2)	4,662	594
Total other payables	**45,495,234**	**49,552,935**

The average credit period of sundry creditors ranges from 0 to 90 days. Sundry creditors and accruals do not accrue interest.

Insurance contract liabilities

(i) Unearned premium reserve

At 1 January	729,338	895,508
Change in unearned premium reserve	(176,086)	(166,170)
At 31 December	**553,252**	**729,338**

(ii) Claims payables

At 1 January	861,065	919,289
Claims incurred during the year	6,555,257	5,503,460
Claims paid during the year	(6,811,011)	(5,561,684)
At 31 December	**605,311**	**861,065**

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2024	2023

17. Other payables (continued)

Insurance contract liabilities (continued)

(iii) IBNR Claims payable

At 1 January	2,751,047	1,788,648
Movement in IBNR	(1,032,741)	712,333
IFRS 17 Risk Adjustment	200,528	250,066
At 31 December	**1,918,834**	**2,751,047**

18. Provisions

At 1 January	2,863,909	5,279,051
Additions	4,738,607	1,898,274
Amount utilised	(3,050,961)	(4,097,921)
Foreign exchange movements	(172,956)	(215,495)
At 31 December	**4,378,599**	**2,863,909**

The provision balance relates to accruals made for staff and management performance bonuses.

19. Lease liabilities

	Rental of space	Motor vehicles	Office equipment	Total
At 1 January 2023	**7,262,229**	**85,132**	**178,857**	**7,526,218**
Additions	3,523,432	71,941	59,540	3,654,913
Interest expense	977,006	12,631	14,783	1,004,420
Lease modifications	(1,621,084)	-	-	(1,621,084)
Lease payments	(2,190,674)	(71,032)	(158,364)	(2,420,070)
Foreign exchange movement	(1,458,569)	4,891	4,828	(1,448,850)
At 1 January 2024	**6,492,340**	**103,563**	**99,644**	**6,695,547**
Additions	1,500,466	102,586	-	1,603,052
Interest expense	757,476	17,557	7,634	782,667
Lease modifications	188,081	-	-	188,081
Lease payments	(2,128,147)	(96,064)	(59,311)	(2,283,522)
Foreign exchange movement	(1,357,996)	(9,793)	(12,346)	(1,380,135)
At 31 December 2024	**5,452,220**	**117,849**	**35,621**	**5,605,690**

Maturity analysis		
Year 1	2,247,725	2,775,250
Year 2	2,336,264	2,198,730
Year 3	1,342,959	2,039,871
Year 4	907,832	965,002
Year 5	240,807	698,184
Onwards	71,628	637,749
Total lease liabilities	**7,147,215**	**9,314,786**

The lease liabilities as at 31 December 2024 amounts to USD 5,605,690 (2023: USD 6,695,547) and future finance charges amount to USD 1,541,525 (2023: USD 2,619,239).

The incremental borrowing rates varied from 6.5% to 32.0% (2023: 6.5% to 32.0%).

The Group does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored by the ALCO (Assets and Liabilities Committee).

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2024	2023

20. Borrowings

	2024			2023		
Held at amortised cost	**Senior**	**Subordinated**	**Total**	**Senior**	**Subordinated**	**Total**
Corporate bonds (i)	385,706,885	55,199,651	440,906,536	339,591,611	46,854,166	386,445,777
Other term loans (ii)	720,076,210	88,600,149	808,676,359	818,194,017	79,065,150	897,259,167
Revolving credit facilities (iii)	67,699,655	-	67,699,655	67,543,157	-	67,543,157
Subtotal	1,173,482,750	143,799,800	1,317,282,550	1,225,328,785	125,919,316	1,351,248,101
Less: deferred transaction costs	(12,938,781)	-	(12,938,781)	(21,168,531)	(609,967)	(21,778,498)
Total borrowings	**1,160,543,969**	**143,799,800**	**1,304,343,769**	**1,204,160,254**	**125,309,349**	**1,329,469,603**

Subordinated bonds, and some other term loans rank behind all other funders and debt providers in priority of repayment and are consequently classified as subordinated loans. The remaining other loans are classified under senior loans.

	2024	2023
Current liabilities	287,194,375	455,474,637
Non-current liabilities	1,017,149,394	873,994,966
Total borrowings	**1,304,343,769**	**1,329,469,603**

Remaining term of maturity		
On demand or within period not exceeding one year	287,194,375	455,474,637
Within a period of more than one year but not exceeding two years	281,024,454	601,770,432
Within a period of more than three years but not exceeding five years	736,124,940	255,387,799
In more than five years	-	16,836,735
Total borrowings	**1,304,343,769**	**1,329,469,603**

(i) Corporate bonds

During the year ended 31 December 2022, the Company issued Bonds in US Dollar. The corporate bonds are unsecured and carry interest rates ranging from 13% to 15% per annum (31 December 2023: 13% to 15% per annum). As at 31 December 2024, the last trades of the Senior bonds and Subordinated bonds were USD 30 and USD 5 of their respective nominal issue price (31 December 2023: USD 74 and USD 65). As part of a recapitalisation, the senior bonds were transferred to Bayport Intermediate HoldCo PLC in December 2024.

Included in corporate bonds is capitalized interest of USD 35.3 million and a recapitalization consent fee of USD 5.6 million relating to senior bonds and capitalized interest of USD 7.7 million and a recapitalization consent fee of USD 1.1 million relating to subordinate bonds, aligned to the recapitalization transaction (see note 7 on page 6, going concern).

(ii) Other term loans

Other term loans include funding received by the Group from local banks and financial institutions in US Dollars and other currencies. Terms of the loans range from three months to ten years (2023: from twelve months to ten years) and interest rates range from 8.0% to 33.6% per annum (2023: 8.0% to 36.7%).

Included in other term loans is capitalized interest of USD 2.9 million and a recapitalization consent fee of USD 0.6 million relating to senior term loans and capitalized interest of USD 10.1 million and a recapitalization consent fee of USD 1.7 million relating to subordinate debt, aligned to the recapitalization transaction (see note 7 on page 6, going concern).

(iii) Revolving credit facilities

As at 31 December 2024, the Group had available facilities totalling USD 67.7 million (31 December 2023: USD 67.0 million). Interest rates charged on revolving credit facilities ranges from 9.83% to 16.61% per annum (31 December 2023: 9.4% to 16.6% per annum). The revolving credit facilities are unsecured.

Included in revolving credit facilities is capitalized interest of USD 7.2 million and a recapitalization consent fee of USD 1.3 million aligned to the recapitalization transaction (see note 7 on page 6, going concern).

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2024	2023

20. Borrowings (continued)

Securities and guarantees

A total of USD 288,404,017 in senior corporate bonds, USD 54,007,327 in senior term loans, and a USD 67,699,655 revolving credit facility in Bayport Intermediate HoldCo PLC are secured by a pledge of shares in all group subsidiaries (as listed in Note 10), in favor of Kroll Trustee Services Limited, acting on behalf of the senior lender consortium.

Other term loans include borrowings of USD 774.3 million (2023: USD 838.2 million) outstanding at the end of the reporting date, secured over loans and advances of the Group. The securities and guarantees are removed when the borrowings are repaid. Other securities held by funders are as follows:

(a) Subordination of preference shares of Bayport Financial Services Uganda Limited for USD 1.6 million (2023: USD 1.6 million)

(b) Subordination of loans from Bayport Management Ltd to subsidiaries of USD 21.5 million (2023: USD 31.4 million)

(c) Corporate guarantee from Bayport Management Ltd is nil in 2024 (2023: USD 2.3 million)

(d) Lien over cash of USD 33.4 million (2023: USD 42.0 million)

(e) Cash collateral pledged of USD 19.3 million (2023: USD 24.6 million)

ALCO continues to monitor liquidity positions and ensures the Group remains in a strong financial position. This includes drawing down on available facilities as and when required.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

21. Share capital and treasury shares

	Number of shares	Share capital	Share premium	Share application monies	Limited-voting B Shares (ii)	Capital contribution (iv)	Total share capital	Treasury shares (iii)	Total share capital and treasury shares
01 January 2023	31,394,663	31,394	315,441,273	60,560,000	30,000,000	16,843,680	422,876,347	(6,777,324)	416,099,023
Issue of shares (i)	3,431,411	3,431	60,556,569	-	-	-	60,560,000	-	60,560,000
Share application monies (i)	-	-	-	(60,560,000)	-	-	(60,560,000)	-	(60,560,000)
01 January 2024	**34,826,074**	**34,825**	**375,997,842**	**-**	**30,000,000**	**16,843,680**	**422,876,347**	**(6,777,324)**	**416,099,023**
31 December 2024	**34,826,074**	**34,825**	**375,997,842**	**-**	**30,000,000**	**16,843,680**	**422,876,347**	**(6,777,324)**	**416,099,023**

Issued and fully paid ordinary shares of USD 0.001 each at par value.

Each share has equal rights on distribution of income and capital and is entitled to one vote per share.

(i) During the year ended 31 December 2017, the Company issued a convertible subordinated zero coupon note of USD 60,560,000. Mandatory conversion of the note occurred at defined dates into 3,431,411 ordinary shares of the Company representing a shareholding of 9.97% (31 December 2022: 9.97%) and it met the requirement for equity disclosure in terms of IFRS Accounting Standards. The mandatory conversion was triggered in November 2022 and shown as share application monies as at 31 December 2022.

During the year ended 31 December 2023, the share application monies was converted into share capital after issuance of 3,431,411 shares to Firefly Investments 326 (Proprietary) Limited.

(ii) On 24 December 2019, the Board approved the creation of a new class of share named “Limited-voting B Share”. The salient terms of the Limited-voting B Share are as follows:

- The holder of each Limited-voting B Share is eligible to receive dividend declared to the holders of such shares by the Board of the Company, in its sole and absolute discretion, provided that the aggregate of the dividends payable in respect of each Limited-voting B Share is limited to USD 1.5 million;
- The Company is entitled to redeem each Limited-voting B Share at any time for a redemption price equal to USD 1 million per Limited-voting B Share, being an amount equal to the subscription price paid for such share;
- Unless the Limited-voting B Share has been redeemed by the Company, the holder of a Limited-voting B Share has the right, commencing on the first anniversary of the date of subscription and enduring for a further six months thereafter, to convert each Limited-voting B Share into 41,254 ordinary shares of the Company;
- The holder of a Limited-voting B Share is not entitled to vote at any meeting or on any written resolution of the shareholders of the Company, except in relation to amend the rights, limitations and other terms of the Limited-voting B Shares. On 30 December 2019, the Company issued 30 Limited-voting B shares at a price of USD 1 million per B share.

(iii) Treasury shares are shares that the Company has repurchased from its shareholders and holds within its own books.

(iv) Capital contribution by shareholders in lieu of shortfall guarantee.

During the year ended 31 December 2022, the Company had a USD 16.8 million liability, due to a maturing shortfall guarantee. The obligation of the Company to settle this amount was satisfied by representative shareholders in the Company transferring a 10% equity interest, valued at USD 16.8 million, to the beneficiary of the guarantee.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	Note(s)	2024	2023

21. Share capital and treasury shares (continued)

The Company's shareholding for the year was as shown below:

Shareholders	Percentage holding 2024	2023
Government Employees Pension Fund (GEPF)	30.03	11.51
Kinnevik New Ventures	17.98	17.98
Takwa Holdco Limited	13.60	13.60
Firefly Investments 326 (RF) (PTY) LTD	9.97	9.97
Elsworthy Holdings Ltd	8.89	8.89
Mr Grant Kurland (Director)	6.93	6.93
Kasumu Ltd	6.25	6.25
Takwa Holdco (2) Ltd	3.67	3.67
Mr Vladimer Gurgenidze	0.27	0.27
Public Investment Corporation (SDC) Limited	-	18.52
Others	2.41	2.41
Total	**100.00**	**100.00**

Mr Roberto Rossi, who is a director of the Group, is a contingent discretionary beneficiary of trusts which hold an interest in Elsworthy Holdings Ltd.

Mr Stuart Stone, who is a director of the Group, is a contingent discretionary beneficiary of a trust which holds an interest in Kasumu Ltd.

22. Reserves

	Note(s)	2024	2023
Foreign currency translation reserves	22.1	452,872,310	424,044,989
Equity settled reserves	22.2	(5,063,125)	(5,022,805)
Other reserves	22.3	(87,673,742)	(88,786,029)
Cash flow hedging reserve	22.4	(13,496)	(680,709)
Total reserves		**360,121,947**	**329,555,446**

22.1 Translation reserves

	Note(s)	2024	2023
Opening balance		424,044,989	398,511,025
Translation of foreign operations		24,908,861	16,717,902
Translation of monetary items deemed as net investment		1,522,033	2,370,540
Translation of goodwill	12	774,150	(519,273)
Others	11	1,712,013	7,539,961
Foreign exchange differences recognised through other comprehensive income		**28,917,057**	**26,109,130**
Less: translation reserve attributable to non-controlling interests		(89,736)	(575,166)
Closing balance		**452,872,310**	**424,044,989**

The translation reserves comprise all foreign currency differences arising from the translation of the financial statements of foreign operations as well as the cumulative gains/losses arising on the translation of monetary items that forms part of a net investment in a foreign operation.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	Note(s)	2024	2023

22. Reserves (continued)

22.2 Equity settled reserves

Share-based incentive scheme	22.2.1	1,855,076	1,814,756
Share-based contingent consideration	22.2.2	3,208,049	3,208,049
Total equity settled reserves		**5,063,125**	**5,022,805**

22.2.1 Share-based incentive scheme

The Company has share incentive schemes which entitle the senior executives of the Group to be awarded shares for no consideration at different vesting dates.

Maximum number of shares, under the share options scheme, unvested and unexercised as at:		
31 December 2024	-	14,504
Total number of shares	**-**	**14,504**

No options were exercised during the year ended 31 December 2024 and 31 December 2023.

During the year ended 31 December 2024, the Company recognised total expenses of USD 40,320 (2023: USD 125,449).

22.2.2 Share-based contingent consideration

The share-based contingent consideration relates to the acquisition of additional stake in Financiera Fortaleza, S.A de C.V, SOFOM, E.N.R. The purchase prices were agreed to be partly by issuance of 170,277 shares of the Company subject to achievement of agreed performance metrics based on profit targets.

Number of shares, vesting in future financial years ending:		
31 December 2025	170,277	170,277

22.3 Other reserves

Investment revaluation reserve	22.3.1	37,412,599	45,148,260
Regulatory and statutory reserves	22.3.2	50,261,143	43,637,769
Total other reserves		**87,673,742**	**88,786,029**

22.3.1 Investment revaluation reserve

At 1 January		45,148,260	43,728,011
Movement in fair value	9	(7,735,661)	6,972,235
Share of other comprehensive loss of associates	11	-	(5,551,986)
At 31 December		**37,412,599**	**45,148,260**

The investment revaluation reserve represents the cumulative gains arising on the revaluation of investments in equity instruments designated as at fair value through other comprehensive income. Refer to note 32.8 for the fair value measurement disclosure.

22.3.2 Regulatory and statutory reserves

At 1 January	43,637,769	35,701,550
Transfers in regulatory and statutory reserves	6,623,374	7,936,219
At 31 December	**50,261,143**	**43,637,769**

Regulatory credit risk reserves and statutory reserves relate to impairment provisions on the loan book in excess of what is required per IFRS Accounting Standards compared to local regulations and requirements to maintain a minimum capital adequacy ratio.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar		2024	2023

22. Reserves (continued)

22.4 Cash Flow hedging reserve

Cash flow hedging reserve	32.9	(13,496)	(680,709)

The cash flow hedging reserve comprise gains/losses arising on the effective portion of hedging instruments carried at fair value in qualifying cash flow hedge.

No dividend was declared and paid by the Company during the years ended 31 December 2024 and 2023.

23. Interest and other similar income

Interest on loans and advances	329,100,436	331,614,614

24. Interest and other similar expense

Interest on bank overdrafts and term loans	171,783,053	152,705,118
Interest on corporate bonds	70,759,403	59,446,441
Interest on lease liabilities	782,667	1,004,420
Interest expense - cross currency swap	4,841,282	6,019,149
Total interest and other similar expense	**248,166,405**	**219,175,128**

25.1 Lending related income

Commission received	17,216,052	12,737,132
Dividend income	5,993,712	7,514,142
Credit life insurance	2,952,809	8,442,230
Bad debts recovered	773,224	605,884
Others	67,085	41,753
Total lending related income	**27,002,882**	**29,341,141**

25.2 Investment income

Bank interest received	4,931,836	6,096,623
Interest income - Staff loans	9,042	16,719
Other interests	6,113,167	4,891,762
Total Investment income	**11,054,045**	**11,005,104**

25.3 Other income

(Loss)/profit on plant and equipment	(105,292)	1,049
Sundry income	7,071,163	13,192,045
Reversal of current tax receivable	-	1,730,000
Others	131	138
Total Other income	**6,966,002**	**14,923,232**

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2024	2023

26. Operating expenses

Employee costs	42,316,932	38,008,795
Sales commission	28,956,802	22,943,802
Depreciation and amortisation	8,755,972	10,045,378
Collection fees	8,599,579	8,889,201
Computer expenses	8,143,707	6,791,963
Accounting, legal and professional fees	28,864,255	11,544,427
Occupancy costs	1,758,237	1,359,680
Loan processing costs	2,737,406	3,120,489
Insurance costs	3,985,824	5,483,969
Impairment of goodwill	-	360,291
Marketing expenses	165,044	324,905
Bank charges	1,314,273	1,476,612
Levies and duties	1,167,485	1,238,117
Travelling expenses	687,201	793,108
Motor vehicle expenses	535,229	672,863
Telephone and 3G expenses	577,650	640,484
Profit share	968,296	968,940
Others	6,564,866	6,738,191
Total operating expenses	**146,098,758**	**121,401,215**

27. (Loss)/Earnings per share

Basic (loss)/earnings per share	(2.37)	0.16

The (loss)/earnings and weighted average number of shares used in the calculation of basic (loss)/earnings per share are as follows:

(Loss)/Earnings for the year attributable to owners of the Company	(81,474,977)	5,438,743
(Loss)/Earnings used in calculation of basis (loss)/earnings per share	**(81,474,977)**	**5,438,743**
Weighted average number of shares for the purpose of calculating basic (loss)/earnings per share	34,430,450	34,430,450

Diluted (loss)/earnings per share	(2.35)	0.16

The (loss)/earnings and weighted average number of shares used in the calculation of diluted (loss)/earnings per share are as follows:

(Loss)/Earnings for the year attributable to owners of the Company	(81,474,977)	5,438,743

Diluted (loss)/earnings per share

The weighted average number of shares for the purpose of diluted (loss)/earnings per share reconciles to the weighted average number of shares used in the calculation of basic (loss)/earnings per share as follows:

Weighted average number of ordinary shares used for basic (loss)/earnings per share	34,430,450	34,430,450
Share deemed to be of no consideration in respect of:		
- Share-based incentive scheme	86,892	73,955
- Deferred share consideration	170,277	170,277
Weighted average shares used in the calculation of diluted (loss)/earnings per share	**34,687,619**	**34,674,682**

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

28. Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statements of cash flows from financing activities.

	Opening balance	Financing Cashflows*	Other non-cash movements		Others	Finance Charge	Closing balance
			Currency movements	Amortisation of deferred transaction costs			
2024							
Bonds	383,023,963	(5,622,575)	4,555,555	(2,635,708)	(648,050)	56,228,854	434,902,039
Other borrowings	946,445,639	(45,296,491)	(2,469,156)	11,475,424	1,791,133	(42,447,863)	869,498,686
Lease liabilities	6,695,547	(2,283,522)	(1,380,135)	-	1,791,133	782,667	5,605,690
Total liabilities from financing activities	**1,336,165,149**	**(53,202,588)**	**706,264**	**8,839,716**	**2,934,216**	**14,563,658**	**1,310,006,415**
2023							
Bonds	348,319,058	29,601,865	(8,312,735)	(1,663,440)	-	15,079,215	383,023,963
Other borrowings	856,870,801	37,268,079	72,448,187	(2,496,007)	-	(17,645,421)	946,445,639
Lease liabilities	7,526,218	(2,420,070)	584,979	-	-	1,004,420	6,695,547
Total liabilities from financing activities	**1,212,716,077**	**64,449,874**	**64,720,431**	**(4,159,447)**	**-**	**(1,561,786)**	**1,336,165,149**

* The cash flows from bonds and other borrowings make up the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	Note	2024	2023

29. Acquisition of additional interest in a subsidiary

During the year 2023, Bayport Financial Services (T) Limited, carried out a share buy back of 11% of shares held by minority shareholders. Consequently, the ownership interest of the Group increased from 89% to 100%. The Group recognised a decrease in non-controlling interest of USD 1.2 million and an increase in retained earnings of USD 1.2 million.

The following summarises the effect of changes in the Group's (parent) ownership interest in Bayport Financial Services (T) Limited.

		2024	2023
Parent's ownership interest at beginning of period		-	22,437,543
Share of other comprehensive income		-	449,402
Effect of increase in parent's ownership interest		-	(1,223,485)
Parent's ownership interest at end of period		**-**	**21,663,460**

30. Commitments

The Group has no contractual commitments for 2025 other than those already mentioned in these financial statements.

31. Related party transactions

Details of transactions between the Group and other related parties are as follows. Below transactions have been made on commercial terms and in the normal course of business.

31.1 Trading transactions

During the year, the following trading transactions with related parties that are/were not members of the Group were entered into:

	Note	2024	2023
Interest received			
On loans under share incentive scheme		9,047	16,719
Bayport Financial Services 2010 Proprietary Limited		2,525,159	2,364,227
Total interest received		**2,534,206**	**2,380,946**

31.2 Amount receivable from and payable to related parties

The following balances were outstanding at the end of the reporting period:

	Note	2024	2023
Amounts receivable from related parties			
Loan receivable from senior executives under share-based incentive scheme		182,443	173,401
Bayport Financial Services 2010 Proprietary Limited		13,250	1,003,427
Total amount receivable from related parties		**195,693**	**1,176,828**
Amount payable to related parties			
Bayport Financial Services 2010 (Pty) Ltd	17	4,662	594

31.3 Loans receivable from associate

	Note	2024	2023
Loans receivable from associate		33,096,899	30,824,256

Refer to note 5 for the terms and conditions of loans receivable from associate.

31.4 Compensation to key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

	Note	2024	2023
Short term benefits		3,700,381	3,133,095

The remuneration of directors and key executives is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2024	2023

31. Related party transactions (continued)

31.5 Professional fees (including directors' fees) paid to management entity

Director fees/professional fees	38,547	38,967

31.6 Other related party transactions

Details of amounts due under the share-based incentive scheme are disclosed in note 22.

Details of purchase of treasury shares from group executives are disclosed in note 21.

Share application monies are disclosed in note 21.

32. Risk management

The Board is responsible for risk management and the setting of the risk management framework. Oversight of risk management is the responsibility of two Board subcommittees; the Assets and Liabilities Committee (ALCO) and the Audit, Risk and Compliance Committee (ARC). The ALCO monitors risks associated with liquidity and funding, interest rates, counterparties, currency exposures and capital adequacy. The ARC committee monitors risks associated with financial reporting, accounting policies, internal control and IT governance. The audit, risk and compliance committee is responsible for risk management including setting the risk management framework, setting risk appetite and monitoring the Group’s management of risk including credit and compliance.

The Group’s activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group’s aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group’s financial performance.

The Group's overall risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies, evaluates and manages financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and non-derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important type of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk and interest rate risk.

The responsibility for day to day management of risks falls to each of the respective subsidiary’s chief executive officer’s and their executive committees. Risk management is managed at subsidiary level through the divisional executive committees and reviewed by each of the respective subsidiary boards.

32.1 Credit risk

Credit risk is the risk of loss arising from the failure of a client or counterparty to discharge an obligation to the Group. The primary credit risks that the Group is exposed to arise from retail loans held by each subsidiary. It is not the Group’s strategy to avoid credit risk, but rather to manage credit risk within the Group’s risk appetite and to earn an appropriate risk adjusted return.

32.1.1 Credit risk management and measurement

Each subsidiary is responsible for the identification, measurement, management, control and reporting of credit risk within their business units. Exposure to credit losses is managed by assessing customer’s affordability and their ability to repay loans and advances, customer’s risk profile, employment status and stability. Terms of the loan provided range from 3 to 120 months. Group exposure to credit risk is continuously monitored at each country's level. Each of the Group’s lending businesses tends to have homogeneous or similar asset portfolios within their respective businesses. Impairments are monitored and provided for using statistical techniques including experiential and behavioural models. These models are based on customers’ financial performance information while on book and assume that recent performance is a strong indicator of future performance. There is neither incorporation of forward-looking information nor use of macro-economic information into the determination of expected credit losses. Management systematically evaluates market and macro-economic data to be used in determining adjustments to be made in respect of forward-looking information. However, to date there has been no forward-looking information upon which management can consistently rely on, either because of the absence of correlation between credit performance and market indicators, or the inability for these market indicators to be reliably forecasted.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

32. Risk management (continued)

32.1 Credit risk (continued)

32.1.1 Credit risk management and measurement (continued)

Collections of instalments are made through payroll deductions or debit order collections. The expected loss model is developed using statistical techniques based on actual historical data. The expected loss is calculated for each active account, using parameter estimates including the probability of default (‘PD’), exposure at default ('EAD') and loss given write offs (‘LGW’) segmented using contractual delinquency states (aging, recency and reason for default) as well as remaining term. The segmentation ensures homogenous risk buckets. The LGW is calculated on an explicit basis per account, taking into consideration the settlement balance, discount rates and discount periods. There has been no changes in the estimation techniques or significant assumptions from the prior year.

The Group utilised the 30-days past due definition to determine a significant increase in credit risk as per paragraph 5.5.11 of IFRS 9. In addition, the Group utilised recency in assessing significant increase in credit risk. Recency is calculated by referencing the most recent payment history of loans.

Therefore, loans will be considered to have a significant increase in credit risk where there was a payment made on either one or both of their most recent two instalments expected, where reconciliation has been done and posted, and the Days in Arrears is equal to or greater than 30 days.

Credit risk on cash and bank balances is limited because the counter parties are reputable financial institutions. For other receivables and other investments, the Group minimise its credit risk by only dealing with credit worthy counter parties. These are considered to have low credit risk for the purpose of impairment assessment. The Group's exposure to credit risk is continuously monitored at each country level.

32.1.2 Financial assets subject to risk

2024	Recency	Gross advances	Impairment	Net advances	Coverage ratios
12 month expected credit losses	1. Standard Performing	990,149,057	6,270,969	983,878,088	1 %
Lifetime expected credit losses	2. Performing active (1-2)	135,736,797	28,938,062	106,798,735	21 %
	3. Performing Active (3-4)	17,796,433	7,092,380	10,704,053	40 %
Credit impaired financial assets	4. Non-performing	35,804,405	19,490,534	16,313,871	54 %
	5. Doubtful	4,600,864	3,401,894	1,198,970	74 %
	6. Bad	5,769,431	-	5,769,431	0 %
Total		**1,189,856,987**	**65,193,839**	**1,124,663,148**	**5 %**

2023					
12 month expected credit losses	1. Standard Performing	1,076,206,302	6,669,155	1,069,537,147	1 %
Lifetime expected credit losses	2. Performing active (1-2)	143,250,834	31,715,910	111,534,924	22 %
	3. Performing Active (3-4)	16,652,573	6,807,574	9,844,999	41 %
Credit impaired financial assets	4. Non-performing	36,287,782	18,665,450	17,622,332	51 %
	5. Doubtful	9,370,136	7,025,299	2,344,837	75 %
	6. Bad	6,590,524	-	6,590,524	0 %
Total		**1,288,358,151**	**70,883,388**	**1,217,474,763**	**6%**

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	Note	2024	2023

32. Risk management (continued)

32.1 Credit risk (continued)

32.1.3 Impairment provision reconciliation

Loans and advances	12 month expected credit losses	Lifetime expected credit losses	Credit impaired financial assets	Total
At 01 January 2023	**8,363,057**	**27,819,453**	**29,672,312**	**65,854,822**
New loans issued during the year	2,814,801	3,318,397	5,240,388	11,373,586
Existing book movements*	(1,396,986)	3,875,283	12,560,202	15,038,499
Derecognition	(1,372,634)	(1,913,948)	(3,111,974)	(6,398,556)
Write-offs	-	-	(6,318,985)	(6,318,985)
Stage 3 Balance Sheet Adjustment	-	-	(883,059)	(883,059)
Foreign exchange movements	(852,324)	(2,314,879)	(4,615,716)	(7,782,919)
At 01 January 2024	**7,555,914**	**30,784,306**	**32,543,168**	**70,883,388**
New loans issued during the year	3,439,675	2,337,747	14,026,140	19,803,562
Existing book movements*	(1,810,255)	(7,028,284)	11,455,339	2,616,800
Derecognition	(1,358,311)	3,429,455	(1,116,004)	955,140
Write-offs	-	-	(23,313,370)	(23,313,370)
Stage 3 Balance Sheet Adjustment	-	-	(3,052,884)	(3,052,884)
Foreign exchange movements	(421,463)	(866,045)	(1,411,289)	(2,698,797)
At 31 December 2024	**7,405,560**	**28,657,179**	**29,131,100**	**65,193,839**

* Loans originated last year which are still on book at year end, for which recency and IFRS 9 stage allocation has changed.

32.2 Categories of financial instruments

Financial assets	Note	2024	2023
At amortised cost:			
Cash and cash equivalents	4	131,683,960	161,584,082
Other receivables (i)	5	55,618,981	63,961,093
Loans and advances (ii)	8	1,113,977,432	1,199,140,976
Fair value through profit or loss			
Derivative financial assets	6	6,886,322	6,251,625
Fair value through other comprehensive income			
Other investments	9	39,430,979	47,166,657
Total financial assets		**1,347,597,674**	**1,478,104,433**

Financial liabilities	Note	2024	2023
At amortised cost:			
Bank overdraft	4	10,565,329	14,395,771
Deposit from customers	16	103,457,089	106,795,176
Other payables (iii)	17	36,085,988	38,770,213
Borrowings (iv)	20	1,317,282,550	1,351,248,101
Lease liabilities	19	5,605,690	6,695,547
Fair value through profit or loss:			
Derivative financial liabilities	6	2,369,399	7,574,753
Total liabilities		**1,475,366,045**	**1,525,479,561**

Adjustments for non-financial assets and liabilities are as follows:

(i) Other receivables exclude prepayments and VAT of USD 8.4 million (2023: USD 11.1million)

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	Note	2024	2023

32. Risk management (continued)

32.2 Categories of financial instruments (continued)

(ii) Loans and advances exclude deferred transactions costs and revenues of USD 10.7 million (2023: USD 18.3 million)

(iii) Other payables exclude PAYE, VAT payable, withholding taxes and provisions of USD 9.4 million (2023: USD 10.8 million)

(iv) Borrowings exclude deferred transaction costs of USD 12.9 million (2023: USD 21.8 million)

32.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet payment obligations when they fall due or that insufficient funds are available to meet loan demands in the ordinary course of business. The Group's objectives in relation to liquidity risk are to manage the contractual mismatch between the cash inflows from assets and cash outflows to settle liabilities, to fund the expected balance sheet growth, to honour all cash outflow commitments, to avoid raising funds at market premiums or through the forced sale of assets as a result of liquidity pressure and to take advantage of attractive but unanticipated borrowing opportunities.

The ALCO, as subcommittee of the Board of Directors, monitors risks associated with liquidity and funding, interest rates, counterparties, currency exposures and capital adequacy. The ALCO is responsible for executing on fund raising mandates given to it by subsidiaries in support of the respective business models. This includes the ongoing assessment and evaluation of various funding sources designed to grow and diversify the Group's funding base to achieve an optimal funding profile and sound liquidity. The ALCO is also responsible for the ongoing monitoring of asset portfolio performance and its obligations to funders, including covenants.

It is the responsibility of each subsidiary to manage the daily cash flow requirements, to ensure funding covenants are maintained, to produce financial projections to monitor the impact of business trends on future funding requirements and covenants and to notify management of any changes to the business environment that may impact funding requirements.

The table below analyses liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for financial institutions ever to be completely matched since business transacted is often on uncertain terms and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Group has unused banking facilities which can be used to manage the liquidity risk.

The maturity of assets and liabilities to replace, at an acceptance cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the entity and its exposure to changes in interest rates and exchange rates.

31 December 2024	0-3 months	4-12 months	1-5 years	Total
Financial assets				
Cash and cash equivalents	131,683,960	-	-	131,683,960
Loans and advances	169,254,949	499,862,401	2,650,621,319	3,319,738,669
Other receivables	7,034,809	15,409,978	33,174,194	55,618,981
Other financial assets	-	-	6,886,322	6,886,322
Other investments	-	-	39,430,979	39,430,979
Cash flows from financial assets	**307,973,718**	**515,272,379**	**2,730,112,814**	**3,553,358,911**

31 December 2024	0-3 months	4-12 months	1-5 years	Total
Financial liabilities				
Bank overdraft	1,133,772	9,431,557	-	10,565,329
Deposits from customers*	32,270,468	43,211,490	28,492,517	103,974,475
Other payables	30,944,726	5,081,553	59,759	36,086,038
Lease liabilities*	561,931	1,685,794	4,899,490	7,147,215
Borrowings*	114,510,178	291,700,190	1,515,878,183	1,922,088,551
Derivative Financial Liabilities	-	-	2,369,399	2,369,399
Cash flows from financial liabilities	**179,421,075**	**351,110,584**	**1,551,699,348**	**2,082,231,007**

Net Position	**128,552,643**	**164,161,795**	**1,178,413,466**	**1,471,127,904**

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

32. Risk management (continued)

32.3 Liquidity risk (continued)

31 December 2023	0-3 months	4-12 months	1-5 years	Total
Financial assets				
Cash and cash equivalents	161,584,082	-	-	161,584,082
Loans and advances	163,960,331	501,797,150	2,752,486,648	3,418,244,129
Other receivables	22,568,265	10,586,038	30,806,790	63,961,093
Derivative financial assets	-	-	6,251,625	6,251,625
Other investments	108,928	-	47,057,729	47,166,657
Cash flows from financial assets	**348,221,606**	**512,383,188**	**2,836,602,792**	**3,697,207,586**

31 December 2023	0-3 months	4-12 months	1-5 years	Total
Financial liabilities				
Bank overdraft	756,161	13,639,610	-	14,395,771
Deposits from customers*	36,161,820	46,149,483	25,671,869	107,983,172
Other payables	34,187,413	4,426,066	156,734	38,770,213
Lease liabilities*	742,569	1,857,946	5,885,912	8,486,427
Borrowings*	115,792,760	459,435,830	1,029,315,175	1,604,543,765
Derivative Financial Liabilities	-	-	7,574,753	7,574,753
Cash flows from financial liabilities	**187,640,723**	**525,508,935**	**1,068,604,443**	**1,781,754,101**

Net Position	**160,580,883**	**(13,125,747)**	**1,767,998,349**	**1,915,453,485**

* Deposit from customers, lease liabilities and borrowings include future interests payable derived from respective loan amortisation schedules.

32.4 Interest rate risk

The objective of the Group's interest rate risk management process is to manage and control interest rate exposure in order to optimise return on risk while maintaining a market profile consistent with the Group's mission.

Interest rate risk is the risk that movements in interest rates will reduce the entity's income or capital.

A principal part of the Group's management of interest rate risk is to monitor the sensitivity of projected net interest income under varying interest rate scenarios (simulation modelling). The Group aims, through its management of interest rate risk, to mitigate the impact of prospective interest rate movements which could reduce future earnings and capital.

The Group's interest rates relating to each financial assets and liabilities are disclosed in their respective notes.

Sensitivity analysis - Increase/decrease of 10% in net interest margin:
(i) The interest rate risks sensitivity analysis is based on the following assumptions.
(ii) Changes in the market interest rates affect the interest income or expenses of variable financial instrument
(iii) Changes in the market interest rates only affect interest income or expenses in relation to financial instruments with fixed interest rates if these are recognised at their fair values.
(iv) The interest rate changes will have an effect on interest sensitive assets and liabilities and hence simulation modelling is applied to financial instruments which are quoted at variable interest rates.

The projections make other assumptions including that all positions run to maturity.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2024	2023

32. Risk management (continued)

32.4 Interest rate risk (continued)

The table below sets out the impact on current profit after taxation and equity of an incremental 10% parallel fall or rise on all yield curves at the beginning of the current and prior financial years, beginning on 01 January 2024 and 01 January 2023.

2024	Base	Scenario 1 Effect after 10% increase in variable interest rates	Scenario 2 Effect after 10% decrease in variable interest rates
Loss after taxation	(80,383,090)	(84,561,792)	(76,649,296)
Equity	34,727,639	30,548,937	38,461,433

2023	Base	Scenario 1 Effect after 10% increase in variable interest rates	Scenario 2 Effect after 10% decrease in variable interest rates
Profit after taxation	6,452,483	2,073,771	10,422,899
Equity	153,049,731	148,671,019	157,020,147

Assuming no management actions, an increase in interest rates would increase the Group's loss after tax for the year by USD 4,178,702 (2023: USD 4,378,712) and equity by USD 4,178,702 (2023: USD 4,378,712), while a fall would decrease loss after tax for the year by USD 3,733,794 (2023: USD 3,970,416) and equity by USD 3,733,794 (2023: USD 3,970,416).

32.5 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to investors.

The capital structure of the Group consists of equity attributable to shareholders comprising stated capital, other reserves, retained earnings and non-controlling interests and net debt which includes borrowings, bank overdrafts and lease liabilities disclosed in notes 19 and 20, offset by cash and cash equivalents disclosed in note 4. The Group reviews the capital structure on a regular basis. The Group is not subject to any externally imposed capital requirements except for Bayport Savings and Loans PLC and Bayport Financial Services Limited where the subsidiaries are required to maintain a minimum capital adequacy ratio of 10% (2023: 10%) and 15% (2023:15%) respectively and Bayport Financial Services Mozambique (MCB) SA, where the subsidiary is required to maintain a minimum capital adequacy ratio of 8% (2023: 8%).

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the net debt to total capital ratio for the Group.

The net debt to total capital ratio for the Group at 2024 and 2023 respectively were as follows:

	Note	2024	2023
Total borrowings			
Lease liabilities	19	5,605,690	6,695,547
Borrowings	20	1,304,343,769	1,329,469,603
		1,309,949,459	**1,336,165,150**
Less: Cash and cash equivalents	4	(121,118,631)	(147,188,311)
Net debt		**1,188,830,828**	**1,188,976,839**
Total equity		34,727,639	153,049,731
Total capital		**1,223,558,467**	**1,342,026,570**
Net debt to capital		97 %	89 %

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2024	2023

32. Risk management (continued)

32.6 Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Consequently, the Group is exposed to the risk that the carrying amounts of foreign currency denominated assets and liabilities may change due to fluctuations in foreign exchange rates.

The currency profile of the financial assets and financial liabilities is summarised as follows:

	2024	2023
Financial assets		
Currency		
South African Rand	15,523,272	2,542,935
Zambian Kwacha	142,367,237	169,416,205
Ghanaian Cedi	90,482,374	94,366,821
Uganda Shilling	19,472,426	18,204,316
Tanzanian Shilling	66,863,566	65,769,370
United States Dollar	39,267,517	67,742,987
Colombian Peso	304,077,148	358,531,896
Botswana Pula	214,640,848	192,634,157
Pound Sterling	212,874	57,298
Mozambican Metical	327,160,626	317,215,259
Mexican Peso	127,353,118	191,433,782
Mauritian Rupee	155,597	189,407
Euro	21,071	-
Total financial assets	**1,347,597,674**	**1,478,104,433**

	2024	2023
Financial liabilities		
Currency		
South African Rand	13,381,912	1,501,410
Zambian Kwacha	67,206,229	96,407,883
Ghanaian Cedi	59,711,591	58,670,892
Uganda Shilling	2,287,332	1,354,259
Tanzanian Shilling	32,330,490	33,802,821
United States Dollar	550,277,644	502,065,178
Colombian Peso	257,838,829	289,556,818
Botswana Pula	162,876,248	146,265,724
Swedish Krona	16,345	5,487
Pound Sterling	276,669	21,043
Mauritian Rupee	309,818	396,694
Mozambican Metical	203,238,259	204,541,985
Mexican Peso	125,614,679	190,889,367
Total financial liabilities	**1,475,366,045**	**1,525,479,561**

The above tables exclude investment in associate which are denominated in South African Rand of ZAR 1,470,031,335 (2023: ZAR 1,494,815,404) equivalent to USD 78,070,238 (2023: USD 81,112,569).

Foreign exchange risk is the risk that movements in foreign exchange rates will reduce the entity's income or capital.

A principal part of the entity's management of foreign exchange risk is to monitor the sensitivity of future earnings and capital to varying foreign exchange rates. The entity aims, through its management of foreign exchange risk, to mitigate the impact of foreign exchange fluctuations which could reduce future earnings and capital.

Foreign exchange risks - appreciation/depreciation of US Dollar against other currencies by 10%.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

32. Risk management (continued)

32.6 Foreign exchange risk (continued)

The following table sets out the impact on current earnings of an incremental 10% parallel fall or rise in all foreign currencies at the beginning of the current and prior financial years beginning on 01 January 2024 and 01 January 2023. Assuming no management actions, a series of such rise and fall would impact the future earnings and capital as illustrated in the table below.

2024	Base	Scenario 1 Effect after 10% appreciation in USD	Scenario 2 Effect after 10% depreciation in USD
Loss after taxation	(80,383,090)	(85,831,160)	(74,935,020)
Equity	34,727,639	(3,032,727)	72,488,005

2023	Base	Scenario 1 Effect after 10% appreciation in USD	Scenario 2 Effect after 10% depreciation in USD
Profit after taxation	6,452,483	(460,397)	13,365,363
Equity	153,049,731	112,687,777	193,411,685

Assuming no management actions, an appreciation in the US Dollar would increase loss after tax for the year by USD 5,448,070 (2023: USD 6,912,880) and decrease equity by USD 37,760,366 (2023: USD 40,361,954), while a depreciation would have an opposite impact by the same amounts.

	2024			2023		
	Base	Scenario 1 Effect after 10% appreciation in USD	Scenario 2 Effect after 10% depreciation in USD	Base	Scenario 1 Effect after 10% appreciation in USD	Scenario 2 Effect after 10% depreciation in USD
(Loss)/Profit after taxation	**(80,383,090)**	**(85,831,160)**	**(74,935,020)**	**6,452,483**	**(460,397)**	**13,365,363**
Movement		**(5,448,070)**	**5,448,070**		**(6,912,880)**	**6,912,880**
BWP		(2,811,256)	2,811,256		(2,492,264)	2,492,264
COP		609,652	(609,652)		(99,993)	99,993
GHS		(273,583)	273,583		(294,349)	294,349
MZN		(1,570,387)	1,570,387		(855,647)	855,647
TZS		(199,010)	199,010		(197,607)	197,607
ZAR		(86,893)	86,893		(309,465)	309,465
ZMW		(1,831,742)	1,831,742		(2,547,821)	2,547,821
Others		715,149	(715,149)		(115,734)	115,734

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

32. Risk management (continued)

32.6 Foreign exchange risk (continued)

			2024			2023
	Base	Scenario 1 Effect after 10% appreciation in USD	Scenario 2 Effect after 10% depreciation in USD	Base	Scenario 1 Effect after 10% appreciation in USD	Scenario 2 Effect after 10% depreciation in USD
Equity	**34,727,639**	**(3,032,727)**	**72,488,005**	**153,049,731**	**112,687,777**	**193,411,685**
Movement		**(37,760,366)**	**37,760,366**		**(40,361,954)**	**40,361,954**
BWP		(4,569,656)	4,569,656		(4,155,765)	4,155,765
COP		(6,170,455)	6,170,455		(7,945,298)	7,945,298
GBP		(8,488)	8,488		(13,539)	13,539
GHS		(1,658,085)	1,658,085		(1,831,641)	1,831,641
MXN		(5,777,348)	5,777,348		(7,905,069)	7,905,069
MZN		(7,976,241)	7,976,241		(7,313,261)	7,313,261
TZS		(3,430,974)	3,430,974		(2,165,436)	2,165,436
UGX		(1,205,699)	1,205,699		(1,175,692)	1,175,692
ZAR		(275,202)	275,202		(484,817)	484,817
ZMW		(6,688,218)	6,688,218		(7,371,436)	7,371,436

32.7 Insurance risk

The Group's insurance business is mainly undertaken by Golden Road Insurance Company Limited. On an annual basis, or as and when is required, the Group’s actuarial team will set the IBNR methodology and assumptions for the finance teams to process on a monthly basis. The IBNR is calculated using a triangle loss reserving methodology, in which the expected claims are projected and held for the appropriate reporting delay period and at a client/policy level.

From time to time, as the experience develops, the Group's actuarial team may update the assumptions for a change in claims experience and/or reporting delay differences. Furthermore, there may be instances where the IBNR may be calculated differently, such as when a policy is in run off, or in the instances where it is thought that there may be an external requirement to hold higher or lower reserves outside of ordinary experience, and in these circumstances the IBNR methodology may be changed permanently or just for a period of time.

The principal risk that the cell owner and ultimately the Group faces under its insurance contracts is that the actual claims payments exceed the amount of the insurance liabilities. This could occur because the frequency or severity of claims is greater than estimated. Insurance events are random and the actual number and amounts of claims will vary from year to year from the estimate determined using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. As each of the cell owners operates independently from the other, the Group's total insurance risk profile is well diversified.

The underwriting strategy is directed at a portfolio of underwritten risks that are well diversified in terms of risk, industry and geography.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs. There is no upfront underwriting done in country at a loan level. Insurance follows the loan/credit policy criteria.

Sensitivity analysis

As a result of the nature of the business written by the Group and the insurance programs in place, there is little sensitivity to deviations in assumptions.

Where the Group takes underwriting risk, significant risk mitigators are put in place which results in a scenario where potential loss would be immaterial to the Group. Theoretically, the Group is exposed to risk in the event of insurer's failure or failure of the cell owner to recapitalise its cell. However, in the history of the Group, there have never been any incidents of cell owner's or insurer's failure. In management's view, the risk mitigating factors employed by the Group, such as selection of insurers and vetting of cell owners, ensures that the risk remains insignificant.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

32. Risk management (continued)

32.8 Fair value measurements

Fair value measurements are categorised into levels 1 to 3 based on the degree to which the inputs to the fair value measurements are observable as follows:

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

Except where disclosed elsewhere, the carrying value of the other financial assets and liabilities approximate their fair values.

32.8.1 Other investments

Other investments are measured at fair value by discounting forecasted future cash flows. Unobservable inputs are used in arriving at the valuation and thus classifies as Level 3 under IFRS 13 Fair Value Measurement hierarchy. Unobservable inputs include discount rates, growth rates, price to book ratios, price to earnings ratios, exchange rates and collection efficiency. If all of the above unobservable inputs to the valuation model were simultaneously 10% higher/(lower) while all other variables were held constant, the carrying amount of the investment for the Group would increase/(decrease) by:

			Impact			
			2024		2023	
Fair value of other investments	**Significant unobservable inputs**	**Relationship of unobservable inputs to fair value**	**10% higher**	**10% lower**	**10% higher**	**10% lower**
Investment in GIL*	Collection efficiency	The higher the collection rates, the higher the fair value	4,568,302	(4,157,908)	5,218,660	(5,218,316)
	Exchange rates	An appreciation in USD will reduce the fair value	(3,780,816)	5,333,868	(4,547,875)	5,878,693
	Discount rate ranging from 14.80% to 33.50% (2023: from 16.32% to 32.01%)	The higher the discount rate, the lower the fair value	(5,656,983)	8,055,375	(6,957,651)	9,886,614

* The reconciliation of Level 3 fair value measurements are disclosed in note 9.

32.9 Hedging and hedge accounting

The Group uses derivative financial instruments, such as forward agreements, future agreements, swaps and options to hedge various financial risks, mainly interest rate and foreign exchange rate risk. Such derivative financial instruments are initially recognized at their fair values on the date the derivative agreement is executed, and subsequently remeasured at fair value.

The risk management strategy for each risk category of risk exposures that the Group decided to hedge during the year and for which it applies cash flow and fair value hedge accounting is detailed below.

Hedged item 1: Financial obligation in a currency other than the functional currency at fixed rates

Bayport Colombia S.A's functional and presentation currency is the Colombian peso (COP) and in the development of its economic activity, it is financed with various foreign sources. In some cases, the acquisition has been fixed in Dollars (USD), which implies that Bayport Colombia S.A's payment obligation is denominated in USD.

Given the above, Bayport Colombia S.A is exposed to an exchange rate risk, since it maintains credits in foreign currency, therefore, it uses financial derivatives as a hedging instrument to hedge the entire item.

32. Risk management (continued)

32.9 Hedging and hedge accounting (continued)

The objective of managing this risk is to cover the total exchange difference generated by the payments of the obligation in foreign currency in order to comply with the accounting policy of financial hedging and risk management that the Group maintains, which is to reduce the volatility of cash flows and impacts on the financial statements produced by a currency other than the functional currency.

The Group uses the following hedging instruments to hedge risk exposures:
- Interest Rate Swap (IRS)
- Cross Currency Swap (CCS)
- Forward Purchase (FX)
- Set Fx Options (Call Spread)

Thus, each time the Group is financed by means of a fixed-rate foreign currency loan, this must be hedged with one of the hedging instruments mentioned above to fix the amount of the debt in the functional currency; if other financial derivatives are chosen, the Group must consult with the financial committee.

The relationship corresponds to a cash flow hedge, hedging the exposure of the variation in cash flows generated by the exchange rate risk associated with the debt in a currency other than the functional currency.

These hedges shall be for an amount of up to 100% of the notional amount of the financial obligation in foreign currency and will be made for the full term of the underlying debt and the coupons must coincide with the terms of the financial derivatives.

Hedged item 2: Financial debt in functional currency at fixed rate

Bayport Colombia S.A, is exposed to interest rate risk due to the terms of its debt, therefore, it uses financial derivatives as a hedging instrument in order to hedge the associated risk.

The objective of managing this risk is to hedge the exposure to changes in the fair value generated by the interest rate of its financial obligations, given that, over time, market volatility may establish that Bayport Colombia S.A have a higher obligation than present.

The Group uses the following hedging instruments to hedge risk exposures:

Interest Rate Swap (IRS):

Each time Bayport Colombia S.A is financed by means of a debt in functional currency at a fixed rate higher than the one available in the market at the time of negotiation, this must be hedged with one of the hedging instruments mentioned above; if other financial derivatives are chosen, Bayport Colombia S.A must consult with the financial committee.

The relationship corresponds to a fair value hedge, hedging the exposure generated by the interest rate, given that, by fixing it, the value of the obligation over time may lose or gain value depending on the variation in the market.

These hedges shall be for an amount of up to 100% of the notional amount of the financial obligation in foreign currency and will be made for the full term of the underlying debt and the coupons must coincide with the terms of the financial derivatives.

32. Risk management (continued)

32.9 Hedging and hedge accounting (continued)

Accordingly, as at December 2021, Bayport Colombia S.A began to apply hedge accounting for the exposure of these risks as shown below:

Financing with DFC

As a hedging measure for this foreign currency obligation against the exchange rate risk due to the effects of the revaluation of the U.S. dollar, as at December 2024, Bayport Colombia S.A had the following financial derivatives in place:

Detail	Notional	Interest
Operation:	Swap (IRS)	Set Opciones Fx (Call Spread)
Entity:	Morgan Stanley	Morgan Stanley
Nominal amount USD'000:	$ 75,000	$ 75,000
Carrying amount as at 31 December	-$2,341,121	$ 6,886,322
Opening:	12/07/2022	12/07/2022
Maturity:	15/02/2027	15/02/2027
Fixed interest rate (USD):	8.95%	
Variable interest rate (COP):	IBR + 7.60%	

From	To	Notional Amount (In USD)
15-May-22	15-Aug-22	75,000,000
15-Aug-22	15-Nov-22	75,000,000
15-Nov-22	15-Feb-23	75,000,000
15-Feb-23	15-May-23	75,000,000
15-May-23	15-Aug-23	70,312,500
15-Aug-23	15-Nov-23	65,625,000
15-Nov-23	15-Feb-24	60,937,500
15-Feb-24	15-May-24	56,250,000
15-May-24	15-Aug-24	51,562,500
15-Aug-24	15-Nov-24	46,875,000
15-Nov-24	15-Feb-25	42,187,500
15-Feb-25	15-May-25	37,500,000
15-May-25	15-Aug-25	32,812,500
15-Aug-25	15-Nov-25	28,125,000
15-Nov-25	15-Feb-26	23,437,500
15-Feb-26	15-May-26	18,750,000
15-May-26	15-Aug-26	14,062,500
15-Aug-26	15-Nov-26	9,375,000
15-Nov-26	15-Feb-27	4,687,500

Identification of the hedging instrument

To hedge the market risk associated with the USD/COP exchange rate, generated by this obligation, Bayport Colombia S.A had initially contracted two cross-currency swaps, in which it commits to pay COP and the counterparty will pay in USD to Bayport Colombia S.A's creditor; however, it discontinued hedge accounting for these financial derivatives, after liquidating them and replacing them with other hedging instruments: a Cross Currency Swap that hedges only the interest and a Call Spread Set that hedges the notional which have maturity dates aligned with the maturity date of the liabilities.

Bayport Colombia S.A has designated these derivatives as currency hedging instruments for the USD obligation.

Identification of the item covered

In accordance with IFRS 9, Bayport Colombia S.A may designate an asset or liability as a hedged item.

In 2021 Bayport Colombia S.A received two foreign currency loans from DFC, therefore, the totality of this obligation has been designated as a hedged item for the market risk associated with the exchange rate and interest rate.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2024	2023

32. Risk management (continued)

32.9 Hedging and hedge accounting (continued)

Identification of the item covered (continued)

In this way, the hedging instruments are related to the hedged items to the extent that the commitment month of both coincide, grouping them based on this criterion.

In accordance with the above, the following amounts are identified, related to the covered item:

Detail of the cover item - DFC (USD'000)		
Relationships that remain	(1,417)	(3,081)
Hedging relationships for which hedge accounting ceases to apply	762	1,537
Total amounts	**(655)**	**(1,544)**

Reclassification from reserve to income for the period as a reclassification adjustment for foreign exchange difference and interest	(5,488)	(23,920)

Identification of the nature of the risk

It is planned to hedge the market rate risk associated with the USD/COP exchange rate arising from the payment obligation in USD.

Hedging ratio

Cash flow hedges

Effectiveness of the hedging instrument

The effectiveness of the hedging instruments is measured by applying the qualitative hypothetical derivative method as follows:

In order to determine the prospective effectiveness of the hedging instrument contracted by Bayport Colombia S.A, a hypothetical derivative which replicates the hedged item (USD 75,000,000) is analyzed, coinciding with the economic terms of the hedged item in order to evaluate whether the change in the value of the hedging instrument is greater than the change in the present value of the cash flows of the hedged item/hypothetical derivative.

During the entire time frame established in the total term of the Cross Currency Swap (hereinafter "the instrument or CCS"), the exchange of flows composed of principal and interest agreed upon was custom-designed with fixed payments and with a "threshold" of zero for Bayport Colombia S.A and infinity for the counterparty, i.e., zero tolerance for default by Bayport Colombia S.A and 100% for the counterparty. However, the probability that the counterparty is unable to meet its agreed obligations is extremely low and is supported by its rating issued by Standard & Poor's of A-1 / A+, which means that the maximum average time of delay in the payment of its obligations (expected days of payment delay) is 1 day.

Based on the above, it can be inferred that the payment for the purchase and the maturity of the instrument are aligned on the same date (Refer to the letter agreement included in the appendices), with no additional days of default that could create asymmetries in the cash flows. Consequently, the effectiveness of the hedge is assumed, rejecting the hypothesis that the instrument was contracted for speculative purposes and accepting the hypothesis that the hedge was contracted exclusively for volatility (risk) mitigation purposes until 2027.

Under the analysis of the hypothetical derivative, the hedges are considered effective, given that the change in the value of the hedging instrument equals the change in the present value of the cash flows of the hedged item/hypothetical derivative.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2024	2023

32. Risk management (continued)

32.9 Hedging and hedge accounting (continued)

Financing with PALIG

As a hedging measure for this foreign currency obligation against the exchange rate risk due to the effects of the revaluation of the U.S. dollar, as at December 2024, Bayport Colombia S.A had the following financial derivatives in place:

Detail	Notional & Interest
Operation:	Swap (CCS)
Entity:	BTG Pactual Sa Cayman Branch
Nominal amount USD'000:	$ 7,500,000
Carrying amount as at 31 December:	$ 28,278
Opening:	11/08/2023
Maturity:	12/08/2026
Fixed interest rate (USD):	18.40%
Variable interest rate (COP):	USD-SOFR-OIS + 5.50%

P23B (a)

Interim Exchange	BTG Interim Exchange USD	Client Interim Exchange COP
13/08/2024	833,333	3,319,999,946
14/11/2023	833,333	3,319,999,986
12/02/2025	833,333	3,319,999,986
13/05/2025	833,333	3,319,999,946
13/08/2025	833,333	3,319,999,986
13/11/2025	833,333	3,319,999,946
11/02/2026	833,333	3,319,999,986
13/05/2026	833,333	3,319,999,946
13/08/2026	833,333	3,320,000,265

Identification of the hedging instrument

To hedge the market risk associated with the USD/COP exchange rate and interest rate, generated by this obligation, the Bayport Colombia S.A entered into a Cross Currency Swap (CCS) that covers the interest and the notional amount, which have maturity dates aligned with the maturity date of the obligations.

Bayport Colombia S.A has designated this derivative as a hedging instrument for the exchange rate risk associated with the dollar obligation, as well as the interest rate risk, given that this obligation was contracted at a variable interest rate.

Identification of the item covered

In accordance with the provisions of IFRS 9, the Bayport Colombia S.A may designate an asset or liability as a hedged item.

In 2023, Bayport Colombia S.A obtained a foreign currency loan from Pan American Life de Colombia Compañía de Seguros S.A., where Patrimonio Autónomo FC Bayport PALIG is the debtor, and Bayport Colombia is the guarantor, so the entirety of this obligation has been designated as a hedged item for the market risk associated with the exchange rate and interest rate.

In this way, the hedging instruments will be related to the hedged items to the extent that the commitment month of both coincide, grouping them based on this criterion.

In accordance with the above, the following amounts are identified, related to the covered item:

Detail of the cover item - PALIG (USD'000)		
Relationships that remain	616	592
Total amounts	**616**	**592**

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2024	2023

32. Risk management (continued)

32.9 Hedging and hedge accounting (continued)

Identification of the item covered (continued)

(USD'000)		
Reclassification from reserve to income for the period as a reclassification adjustment for foreign exchange difference and interest	63	(693)

Identification of the nature of the risk

It is planned to hedge the market rate risk associated with the US Dollar/Colombian peso (USD-COP) exchange rate arising from the payment obligation in USD.

Hedging ratio

Cash flow hedges

Effectiveness of the hedging instrument

The effectiveness of the hedging instruments is measured by applying the qualitative hypothetical derivative method as follows:

In order to determine the prospective effectiveness of the hedging instrument contracted by Bayport Colombia S.A., a hypothetical derivative which replicates the hedged item (USD 833,333.40) is analysed, coinciding with the economic terms of the hedged item in order to evaluate whether the change in the value of the hedging instrument is greater than the change in the present value of the cash flows of the hedged item/hypothetical derivative.

Throughout the established time horizon of the Swap agreement (hereinafter referred to as "the instrument"), the exchange of cash flows consisting of capital and interest, agreed upon with Banco BTG Pactual S.A, was custom-designed with fixed payments and a threshold of zero for Bayport Colombia S.A and infinity for BTG Pactual. In other words, there is zero tolerance for default from Bayport Colombia S.A and 100% for the counterparty. However, the likelihood of the counterparty being unable to meet its contractual obligations is extremely low and is supported by its BB rating issued by Standard & Poor's, which implies that Bayport Colombia S.A is less vulnerable in the short term but faces significant uncertainty regarding adverse economic, financial, and business conditions.

Based on the above, it can be inferred that the payment for the purchase and the maturity of the instrument are aligned on the same date, without any additional days of default that could generate asymmetries in the cash flows. Therefore, the effectiveness of the hedge is assumed, rejecting the hypothesis that the instrument was contracted for speculative purposes and accepting the hypothesis that the hedge was contracted exclusively for volatility (risk) mitigation purposes until 2026.

Under the analysis of the hypothetical derivative, the hedges are considered effective, as the change in the value of the hedging instrument equals the change in the present value of the cash flows of the hedged item/hypothetical derivative.

The effect of the cash flow hedge on the statement of profit or loss and the respective reclassification to other comprehensive income is as follows:

Other comprehensive income	(12,698)	(679,911)
Total other comprehensive income	**(12,698)**	**(679,911)**

Within the cash flow reserve balances, the deferred tax balance is broken down, and corresponds to derivatives measured in other comprehensive income.

Deferred tax	26,046	(272,020)
Deferred tax in OCI	**26,046**	**(272,020)**

Likewise, the adjustments resulting from changes in the fair value of the hedging instruments and the hedged item from the inception of the hedge are reflected as follows:

Adjustments for the valuation of cash flow hedging instruments	(2,223,146)	15,030,309

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar	2024	2023

32. Risk management (continued)

32.9 Hedging and hedge accounting (continued)

Financing with JPM and CITI

In 2022, Bayport Colombia S.A received two foreign currency loans (USD) from JP Morgan Chase & Co (JPM) and Citigroup Inc (CITI), therefore the totality of this obligation has been designated as a hedged item for the market risk associated with the interest rate.

To mitigate this risk on the obligation denominated in the functional currency with a fixed interest rate, Bayport Colombia S.A entered into an interest rate swaps (IRS) specifically tailored to these obligations.

These hedging instruments matured during 2024, in accordance with the agreed schedules.

However, the obligation with CITI remained outstanding, as the hedge was set up only for a revolving period. Since it is a financial liability measured at amortised cost, during the coverage period, fair value adjustments were made in accordance with hedge accounting principles, accumulating over time.

The amortisation of these adjustments can begin as soon as the adjustment is recognised, but no later than when the hedged item ceases to be adjusted for hedge gains and losses. In this case, the amortisation of the accumulated adjustments started in December 2023, using an effective interest rate recalculated at the start of the amortisation period.

Based on this effective interest rate, the adjustments continued to be amortised even after the hedging instrument expired. However, in 2024, substantial modifications were made to the obligation, leading to the conclusion that such modifications represented a derecognition of the financial liability, since the changes in the credit terms were deemed significant.

As a result, the balance of the fair value adjustment amortisation was fully recognized as follows:

Amortization fair value adjustments CITI	170,486	14,406
Amortization fair value adjustments JPM	222,377	61,328
Total interest expense	**392,863**	**75,734**

In accordance with the above, it is confirmed that all fair value hedge relationships ended during 2024.

Finally, the amounts recognised in profit or loss for the period for hedging relationships are detailed:

Detail		
1. Fair value adjustment for hedged items	184,392	961,247
2. Amortisation of hedging relationships for which hedge accounting is no longer applied	(570,065)	820,824
3. Interest DFC credit for rate hedges	(5,243,419)	(6,051,457)
4. Difference in exchange rate hedged	8,823,064	(18,561,921)
5. Fair value adjustment for financial derivatives	52,584	489,328
Total amount	**3,246,556**	**(22,341,979)**

1. Corresponds to the fair value adjustments made during the year to the covered items (JPM and CITI) arising from the fair value hedge relationship before it was discontinued.
2. Since the initial hedging relationship for the DFC obligation was discontinued, and the hedged future cash flows are still expected to occur, the balance is maintained in the cash flow hedge reserve and amortised as they occur.
3. Corresponds to the interest generated in the cash flow hedge, derived from the hedging instrument (CCS).
4. Corresponds to the exchange difference generated in the cash flow hedge.
5. Reflects changes in income generated by the valuation of hedging instruments at fair value.

Notes to the Consolidated Financial Statements (continued)

Figures in US Dollar

33. Financial Summary

	2024	2023	2022
Statement of profit or loss and other comprehensive income			
Net interest income	80,934,031	112,439,486	141,665,034
(Loss)/Profit for the year	(80,383,090)	6,452,483	3,338,688
(Loss)/Profit attributable to owners of the Company	(81,474,977)	5,438,743	1,392,134
Other comprehensive loss for the year	(37,319,931)	(16,498,706)	(47,903,224)
Total comprehensive loss for the year	(117,703,021)	(10,046,223)	(44,564,536)
Statement of financial position			
Loans and advances	1,124,663,148	1,217,474,763	1,120,847,024
Other assets	410,070,513	465,481,925	452,889,980
Total assets	**1,534,733,661**	**1,682,956,688**	**1,573,737,004**
Total equity	34,727,639	153,049,731	166,932,168
Total liabilities	1,500,006,022	1,529,906,957	1,406,804,836
Total equity and liabilities	**1,534,733,661**	**1,682,956,688**	**1,573,737,004**

At the date of signing the financial statements, the directors are not aware of any other matter or circumstances arising since the end of the financial year, not otherwise dealt with in these financial statements, which significantly affected the financial position of the Group and the results of its operations.

34. Events after the reporting period

Bayport Management Ltd, the Group’s holding company (“the Company”), continues to fulfill the requirements of the recapitalisation transactions (“the transaction”), as outlined in the going concern assessment note on page 6. After the balance sheet date, the Company transferred its entire shareholding in Bayport Financial Services Uganda Limited to Cashfoundry Limited, a group company domiciled in the United Kingdom. This transfer does not alter the ultimate ownership of this subsidiary but rather restructures its shareholding within the group in alignment with the transaction requirements. As of the release date of these financial statements, the Company has met all its debt obligations and remains well-positioned to fulfill its short to medium-term debt service and operational commitments.




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