



INTEGRATING & ADVANCING THE REGION

ANNUAL REPORT & FINANCIAL STATEMENTS 2023

EASTERN AND SOUTHERN AFRICAN **TRADE AND DEVELOPMENT BANK**
BANQUE DE COMMERCE ET DE DÉVELOPPEMENT DE L'AFRIQUE DE L'EST ET AUSTRALE

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LETTER OF TRANSMITTAL



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GERALD PAUL KASAATO

TDB GROUP BOARD OF DIRECTORS CHAIRPERSON

*The Chairman
Board of Governors
Eastern and Southern African Trade and Development Bank*

Dear Mr Chairman,

In accordance with Article 35 (2) of the Bank's Charter, I have the honour, on behalf of the Board of Directors, to transmit to the Board of Governors the Annual Report of the Bank for the financial period from 1 January to 31 December 2023.

The Report covers the Bank's activities for the year and includes audited financial statements for the period.

Mr Chairman, please accept the assurances of my highest consideration.

GERALD PAUL KASAATO
TDB Group Board of Directors Chairperson

CHAIRPERSON'S STATEMENT

The international economic environment was marked by a variety of factors in 2023. Whilst the lingering macroeconomic effects of the pandemic receded, the effects of the Russia-Ukraine conflict and other new geopolitical tensions outside and inside the TDB region accelerated, provoking a fresh new wave of supply chain and commodities market disruptions. In Africa, despite growing slightly faster than the global average at 3.2%, and in the TDB region as a whole at 3.5%¹, high inflation and interest rates, exchange rate pressures, slow international demand, and trade fragmentation have made the macroeconomic landscape even more trying in 2023, with debt sustainability issues growing.

Despite the foregoing challenging operating environment, TDB Group continued to perform well through its diverse intermediation operations. This includes trade finance as well as project and infrastructure finance under the TDB Banking strategic business unit (SBU), its windows such as the Trade and Development Fund (TDF), subsidiaries such as the TDB Captive Insurance Company (TCI) and the ESATAL fund management company, and other SBUs such as TDB Group Asset Management (TAM), and TDB Academy. Year after year, these operations have been increasing their contribution to TDB Group's bottom line. As a result, in 2023, TDB Group's balance sheet grew by 21% surpassing the USD 10 billion mark, while profits, shareholder capital and reserves, portfolio and net asset value grew by 11%, 13%, 10% and 7%, respectively.

As part of its contribution to addressing the above challenges in its operating environment, TDB Group stepped-up its activities in 2023. Through its short to medium term lending window, the Group continued to alleviate trade flow disruptions by providing liquidity to sustain food and energy security, availing essential pharmaceuticals, and supporting foreign currency generating export sectors. At the same time, through its long-term loans, in 2023, the Group funded various projects in the renewable energy, infrastructure and manufacturing sectors.

To be able to strategically boost climate finance in its member states, and assist them towards achieving Paris-alignment through their nationally determined contributions (NDCs), TDB Group finalised its Climate Finance Strategy (CFS) in 2023, aligning its green taxonomy to international best practices. The CFS complements the Group's environmental, social, and governance (ESG) strategy.

Despite the volatility in the Group's operating environment and concerns over sovereign debt distress, the Group's overall portfolio risk profile remained satisfactory, with non-performing loans closing at 3.59%, and its investment grade credit ratings affirmed.

This year, survey results highlighted stakeholders' continued appreciation of TDB's level of service with a Customer and Partner Satisfaction Survey score of 4 out of a maximum of 5. stakeholder groups. The 2023 report highlighted clients' appreciation of TDB's responsiveness to inquiries and level of service, business understanding, and sustainability. Its partners lauded TDB's corporate governance and risk management, while its shareholders, acclaimed its performance, returns, innovation and communications.

The Group's continued efforts, innovation, impact, and long-standing commitment to drive sustainable development in its member states through both trade and project finance were also recognised through various accolades in 2023. These included Global Finance's awards for Outstanding Leadership in Sustainable Finance by a Multilateral Institution in Africa and Outstanding Leadership in Sustainable Project Finance in Africa, and World's Best Bank for Trade Finance in Emerging Markets – a global level recognition. TDB Group was also celebrated along other institutions with a Top Treasury Partner Award by one of its strategic partners, the Islamic Trade Finance Corporation (ITFC).

Building on the positive results for 2023, our solid track record and strategic partnerships, we look forward to continuing assisting our member states in their efforts to address their strategic challenges and harness sustainable development opportunities in 2024.

GERALD PAUL KASAATO

TDB GROUP BOARD OF DIRECTORS CHAIRPERSON

¹ TDB Group calculations based on IMF WEO, April 2024

² Includes gross on and off statement of financial position exposures, excluding undisbursed commitments

GROUP PRESIDENT AND MANAGING DIRECTOR'S STATEMENT



ADMASU TADESSE

TDB GROUP PRESIDENT AND MANAGING DIRECTOR



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Taking into consideration the poly-crisis environment which has triggered a series of macroeconomic shocks in the region, we are delighted to share that TDB Group's performance has been positive in 2023.

PROFITS +11%

USD 229.6 million

ASSETS +21%

USD 10.11 billion

EQUITY +13%

USD 2.21 billion

GROSS PORTFOLIO³ +10%

USD 7.8 billion

NET ASSET VALUE +7%

USD 16,414

Supported by its robust performance track record, in 2023, through its various subsidiaries and strategic business units, TDB Group provided timely and targeted financing solutions to its sovereign, financial institution, and business clients, including SMEs.

Using its trade finance window, the Group contributed to bridging the trade finance gap, and alleviating the effects of supply chain disruptions, by supporting – in addition to inter and intra-African trade as well as food and energy security – regional connectivity, trade and market integration, human capital development, and greater resilience. This year, TDB Group's trade finance portfolio grew by 10% to USD 4.91 billion.

As part of TDB Group's project and infrastructure finance activities, funds were deployed particularly on the region's need for clean, accessible and efficient energy, the promotion of trade and regional integration, innovative industrialisation and other infrastructure. This portfolio grew by 8% in 2023 to USD 2.18 billion.

Furthermore, in 2023, the Bank participated in and arranged several syndicated and co-financing facilities to avail vital strategic commodities in the region, bolster investment in infrastructure, and boost clean and reliable energy access.

The Group's ESATF trade fund, managed by the ESATAL fund management company, continued to invest in trade finance, structured commodity finance, export finance, and project-related finance transactions to expand the Group's triple bottom line impact and reach in the region it serves, while delivering steady returns with low volatility. As at year end 2023, ESATF trade fund's size grew to over USD 146 million and the fund's 12-months return was 9.02%, surpassing its benchmark of 1-Month USD SOFR + 3% by 0.67%. The fund has delivered an absolute USD return of 25.7% since its launch in August 2019.

The TDB Captive Insurance Company (TCI) successfully completed its second full year of operations in 2023. Its insurance service results and net investment income reached USD 5.15 million, profits of USD 4.68 million and a portfolio covering 12 countries. TCI serves to provide risk insurance and reinsurance cover exclusively to TDB Group, accentuating further efficiencies in the Group's risk management.

Moreover, the Trade and Development Fund, TDB Group's concessional window, continued to provide financing for

entrepreneurs including SMEs. This year's approvals saw a focus on renewable energy and women-owned businesses in the mining sector. It also set-up a green project preparation facility. In addition, TDF deployed technical assistance, particularly to entrepreneurs in the renewable energy sector, as well as capacity-building interventions which in 2023 impacted over 300 participants from member state governments, commercial bankers, and financial institutions from across the region.

Amidst the difficult operating environment and higher borrowing costs, TDB Group continued to enhance its funding diversification and alternative funding strategy. In 2023, it signed several sustainability-linked facilities with strategic partners, tapped into the syndicated loan market, and secured several lines from commercial partners, for a total of over USD 2.3 billion mobilised.

On the equity front, TDB Group shareholders continued to demonstrate their confidence for the institution and benefited from an overall return on equity of 11.01% and net asset value which grew by 7% this year, to USD 16,414. In addition to reinvestments and recapitalizations by existing shareholders, TDB Group expanded its reach in green and sustainable finance by onboarding catalytic Class C Green+ investment. This not only demonstrates the Group's commitment to green and SDG-aligned initiatives but also sets the stage for attracting further investment from impact-driven investors.

Overall, 2023 was a year of resilience and growth for TDB Group, despite an increasingly challenging operating environment, underpinned by a solid risk management framework which continued to safeguard the Group and its impact in the region it serves, as well as generate shareholder value.

On the eve of our 39th anniversary, and as we look forward to a more enabling 2024, we are proud that TDB Group remains strong and continues to be relevant and agile in addressing both the short-term urgent needs of its member states, while looking ahead to deliver more sustainable impact.

ADMASU TADESSE

TDB GROUP PRESIDENT AND MANAGING DIRECTOR

³ Includes gross on and off statement of financial position exposures, excluding undisbursed commitments

GOVERNANCE

STATEMENT ON CORPORATE GOVERNANCE

The Eastern and Southern African Trade and Development Bank (TDB or the Bank) is a multilateral development finance institution (DFI) established pursuant to Chapter 9 of the treaty for the establishment of the PTA, the Preferential Trade Area for Eastern and Southern African States, (the PTA Treaty). The PTA Treaty was subsequently replaced by the treaty establishing COMESA, the Common Market for Eastern and Southern Africa, (the COMESA Treaty) following the transformation of PTA into COMESA. The COMESA Treaty perpetuates the existence of the Bank as a separate legal entity governed by its own charter, which was adopted at the sixth meeting of the Council of Ministers of the PTA held in Bujumbura, Burundi on 12 July 1985, as amended and supplemented from time to time in accordance with its terms (the Charter). In accordance with the terms of the Charter, the Bank together with its subsidiaries, may be referred to as TDB Group. The Bank is dual domiciled in Burundi and Mauritius. It has an operations hub in Nairobi in the Republic of Kenya, regional offices in Harare in the Republic of Zimbabwe, in Addis Ababa in the Federal Democratic Republic of Ethiopia and a country office in Kinshasa in the Democratic Republic of Congo.

The Bank has a robust corporate governance framework, which has been developed with close reference to principles and guidelines adopted by other highly rated international DFIs. The Bank's corporate governance framework consists of a collection of key documents of the Bank including the Charter as well as the principles, standards and resolutions adopted by the Board of Governors and Board of Directors of TDB (the Board of Directors) from time to time.

As a DFI, TDB complies with good corporate governance principles and high ethical standards as embedded in its corporate governance framework.

To underpin its commitment to sound corporate governance, TDB signed a joint approach statement on corporate governance alongside thirty (30) other international DFIs in October 2007, which led to the development of the Corporate Governance Development Framework (CGDF). The aim of the CGDF is to encourage cooperation among signatory institutions to promote the accomplishment of key institutional reforms under international best practices in the areas of transparency, accountability, and good governance. The CGDF also provides a common platform for evaluating and enhancing governance practices among signatory institutions. TDB also engages closely with other multilateral institutions to ensure that it is up to date with best corporate governance practices.

CHARTER

The Charter, as the prevailing constitutive document of the Bank, is the principal governing document and source of all TDB authority. In addition, the charter of the Board of Directors (the Board Charter), the respective Rules of Procedure of the Board of Directors and the Board of Governors of TDB (the Board of Governors), the Code of Conduct, the Fit and Proper Criteria Policy, the respective terms of reference of the Board sub-committees, all form part of the Bank's corporate governance framework.

The Charter is binding on each member of TDB (Member), and sets out the objectives, membership, capital structure as well as organisation of TDB including the Bank's governance structure (as further discussed below). The Charter also identifies the types of transactions that TDB may undertake. It also sets out the immunities, exemptions, and privileges enjoyed by TDB and its subsidiaries. Additionally, the Charter (i) contains provisions with respect to the allocation of capital subscriptions and (ii) is reviewed periodically to ensure alignment with TDB's growth, shareholders' interests, and best corporate governance practices.

GOVERNANCE STRUCTURE

Eastern and Southern African Trade and Development Bank Group – The Bank

The Bank has a Board of Governors, a Board of Directors, a Group President and Managing Director, Group Vice President(s), Deputy Group Managing Director(s), Chief Executive(s) and such other officers and staff as it may consider necessary.

All powers of TDB are vested in the Board of Governors. Each Member appoints one Governor and one alternate, with the alternate only voting in the absence of their respective principal. The Governor or the alternate, as applicable, exercises voting powers on behalf of the Member which they represent and is entitled to cast the number of votes of that Member and, except as otherwise expressly provided in the Charter, all matters before the Board of Governors are to be decided by a majority of the voting power represented at any meeting of the Board of Governors.

The Board of Governors generally comprises Ministers of Finance or Ministers of Economic Planning or Minister of Trade and Industry or Ministers of State from member states as well as appointees of Members other than the member states.

The Board of Governors appoints the Group President and Managing Director and Non-Executive Directors (NEDs) of the Board of Directors. It delegates most of its powers to the Board of Directors except certain specific powers reserved to itself, such as the increase or decrease of the Bank's authorised capital and amendments to the Charter, are retained by the Board of Governors. Ordinarily, the Board of Governors convenes once a year in an annual general meeting, being a meeting of Members or shareholders of TDB.

Board of Directors

The Charter outlines specific roles and responsibilities for the Board of Directors. In particular, Article 27(6) of the Charter provides that the Board of Directors shall be responsible for the conduct of the general operations of TDB.

Board Composition

The Charter provides for a board composition of not more than ten (10) NEDs (in addition to the Group President and Managing Director) or such other number as may be determined by the Board of Governors from time to time. Five (5) of the ten (10) NEDs represent five (5) member state constituencies. Each member state constituency also has an alternate NED. In addition, each of the following shareholder categories has one seat on the Board of Directors: i) non-African States, ii) African Institutions, and iii) all other institutional shareholders not represented by African Institutions. The remaining two (2) seats on the Board of Directors are reserved for independent NEDs in line with good corporate governance.

At its second Annual Meeting, the Board of Governors established the principle of rotation regarding the appointment of NEDs. Based on this principle, the directorship and alternate directorship of the members of the Board of Directors rotate between and among member states within a constituency every three (3) years to provide each shareholder the opportunity to participate in the governance of the Bank, provided that such member state has complied with its obligations under the Charter.

In the context of the Board of Directors, the Board of Governors at its 39th annual general meeting held on 21 July 2023 in Nairobi in the Republic of Kenya, appointed three (3) new members of the Board of Directors, namely, Ms Lekha Nair, as substantive independent NED for a term of three (3) years effective as of 1 October 2023; Mr Joseph Chikolwa as alternate independent NED to Ms Nair for a term of three (3) years effective as of 1 October 2023; and Mr Yahya Ally as alternate NED representing the All Other Shareholders constituency for a term of three (3) years effective 1 as of October 2023.

As at 31 December 2023, the Board of Directors consisted of ten (10) NEDs.

Board Meetings

The Board of Directors convenes at least quarterly at any of TDB Group's offices or at any other location specified in the notice convening the meeting. Quorum for any board meeting is constituted by a majority of the total number of directors representing at least two-thirds of the voting power of TDB Group. In 2023, all meetings of the Board of Directors satisfied this quorum requirement.

In line with each of the Rules of Procedure and the charter of the Board of Directors, the Board of Directors elect from among themselves a Chairperson and a Vice Chairperson to serve a term of one (1) year. The Group President and Managing Director works jointly with the Chairperson and Vice Chairperson. The roles and responsibilities of the Chairperson and the Group President and Managing Director are distinct and held separately as specified in the Charter and the Rules of Procedure of the Board of Directors. To facilitate the discharge of responsibilities by the Board of Directors, the Board of Directors adopted the Charter, which serves as a primary reference document for the Board of Directors and summarises the roles, responsibilities, fiduciary duties and authority of the Board of Directors in the day-to-day operations of TDB.

Board Sub-Committees

The Board of Directors has four sub-committees namely, the Audit and Risk Committee (ARCO), the Investment and Credit Committee (INVESCO), the Remuneration and Nominations Committee (REMCO) and the Finance and Capital Committee (FINCO).

ARCO is mandated to assist the Board of Directors in discharging its duties relating to the identification and management of the key risks facing the Bank as they relate to monitoring and review of TDB's Enterprise Risk Management Framework, internal control, and financial reporting practices. It serves in an advisory capacity to the Board of Directors. ARCO also ensures that TDB's assets are safeguarded, adequate internal controls are in place, and material risks are effectively managed.

INVESCO is mandated to provide oversight on matters relating to TDB Group's investment and credit mandate. It provides advice to management regarding the implementation of investment initiatives, assists the Board in making major investment decisions, and monitors the investment policies of the Group.

EMCO is mandated to review, recommend, and improve TDB Group's policy framework on human resource management including remuneration, incentives, and other matters affecting working conditions. It advises and makes recommendations to the Board of Directors about corporate performance and issues affecting staff working conditions generally. REMCO also acts as the reference committee for all matters relating to the Board of Directors' Code of Conduct.

FINCO is mandated to advise the Board of Directors on matters pertaining to financial and treasury management as well as capital raising, among others.

In accordance with the practice of the Bank, the sub-committees of the Board of Directors are reconstituted annually.

Each sub-committee of the Board of is constituted in accordance with its terms of reference. The Group President and Managing Director is a member of INVESCO, FINCO and REMCO.

The table below shows attendance by members of the Board of Directors in 2023.

Name of Member	Board Meetings	ARCO Meetings	INVESCO Meetings	REMCO Meetings	FINCO Meetings
Veenay Rambarassah	4/4	4/4	n/a	n/a	4/4
Abdel Rahman Taha	4/4	4/4	n/a	4/4	n/a
Shuo Zhou	4/4	4/4	n/a	n/a	4/4
Gerald Kasaato	4/4	n/a	n/a	4/4	4/4
Juste Rwamabuga	4/4	4/4	4/4	n/a	n/a
George Guvamatanga	4/4	n/a	n/a	4/4	4/4
Solomon Asamoah	4/4	4/4	n/a	n/a	4/4
Adele Tura Halake	4/4	n/a	4/4	4/4	n/a
Lekha Nair	2/2	1/1	1/1	2/2	2/2
Busisiwe Alice Dlamini	4/4	n/a	4/4	4/4	n/a
Solomon Quaynor	2/4	n/a	2/4	n/a	2/4
Admassu Tadesse	4/4	n/a	4/4	4/4	4/4

Executive Management Board

In October 2020, the Board of Directors strengthened TDB Group's executive management committee and upgraded it to an executive management board (Executive Management Board) on the premise that a strengthened executive committee would formally link the various management committees of the TDB and enhance coordination and preparations for management submissions to the non-executive Board of Directors. Thus, the Executive Management Board serves as a coordination mechanism under the authority of the Group President and Managing Director as its chairperson with the Group Vice President & Deputy Managing Director, Group Vice President, Deputy Managing Director and Group General Counsel, and the Chief Executive, trade and development banking strategic business unit of TDB Group, supporting the Group President and Managing Director as co-chairpersons.

Group President and Managing Director

The Group President and Managing Director must be a person of integrity and of the highest competence in matters pertaining to the activities, management, and administration of TDB Group.

The Group President and Managing Director presides over the affairs of TDB Group and is currently assisted by the Group Vice President & Deputy Managing Director, the Group Vice President, Deputy Managing Director and Group General Counsel, and the Chief Executive of the trade and development banking strategic business unit of TDB Group. The Group President and Managing Director, by virtue of his position, represents TDB Group on the boards of directors of TDB subsidiaries and related entities, as applicable. In line with the provisions of the Charter, the Group President and Managing Director is the legal representative of TDB Group.

Eastern and Southern African Trade and Development Bank Group –Subsidiaries and Entities

A. The Board of Directors of Eastern and Southern African Trade Fund (ESATF) (managed by the Eastern and Southern African Trade Advisers Limited)

ESATF is a limited liability company incorporated in March 2015 under the laws of the Republic of Mauritius, in fulfilment of TDB's mandate to set up a trade finance fund in fulfilment of the provisions of Article 9 of the Charter. Article 9 of the Charter provides for a trade financing fund, which may be established as a separate entity

or otherwise, for the purpose of carrying out the objectives of TDB Group relating to the financing of trade as set out in Article 4 of the Charter. ESATF is licensed by the Financial Services Commission (Mauritius) to operate as a collective investment scheme and operates under a Category 1 Global Business Licence. In terms of its constitution, ESATF has a board of directors which convenes at least once a quarter and has general powers to govern the company, including the appointment of a fund manager through a fund management agreement. ESATAL, which is wholly owned by TDB, continues to serve as ESATF's fund manager.

The table below shows the attendance of members of the board of directors of ESATF in 2023.

Name of Member	Board Meetings
Admassu Tadesse	4/4
Veenay Rambarassah	4/4
Joy Ntare	3/4
Mohamed Kalif	4/4

ESATAL is a limited liability company incorporated in March 2015 in the Republic of Mauritius and is authorised by the Financial Services Commission (Mauritius) to provide professional fund management services. ESATAL operates under a Category 1 Global Business Licence issued under Section 72(6) of the Financial Services Act and has a collective investment scheme (CIS) manager licence pursuant to Section 98 of the Securities Act 2005 and the Financial Services (Consolidated Licensing and Fees) Rules 2008.

In terms of its constitution, ESATAL has (i) a board of directors, which meets at least once a quarter and (ii) retains the general power to govern the company, including setting up sub-committees from time to time, such as an investment sub-committee.

The table below shows attendance of members of the board of directors of ESATAL in 2023.

Name of Member	Board Meetings
Admassu Tadesse	4/4
David Bamlango	4/4
Joy Ntare	2/4
Daniel Lam Chun	4/4
Maheshwar Doorgakant	3/4
Mahmad Tahleb Rujub	3/4
Mohamed Kalif	4/4

In accordance with its constitution, the ESATAL Board has established an investment sub-committee (the "IC") that exercises delegated authority to manage ESATF's investment portfolio as per the fund management agreement between ESATF (as client/fund) and

ESATAL (as service provider/fund manager). The IC ensures the relevant investment proposals are compliant with the constitution and prospectus of ESATF.

ESATF and ESATAL are recognised as international organisations in Mauritius under the International Organisations and Conferences (Privileges and Immunities) Act Government Notice No.83 of 2021, and accordingly enjoy similar immunities, privileges, capacity, status and exemptions as TDB in Mauritius.

B. The Board of Directors of the TDB Captive Insurance Company (TCI)

TCI was established in 2020 as wholly owned subsidiary of TDB by authority of the Board of Governors with the mandate of carrying out the business of undertaking liability, by way of insurance or reinsurance, restricted exclusively to the risks of TDB and its affiliated entities. Insurance arranged through TCI translates into capital relief for TDB Group and allows greater capacity by TDB Group to book business on the back of relieved capital. Overall, the establishment of TCI has contributed towards minimising the Bank's costs attributable to annual credit mitigation while optimising TDB's risk management strategy. TCI enjoys the immunities, privileges, capacity status and exemptions afforded to TDB and is recognised as an international organisation under the International Organisations and Conferences (Privileges and Immunities) Act Government Notice No.83 of 2021 by virtue of Article 32 of the Charter. TCI is dual domiciled in the Republic of Mauritius and the Republic of Burundi.

TCI is a legal entity separate and distinct from TDB and is governed by its articles of establishment (TCI AoE) with a governance structure that provides for a board of directors (the "board of directors of TCI"). The board of directors of TCI reports to the Board of Directors. The TCI AoE and by-laws outline the specific roles, responsibilities and functions of the board of directors of TCI. The board of directors of TCI ordinarily meets once a year.

The board of directors of TCI has three (3) sub-committees namely, the Finance and Investment Committee, the Underwriting and Technical Committee and the Audit and Risk Committee.

The Finance and Investment Committee is the mandate relating to financial matters such as management accounts, performance assessment, solvency management investment and cash flow management.

The Underwriting and Technical Committee is mandated to (i) advise the board of directors of TCI and Captive Manager concerning the establishment and review of TCI's underwriting policies and procedures; (ii) oversee TCI's underwriting policies and procedures; (iii) review TCI's underwriting performance; (iv) oversee TCI's underwriting risk and management of exposure; and (v) approve TCI's underwriting policies in line with the risk appetite statement and approve any exceptions.

The Audit and Risk Committee is mandated to identify, assess, monitor and manage risk and to ensure that the board of directors of TCI obtains assurance regarding the management of those risk and other matters relating to TCI's activities (i) oversee and make appropriate recommendations to the board of directors of TCI in respect of underwriting, financial and non-financial risks faced by TCI as well as fulfilling its oversight responsibilities related to audit matters, financial reporting practices, quality and integrity of financial reports, compliance, internal controls, risk management and business ethics.

The table below shows attendance by the board of directors of TCI and sub-committee members in 2023.

Name of Member	Board Meetings	Finance and Investment Committee Meetings	Underwriting and Technical Committee Meetings	Audit and Risk Committee Meetings
Admassu Tadesse	4/4	4/4	4/4	4/4
Goodman Chakanyuka	4/4	4/4	4/4	4/4
Antonina Kayitesi	4/4	4/4	n/a	4/4
Abdel Rahman Taha	4/4	4/4	4/4	4/4
Kaviraj Nuckchedee	2/4	2/4	2/4	2/4
Hanjali Permalloo Le Roux	2/4	2/4	2/4	2/4

C. The Board of Directors of Trade and Development Fund (TDF)

TDF was established in 2020 as a subsidiary of TDB and is jointly owned by sovereigns that comprise the member state pool of TDB. Its membership is open to eligible sovereigns, bilateral or multilateral development institutions, or organisations vested with public mandates. It has the mandate of providing concessional financing, technical assistance, grants, programme management services, capacity building, and training, to and within TDB member states, and is considered as a concessional window of TDB Group, among others. TDF is governed by its articles of establishment (AoE) and is dual domiciled in the Republic of Burundi and the Republic of Mauritius.

TDF (as a subsidiary of TDB (a self-regulated supranational development finance institution) is not subject to the financial regulations of a country. TDF (i) benefits from the privileges and immunities enjoyed by TDB pursuant to the Charter and the Eastern and Southern African Trade and Development Bank (PTA Bank) (Privileges and Immunities) Regulations 2013 of 12 December 2013, which regulations were passed under the International Organisations and Conferences (Privileges and Immunities) Act (the International Organisations Act) and; (ii) is recognised as an international organisation that has, and enjoys, the like inviolability, exemptions, facilities, privileges and immunities as TDB under the International Organisations Act by virtue of the Republic of Mauritius Government Notice No.83 of 2021.

Unlike other subsidiaries of TDB, TDF has its own board of governors and board of directors (the “board of directors of TDF”).

The board of governors of TDF is the supreme governing body. The board of governors of TDF comprises governors and alternate governors of TDB representing member states on the Board of Governors as well as appointees by members of TDF other than TDB’s member states. The board of governors of TDF has delegated certain executive powers to the board of directors of TDF and ordinarily meets once a year.

The AoE outlines specific roles and responsibilities for the board of directors of TDF. The AoE provides that the board of directors of TDF shall be responsible for the general conduct of the ordinary operations of TDF and, in this regard, exercises all the powers delegated to it by the board of governors of TDF to discharge its responsibility. The board of directors of TDF consists of not more than ten non-executive Directors (in addition to the Group Managing Director) appointed by the board of governors of TDF.

Currently, the board of directors of TDF has an Investment sub-committee (the TDF IC), which is mandated to oversee matters relating to or affecting TDF’s investment mandate, provide oversight and advice to management in the implementation of investment initiatives, and assist the board of directors of TDF in making decisions regarding investments.

The board of directors of TDF and TDF IC meet at least once a quarter.

The table below shows attendance of members of the board of directors of TDF and TDF IC in 2023:

Name of Member	Board Meetings	Investment Committee Meetings
Admassu Tadesse	3/4	n/a
Gloria Mamba	4/4	3/3
Catherine Kimaryo	3/4	3/3
Mary Kamari	4/4	n/a
Oliver Saasa	4/4	n/a
David Bamlango	4/4	2/3
Isabel Sumar	3/4	3/3
Mohamed Kalif	n/a	3/3
Abraham WoldeMichael	n/a	2/3

CORPORATE SECRETARIAL SERVICES

In keeping with good corporate governance practices, the Corporate Secretariat is a function within TDB Group that is vested with the responsibility to manage, and provide oversight over, the corporate secretarial services for the Bank and subsidiaries, as applicable. This responsibility includes ensuring the overall effectiveness of the governing bodies, implementing corporate governance standards within TDB Group, record keeping and overseeing and coordinating (i) board meetings and (ii) preparation of working documents of the board. The Group Corporate Secretary serves as the corporate secretary for each of the Bank and TDF, while each of Apex Fund Services (Mauritius) Ltd (administrator of ESATF and ESATAL), and Rogers Capital Corporate Services Ltd (company secretary of TCI), provides corporate secretarial services to each of the boards of directors of ESATF and ESATAL, and TCI, respectively, supported by the Group Corporate Secretary, as necessary.

OUR SHAREHOLDERS

MEMBER STATES



Republic of Botswana



Republic of Burundi



Union of the Comoros



Democratic Republic of Congo



Republic of Djibouti



Arab Republic of Egypt



State of Eritrea



Kingdom of Eswatini



Federal Democratic Republic of Ethiopia



Republic of Ghana



Republic of Kenya



Republic of Madagascar



Republic of Malawi



Republic of Mauritius



Republic of Mozambique



Republic of Rwanda



Republic of Senegal



Republic of Seychelles



Federal Republic of Somalia



Republic of South Sudan



Republic of the Sudan



United Republic of Tanzania



Republic of Uganda



Republic of Zambia



Republic of Zimbabwe

MEMBER COUNTRIES



JSC Development Bank of the Republic of Belarus



People's Bank of China

MEMBER COUNTRIES



African Development Bank (the AfDB)



African Development Bank (the AfDB), as implementing entity of the Clean Technology Fund



African Economic Research Consortium (AERC)



African Reinsurance Corporation (Africa-Re)



Agaciro Development Fund (AgDF)



Arab Bank for Economic Development in Africa (BADEA)



Banco Nacional de Investimento (BNI, Mozambique)



Caisse Nationale de Sécurité Sociale (Djibouti)



Eagle Insurance (Mauritius)



Investment Fund for Developing Countries (IFU, Denmark)



National Pensions Fund (NPF, Mauritius)



National Social Security Fund (NSSF, Tanzania)



National Social Security Fund (NSSF, Uganda)



The OPEC Fund for International Development (the OPEC Fund)



Rwanda Social Security Board (RSSB)



Sacos Group Ltd. (Seychelles)



Sacos Life Assurance Company Ltd. (Seychelles)



Seychelles Pension Fund (SPF)



SICOM Global Fund Limited



PTA Reinsurance Company (ZEP-RE)

RECOGNITIONS

Photo Credits: Freepik

AWARDS



From: Global Finance Sustainable Finance Awards

Award: Outstanding Leadership in Sustainable Finance by a Multilateral

Award: Outstanding Leadership in Sustainable Project Finance in Africa

The above awards celebrate TDB Group's continued efforts, innovation, impact, and long-standing commitment to drive sustainable development in its Member States.



From: Islamic Trade Finance Corporation (ITFC)

Award: Top Treasury Partner Award, along with other winners

From: Global Finance – Trade and Supply Chain Finance



Award: World's Best Bank for Trade Finance in Emerging Markets

This award recognises the critical role TDB Group plays in addressing trade finance shortages in the region it serves, via innovative trade finance solutions, supporting activities which are critical to the growth of member states. It is a global level award for which the selection was based on various criteria including transaction volume, scope of global coverage, customer service, competitive pricing and innovative technologies.

CUSTOMER AND PARTNER SATISFACTION SURVEY

TDB carries out an external Customer and Partner Satisfaction Survey on an annual basis to gain insight on the Bank's partners, clients and shareholders' views, attitudes, opinions, perceptions, and level of satisfaction towards TDB's offer, as it pertains to each stakeholder segment.

For 2023, TDB received an overall positive score of 4, and clients' appreciation for TDB's responsiveness to inquiries and level of service, business understanding, and sustainability, while partners expressed their appreciation for TDB's corporate governance and risk management, and shareholders, for its performance and returns, innovation and communications.

SUSTAINABILITY

Photo Credits: Nonzēro Africa-Midjourney

SUSTAINABILITY REPORTING STATEMENT

As a leading regional multi-lateral DFI, the TDB Group recognises that sustainability and growth must be strategically aligned to the Group's existing business model and in line with the global commitments to drive Net-zero pledges, and to accelerate the energy transition. Historically, TDB has always embraced sustainability in its financing, which has unlocked tremendous value addition opportunities and greatly enhanced impact and partnerships. In the region, Member States are increasingly committing to climate action and the global ESG agenda, however, significant challenges still stand in their way, not least the scale of aligning economic transformation with the green agenda. As a regional partner, TDB recognises this and has increasingly taken a proactive leadership approach to sustainability and the implementation of ESG risk management initiatives.

Accordingly, the Group is investing resources and guiding stakeholders to ensure that business activities have a net positive impact on the existing and future regional sustainability agenda. To this end, in 2023 the Group completed the development of its Climate Finance Strategy which is intended to provide sustainable financial products and services that will support the Member States' transition to low carbon economies. In recognition of the fact that effective climate action requires undertaking a range of preventive

measures and response activities that reflect contextual adaptation according to local knowledge and practice, the Group's Climate Strategy encompasses a sector-focused assessment on climate finance demand across the region and within the Member States.

For TDB, regional institutions should design environmental strategies that focus on mitigating climate change and supporting the energy transition. Internally, TDB sustainability initiatives mean structuring business for long term continuity and growth through a balance of social, environmental and economic factors in the business decisions made. TDB's sustainability framework is designed to ensure delivery on its mandate of providing financial and non-financial services to trade and project transactions in a wide range of sectors which facilitate economic diversification and promote regional integration. On a regional scale, TDB continues to integrate sustainability into the regional agenda and gradually continues to influence the sustainability agenda in the region by reshaping the regional financial sector's approach to environmental protection and climate change.

TDB Group acknowledges that whilst there are significant development impacts from its development financing activities, special attention to local and country contexts should be considered

before making any investment and during the lifetime of the projects or trade finance activities to minimise the occurrence of Human Rights Violations. In this regard, the Group holds Human Rights in high regard and conducts its business with respect for, and a view to promote internationally recognised Human Rights. The Group also seeks to build leverage and ability to positively influence its investees and business partners to take steps leading to an assessment of the human rights impact of their activities. Accordingly, as part of its organisational responsibility for implementing actions necessary for the prevention of and in respond to Human Rights Abuses within financed projects, the Group developed a Guidance Note for Protection of Human Rights for financed projects. The Note provides specific guidance that actively supports risk analysis, avoidance and mitigation measures related to potential and actual adverse human rights impacts related to the transactions and take actions to address them with reference to the UN Guiding Principles for Business.

CORPORATE SOCIAL RESPONSIBILITY

TDB's Corporate Social Responsibility (CSR) vision is to promote the social and economic well-being of its stakeholders in its areas of operation through a series of interventions that enhance economic development and prosperity in the region that it serves.

Support to Kenya's Thome Water Project in Laikipia County

On the sidelines of its 2023 Annual General Meetings, TDB Group extended a grant to the Thome Water Project in Laikipia County, in alignment with the Government of Kenya's development priorities and TDB Group's corporate plan. The Thome Water Project is located in an area which faced extended periods of drought, loss of water as a result of poor irrigation infrastructure, and subsequently, unreliable water supply.

TDB Group is supporting a climate adaptation project aimed at strengthening irrigation infrastructure and water conservation during dry periods. Through the grant, TDB Group provided dam liners as well as avocado and apple tree seedlings to help mitigate the effects of climate change and improve food security and the livelihood of hundreds of farmers in the area. Investing in irrigation infrastructure and water-efficient technologies is crucial to support investment in the last mile. TDB Group's support will lead to achieving the following impacts:

- Food security: providing farmers with increased access to water will enable them to diversify their farming practices by growing tree crops, horticultural crops, vegetables, and

For the TDB Group, driving the ESG agenda through regional partner financial institutions remains a key strategy. Experience shows that integrating sustainability into business and functional processes is associated with business growth, climate-risk mitigation, and strategic positioning. Partner Financial Intermediaries (FIs) are a key instrument for promoting sustainable financial markets. They provide a vehicle to channel funding to the micro, small and medium sized enterprise within the region. TDB Group's regional and local partner FIs include a variety of financial service providers such as private equity funds, banks, leasing companies, insurance companies and pension funds. Cognizant of potential adverse E&S risk in investing in FIs, during the reporting period the Bank also developed its Guidance Note for assessing and managing the E&S risks associated with the sub-projects financed through its partner FI.

other subsistence crops like maize and beans. In doing so, this will improve food security;

- Increased household income: improved water supply and reliability will increase household income and enable farmers to produce short-cycle crops with high commercial value. This will create off-farm jobs for transporters and businessmen who purchase and sell agricultural products, as well as in other sectors including packaging;
- Women and Youth Empowerment: Women are the most affected by the unreliable supply of water. In the context of this project, women comprise over 60% of the community group members, and 36% of its leadership. Furthermore, students from a community school in the area have been involved in tree planting efforts as part of a 'Greening Programme', therefore contributing to the sustainability of agroforestry practices.



Seychelles Reparation Efforts

In response to the 7 December 2023 Provident Industrial Zone explosion which resulted in three casualties, multiple injuries, heavy flooding, and massive damage to the industrial site, TDB Group extended a grant to the Government of the Republic of Seychelles to support its reparation efforts.

BOARD MOU SIGN



Photo Credits: TDB

PARTNERSHIPS

In 2023, TDB Group continued to leverage new and existing partnerships in various regions globally and with key strategic institutions, to support business development and drive thought-leadership.

Thanks to its membership in and partnership with influential networks and institutions such as the International Development Finance Club (IDFC), Finance in Common Coalition, Corporate Council for Africa (CCA), Global Network of Export-Import Banks and Development Finance Institutions (G-NEXID), Association of Africa Development Finance institutions (AADFI), the Bankers Association for Finance and Trade (BAFT), the Loan Market Association (LMA), and others, TDB Group has become a valued actor driving thought-leadership around themes pertaining to sustainable development finance in Africa and beyond. Through such networks, in 2023, TDB Group engaged in important international fora such as the Finance in Common Summit (FICS) and COP28.

As partnership continues to be vital for the institution with its goal of driving capital to the institution in the form of equity, debt financing, co-financing, export credit insurance, technical assistance, and other opportunities, TDB Group was able to unlock new opportunities in form of equity, debt financing, co-financing, export credit insurance, technical assistance, and other opportunities. In 2023, among various engagements, the TDB Group signed MoUs and collaboration agreements with: Finnfund, the International Islamic Trade Finance Corporation (ITFC), the World Bank's Multilateral Investment Guarantee Agency (MIGA) and OCP S.A., Saudi Arabia's Export Import Bank (Saudi EXIM Bank), the Global Green Growth Institute (GGGI), as well as Financial Sector Deepening Africa (FSD Africa).



OPERATING ENVIRONMENT

Photo Credits: Nonzêro Africa-Midjourney

INTERNATIONAL ECONOMIC ENVIRONMENT

The international economic environment was characterised by a variety of factors in 2023. Whilst the adverse macroeconomic effects of the pandemic receded, the effects of the novel geopolitical tensions and conflicts outside and inside the TDB Group region accelerated, provoking a fresh new wave of supply chain and commodities market disruptions.

With a growth rate of 3.2%, down from 3.5% in 2022, the global economy was stronger and more resilient than expected. This was driven by the major economies, with both core and headline inflation slightly cooling, overall to 6.8%, alongside persistent elevated interest rates, slow international demand and weaker activity in China.⁴ A global recession having been avoided, the U.S. and several other developed economies eased their fiscal policy, more than the Euro area did, while emerging and developing countries had not yet made significant changes to theirs, alongside falling output.

World merchandise trade volume is estimated to have decreased by 1.2% globally. This is slower than projected, but is expected to recuperate in 2024, depending on trade and geo-economic movements.⁵ In fact, in 2023 and 2022, there were 3,000 and 3,200 new trade restrictions respectively, up from 1,100 in 2019.⁶ Global primary commodity prices also cooled, but remained above pre-pandemic levels, and could suffer unexpected movements depending on global geopolitical events.⁷

Global foreign direct investment (FDI) flows increased by 3% in 2023 to USD 1.37 trillion, largely driven by a few large inflows in a few European countries. Without these, global FDI flows would have been down by 18%.⁸ Furthermore, the

number of international project finance deals declined by 21%, and mergers and acquisitions, by 16%. Likewise, the number of greenfield projects declined by 6%, but increased in value by 6%, due to an uptick in the manufacturing sector. Notably, new international project finance deals in the renewable energy sector were at their lowest levels since the Paris Agreement, down by 17% in number and 10% in value.⁹

In terms of progress on the sustainable development agenda, results for 2023 and projections for the next few years – as compared to SDG and greenhouse gas emission reduction ambitions – are grim. As the World Bank put it, “What looms instead is a wretched milestone: the weakest global growth performance of any half-decade since the 1990s, with people in one out of every four developing economies poorer than they were before the pandemic.”¹⁰

AFRICA

In Africa, high inflation and interest rates, exchange rate pressures, slow international demand, and trade fragmentation have made the macroeconomic landscape even more trying in 2023, with debt sustainability issues growing, and what the IMF describes as an “acute funding squeeze”.¹¹ Total output grew by 3.2% in Africa, 3.4% in Sub-Saharan Africa and 3.5% in the TDB Group region as a whole.¹² While higher than the U.S., the European Union, the Middle East and Central Asia, Latin America and the Caribbean, as well as slightly above the global average, financial stress is ever present, with 7 low-income African countries in debt distress, including 5 in the TDB Group region and 12 at high risk of debt distress, including 7 in the TDB region.¹³

⁴ International Monetary Fund, “World Economic Outlook: Steady but Slow: Resilience Amid Divergence”, April 2024: <https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024> and World Bank, “Global Economic Prospects”, January 2024: Global Economic Prospects -- January 2024 (worldbank.org)

⁵ World Trade Organisation, “Global Trade Outlook and Statistics”, April 2024: https://www.wto.org/english/res_e/booksp_e/trade_outlook24_e.pdf and International Monetary Fund, “World Economic Outlook: Steady but Slow: Resilience Amid Divergence”, April 2024: <https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024>

⁶ International Monetary Fund, “World Economic Outlook: Steady but Slow: Resilience Amid Divergence”, April 2024: <https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024>

⁷ World Trade Organisation, “Global Trade Outlook and Statistics”, April 2024: https://www.wto.org/english/res_e/booksp_e/trade_outlook24_e.pdf

⁸ United Nations Conference on Trade and Development, “Global Investment Trends Monitor”, No. 46, January 2024: Global Investment Trends Monitor, No. 46 | UNCTAD

⁹ United Nations Conference on Trade and Development, “Global Investment Trends Monitor”, No. 46, January 2024: Global Investment Trends Monitor, No. 46 | UNCTAD

¹⁰ World Bank, “Global Economic Prospects”, January 2024: Global Economic Prospects -- January 2024 (worldbank.org)

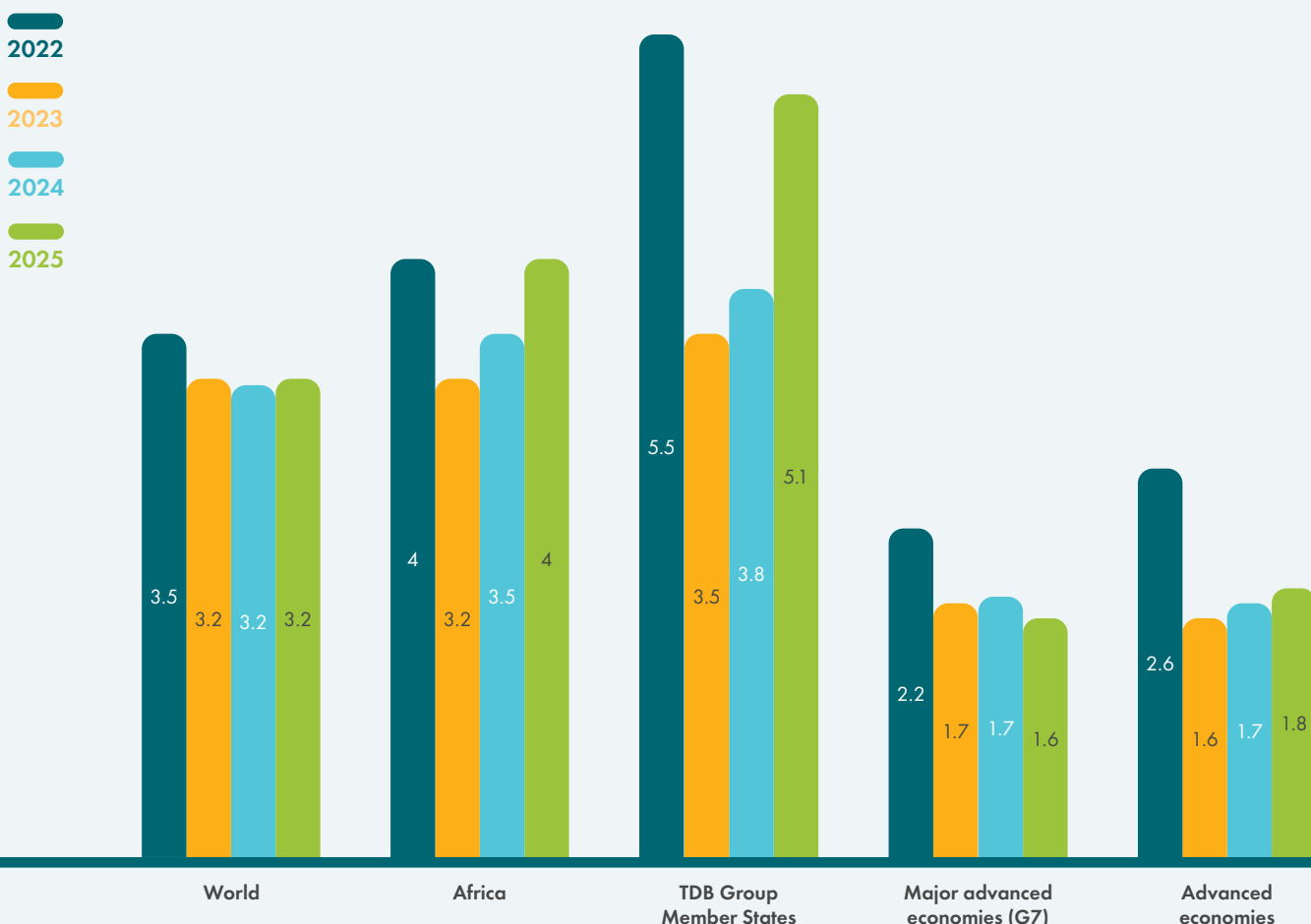
¹¹ International Monetary Fund, “Regional Economic Outlook Sub-Saharan Africa: A Tepid and Pricey Recovery”, April 2024: <https://www.imf.org/en/Publications/REO/SSA/Issues/2024/04/19/regional-economic-outlook-for-sub-saharan-africa-april-2024>

¹² International Monetary Fund, “World Economic Outlook: Steady but Slow: Resilience Amid Divergence”, April 2024: <https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024> and TDB Group calculations based on IMF WEO, April 2024

¹³ International Monetary Fund, “List of LIC DSAs for PRGT-Eligible Countries”, April 2024. <https://www.imf.org/external/pubs/ft/dsa/dsalist.pdf>

GDP PER REGION, CONSTANT PRICES (%)

Source: IMF WEO, April 2024 and TDB Group calculations based on IMF WEO, April 2024



The more diversified Sub-Saharan African economies, which are less commodity dependent, have been more resilient than commodity dependent ones, and present better prospects for the coming years, even in terms of per capita income.¹⁴

Overall inflation for the African continent was estimated at 21.9%, and 34.2% for the TDB Group region overall.¹⁵ Merchandise import volumes decreased by 2.4% in 2023 in Africa but are expected to rebound to 4.4% in 2024, while export trade volumes grew by 3.1% – more than any region in the world except North America – and are expected to grow at 5.3% in 2024, faster than any other region.¹⁶

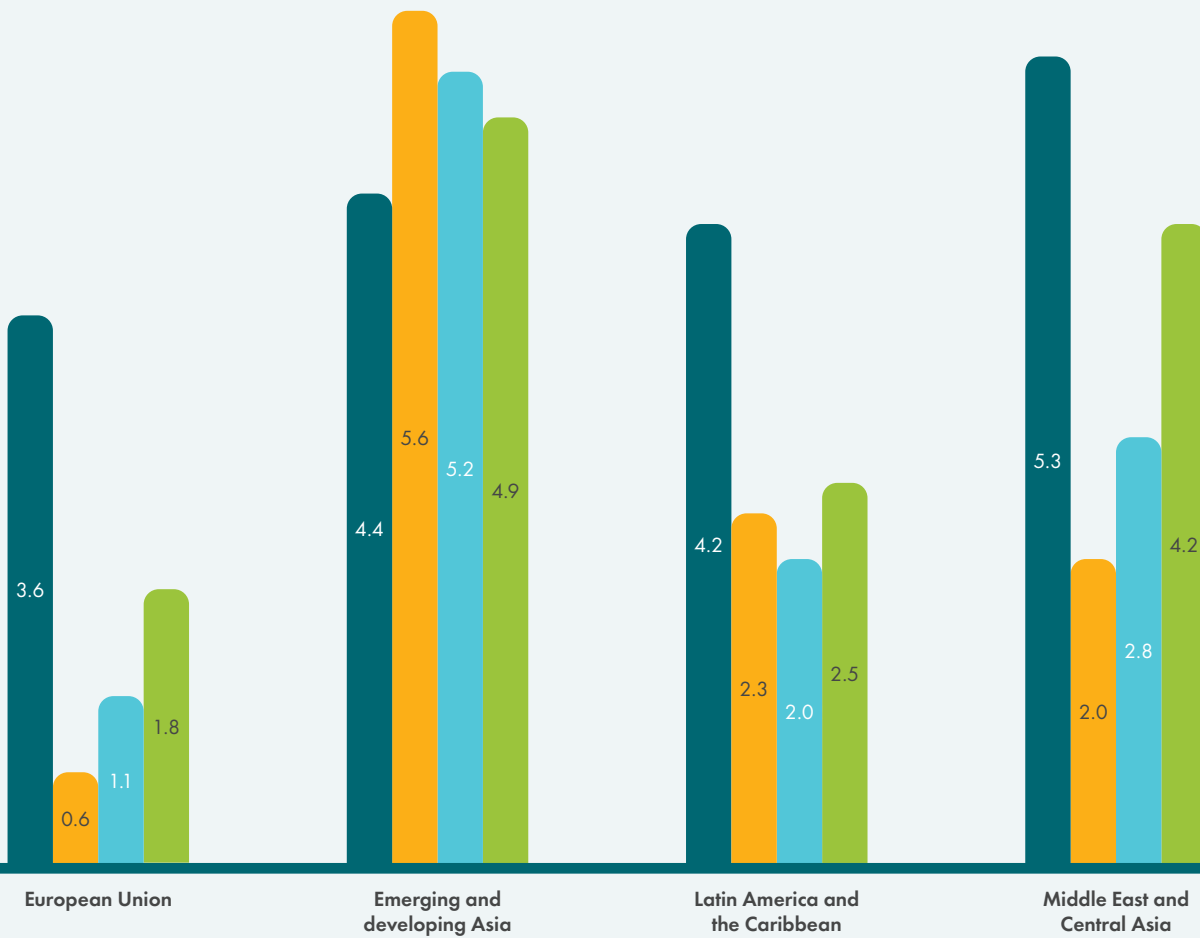
FDI flows decreased by 1% in 2023 in Africa, with greenfield project numbers growing by 9% driven by Morocco, Kenya and Nigeria, net cross-border M&A sales declining by 1%, and international project finance deals declining by 31%, highlighting deteriorating prospects for infrastructure finance.¹⁷

¹⁴ International Monetary Fund, “Regional Economic Outlook Sub-Saharan Africa: A Tepid and Pricey Recovery”, April 2024: <https://www.imf.org/en/Publications/REO/SSA/Issues/2024/04/19/regional-economic-outlook-for-sub-saharan-africa-april-2024> International Monetary Fund, “Regional Economic Outlook Sub-Saharan Africa”, October 2023: <https://www.imf.org/en/Publications/REO/SSA/Issues/2023/10/16/regional-economic-outlook-for-sub-saharan-africa-october-2023>

¹⁵ TDB Group calculations based on IMF WEO, April 2023

¹⁶ World Trade Organisation, “Global Trade Outlook and Statistics”, October 2023: https://www.wto.org/english/res_e/booksp_e/gtos_updt_oct23_e.pdf and International Trade Center Trade Map, 2024: <https://www.trademap.org/>

¹⁷ United Nations Conference on Trade and Development “Global Investment Trends Monitor”, No. 46, January 2024: Global Investment Trends Monitor, No. 46 | UNCTAD



Given the fact that the external macro-economic environment is somewhat improving, with dampened commodity prices including for food and fuel, it is expected that Africa's economy will get stronger in the next few years, although this optimism is subject to improvements in terms of inflation, borrowing costs, exchange rates, and geopolitical developments on the continent and abroad. The situation is still fragile in Africa, especially for resource-intensive economies, and will require sophisticated policy solutions to the challenges at hand, capable of balancing macroeconomic stability, short-term food and energy security, and long-term sustainable development prospects.

TDB REGION

2023 GDP GROWTH (CONSTANT PRICES)

5.3%

Source: TDB Group calculations based on IMF WEO, April 2024

2023 GDP (CURRENT PRICES)

USD 1,190 billion

Source: IMF WEO, April 2024

NUMBER OF TDB MEMBER STATES GROWING FASTER THAN 3% IN 2023 (GDP GROWTH, CONSTANT PRICES)

17 out of 25

Source: IMF WEO, April 2024

2022 TOTAL MERCHANDISE EXPORT VALUE

USD 179.6 billion

Source: ITC Trade Map, April 2024

2023 GDP GROWTH ESTIMATE FOR TDB COVERAGE REGIONS (CONSTANT PRICES)

Western and Central Africa	3.5%
East Africa	5.3%
North-East Africa	2.7%
Indian-Ocean Lusophone Africa	5.3%
Southern Africa	3.9%

Source: TDB calculations based on IMF WEO Database, April 2023

2023 POPULATION

759 million

Source: IMF WEO, April 2024

NUMBER OF TDB MEMBER STATES GROWING FASTER THAN 5% IN 2023 (GDP GROWTH, CONSTANT PRICES)

10 out of 25

Source: IMF WEO, April 2024

2022 TOTAL MERCHANDISE IMPORT VALUE

USD 293.8 billion

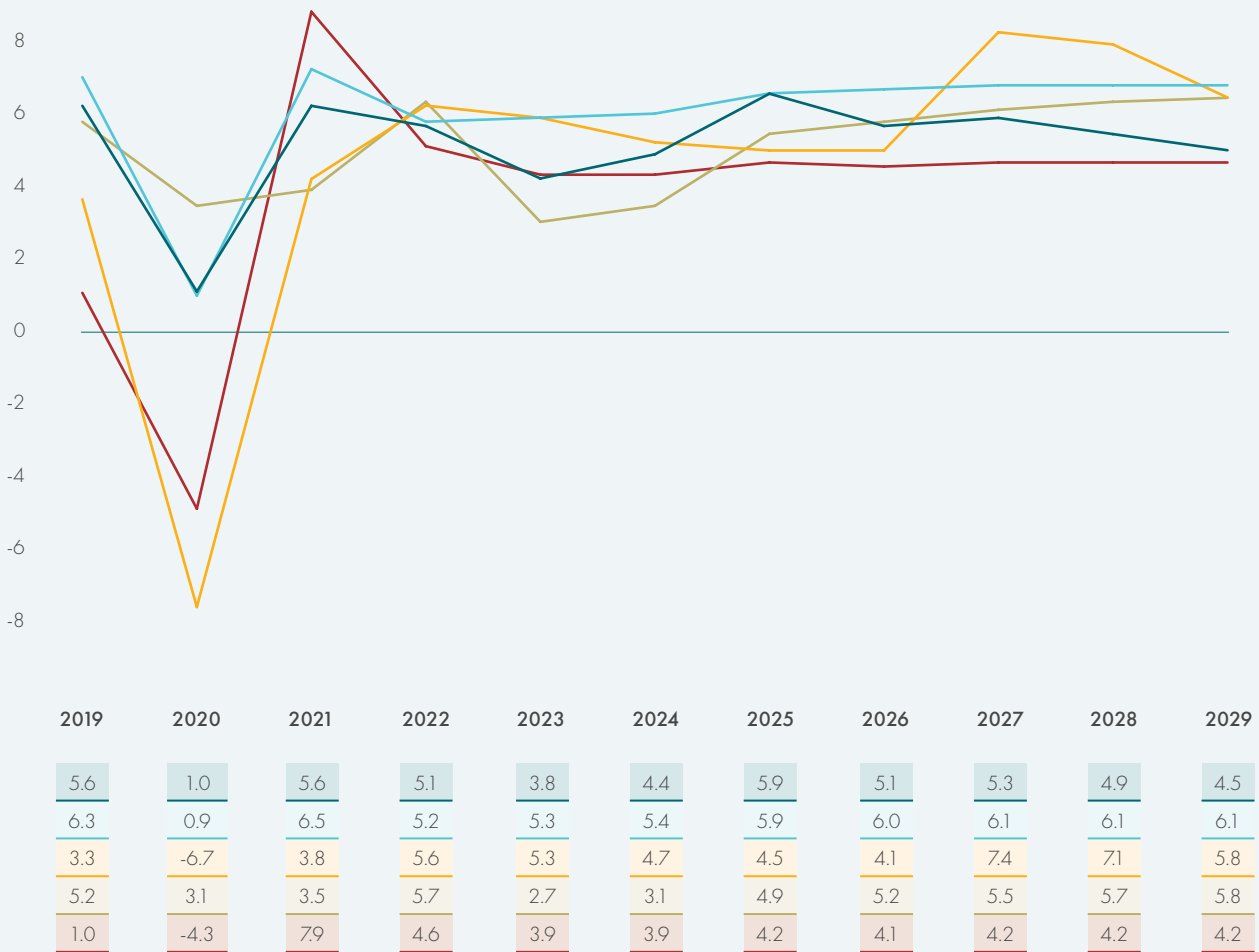
Source: ITC Trade Map, April 2024

GDP Growth, including projections by TDB Group Coverage Region

GROSS DOMESTIC PRODUCT, CONSTANT PRICES (%)

Source: TDB Group calculations based on IMF WEO, April 2024

Western and Central Africa East Africa Indian Ocean - Lusophone Africa
 North-East Africa Southern Africa



FINANCIAL PERFORMANCE

INCOME

The Group earns interest income from Project and Infrastructure (PIF) loans, Trade Finance (TF) loans and Short-Term Investments. In 2023, gross interest income grew by 30% to USD 723.58 million from USD 557.78 million in 2022. TF interest income expanded by 28% (USD 87.23 million) while PIF interest income increased by 29% (USD 48.26 million). The surge is largely attributed to the rise in base interest rates. Interest rates rose from an average of 2.14% in 2022 to an average rate of 5.18% in

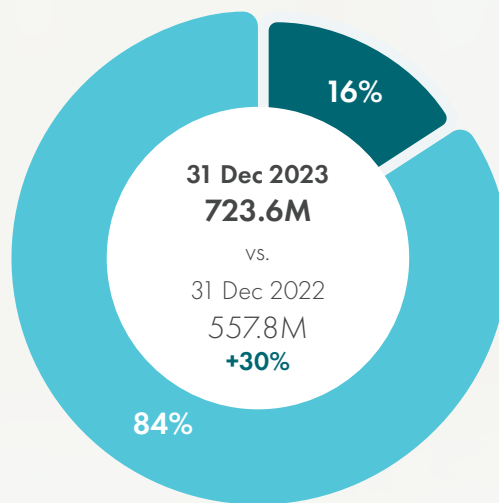
2023 following the growth in SOFR. Investment income from fixed term deposit placements and treasury bills grew by 37% due to increased fixed deposits as well as favourable SOFR rates.

In addition, the Group's gross loan and net balances each grew by 8%.

GROUP GROSS INTEREST INCOME

IN USD MILLIONS

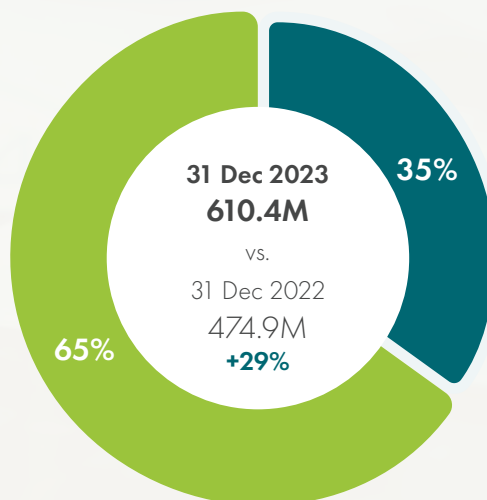
From Lending	From Investments
2023: 610.4M	2023: 113.2M
2022: 474.9M	2022: 82.9M
+29%	+37%



GROUP GROSS INCOME FROM LENDING

IN USD MILLIONS

Interest Income TF	Interest Income PF
2023: 395.7M	2023: 214.7M
2022: 308.4M	2022: 166.5M
+28%	+29%



Interest expenses at USD 416.37 million were 83% above USD 227.04 million in 2022. The increase in total interest expenses was caused by the rise in the average cost of funds, reflecting an upturn in SOFR and the higher cost of borrowing on new facilities and upon repricing. Consequently, net interest income declined by 7% to USD 307.21 million from USD 330.74 million in 2022. Other borrowing costs declined by 19% from USD

4.32 million in 2022 to USD 3.51 million reflecting subdued upfront fees and other and related costs.

The Group formalised the application of International Financial Reporting Standard 9 (IFRS9) during the reporting period, with respect to the recognition of interest income using the Effective Interest Rate (EIR) method. This entails recognising fees that are

an integral part of originating a loan as part of interest income. This has resulted in certain fees being recognised over the tenor of the applicable loan facility as interest income rather than fee income in the period in which they were earned. With respect to the Group, this has led to the following fees being treated as part of interest income and no longer as fee income in the financial statements:

Upfront Fees, Facility Fees, Appraisal Fees, and Management Fees. This has caused a reduction in fee income and a corresponding increase in gross interest income in the current and prior year financial statements.

Net fees and commission income increased by 62% from USD 10.13 million in 2022 to USD 16.37 million in 2023. This increment is ascribed to growth in trade finance fees. Net trade finance fee income at USD 13.91 million was up from USD 8.66 million in the prior year because of increased letter of credit fees and other trade finance fees due to higher volumes. Project and infrastructure fee income was below the prior year due to a decline in commitment fees following increased utilisation of existing facilities during the year.

TOTAL FEES AND COMMISSIONS

31 Dec 2023
16.37M

vs.

31 Dec 2022
10.13M
+62%

TDB Group advanced loan facilities to some of its clients in Euros thereby exposing itself to foreign exchange rate risk. To minimise this FX risk, the Group engaged in foreign exchange derivatives with other reputable financial institutions. These derivatives are fair valued. The realised and unrealised gains on these instruments for 2023 were USD 12.35 million (2022: USD 9.04 million). The loan receivables attributable to ESATF yielded a fair value gain of USD 16.24 million in 2023 compared to USD 5.25 million in 2022.

Risk mitigation costs (comprising risk down participation and insurance costs) for 2023 amounted to USD 41.07 million compared to USD 42.28 million in 2022, a 3% reduction due to lower levels of the Group's trade facilities sold down to counterparties. The risk participation costs represent fees paid to acquirers of loan assets distributed via the Group's secondary loan trading and asset distribution activities to manage obligor, sector, and geographic prudential limits. Risk participation further provides the Group with room to book new assets and generate incremental fee income.

GROUP RISK MITIGATION COSTS

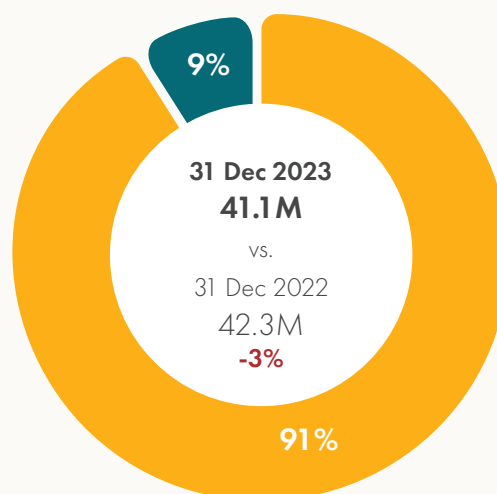
IN USD MILLIONS

Insurance Cover Costs

2023: 37.2M
2022: 31.1M
+19%

Risk Participation and Down-Selling Costs

2023: 3.9M
2022: 11.1M
-65%



Insurance allows the Group to obtain capital relief, while serving as a risk mitigant against credit, currency convertibility, and externalisation risks. Since 2016, the Group has been insuring 60% of its callable capital, credit enhancing it and effectively improving the average rating of its key shareholders. The risk mitigation measures are considered part of the Group's overall credit positive initiatives contributing to the Group's attainment and retention of its investment grade credit rating.

The Group's other income reduced from USD 9.20 million in 2022 to USD 6.72 million in 2023, mainly because of lower recoveries from impaired accounts which were USD 0.38 million compared to USD 5.55 million in 2022.

OPERATING INCOME

31 Dec 2023
314.3M

vs.

31 Dec 2022
317.76M
-1%

Operating income, at USD 314.30 million, decreased by 1% from USD 317.76 million in 2022. This is mainly because of the dip in net interest income in 2023.

The chart below depicts the Group's gross interest income and fee income over a five-year period from 2019 to 2023.

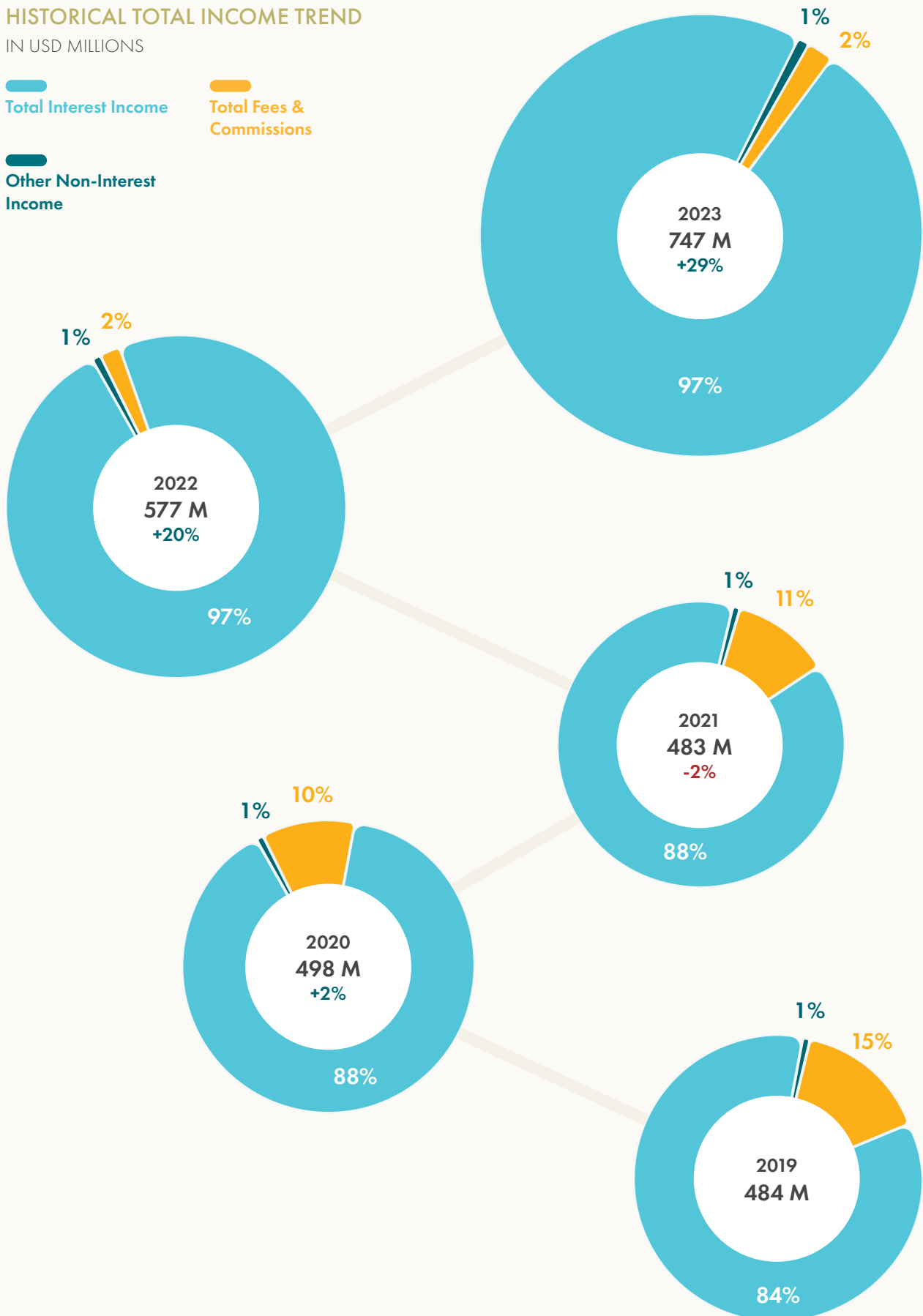
HISTORICAL TOTAL INCOME TREND

IN USD MILLIONS

 Total Interest Income

 Total Fees & Commissions

 Other Non-Interest Income



OPERATING EXPENDITURE

Operating expenditure increased by 1% from USD 52.57 million in 2022 to USD 53.3 million in 2023. This marginal growth resulted from a general increment in costs, especially those relating to staff and consultants and advisers.

IMPAIRMENT

Impairment charge on PIF and TF loans decreased by 46%, from USD 51.75 million in 2022 to USD 27.96 million. The impairment provisions are based on a comprehensive review of the portfolio carried out by the Group using the "Expected Credit Loss (ECL)" model to derive impairment provisions in compliance with International Financial Reporting Standard 9 (IFRS 9).

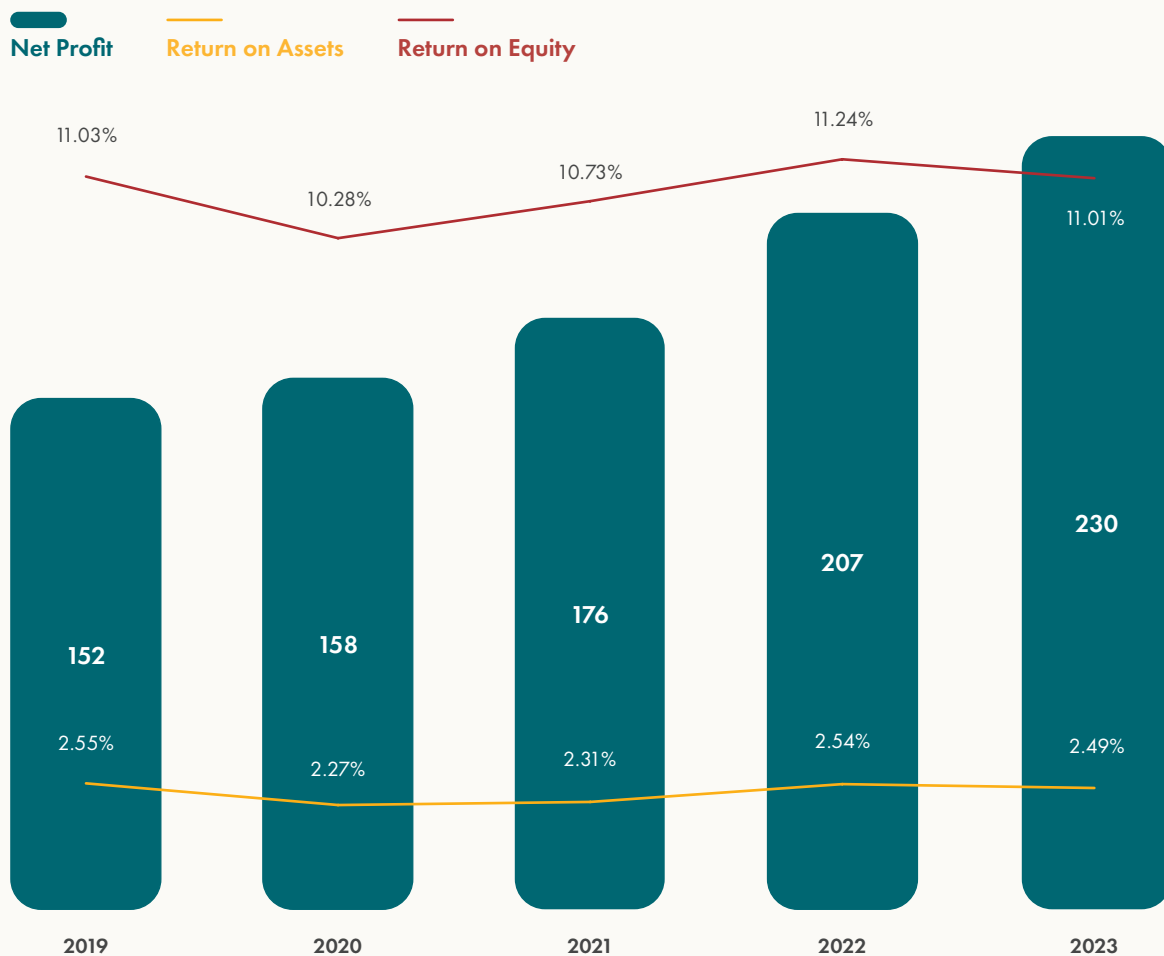
PROFITABILITY

For the year 2023, the Group made a net profit of USD 229.60 million, which represents an 11% rise from USD 207.37 million realised in 2022. The 11% growth in profitability over 2022 is attributable mainly to the lower impairment charge. The ROE on the other hand decreased modestly from 11.24% in 2022 to 11.01% in 2023 since the growth in equity at 13% outpaced the increment in profit. The ROA fell slightly from 2.54% in 2022 to 2.49% in 2023 because the Group's profit grew at a slower rate (11%) than the Group's assets at 21%.

The graph below illustrates the Group's profitability and profitability ratios from 2019 to 2023.

PROFITABILITY

IN USD MILLIONS, RATIO%



ASSETS

TDB Group grew its total assets by 21% above 2022 to cross the 10 billion mark to USD 10.11 billion in 2023.

Of the USD 1.78 billion asset growth in 2023, a sum of USD 1.29 billion is attributable to cash and cash balances which grew mainly because of USD 1.3 billion rise in total borrowings. This cash build-up was necessary to fund significant liability repayments in

the first half of 2024. On-balance Sheet Trade Finance (TF) loans grew by USD 327.60 million, with the net balance expanding to USD 4.59 billion, up 8% from USD 4.26 billion in 2022 due to new disbursements net of repayments made during the year. Net on-balance Sheet Project and Infrastructure Finance (PIF) loans enlarged by 8% to USD 2.13 billion from USD 1.98 billion in 2022, following new disbursements net of repayments. The Group's net loan book grew year-on-year by 8% to USD 6.72 billion.

Net Loans



31 Dec 2023
6.72B
vs.
31 Dec 2022
6.24B
+8%

Net Trade Finance Loans



31 Dec 2023
4.59B
vs.
31 Dec 2022
4.2B
+8%

Net Project Finance Loans



31 Dec 2023
2.13B
vs.
31 Dec 2022
1.98B
+8%

Investment in government securities was down by 9% from USD 57.23 million in 2022 to USD 51.87 million due to net maturities during the year. Other receivables decreased by 31% in 2023 to USD 42.33 million, from USD 61.17 million in 2022 mainly due to reduction in loans to subsidiaries as well as prepayments. Trade Fund loan receivables at USD 146.14 million were 27% above the USD 115.01 million for 2022. This growth resulted from new loans issued amounting to USD 26.98 million, in addition to fair value movements. Hedging derivatives increased by USD 22.08 million

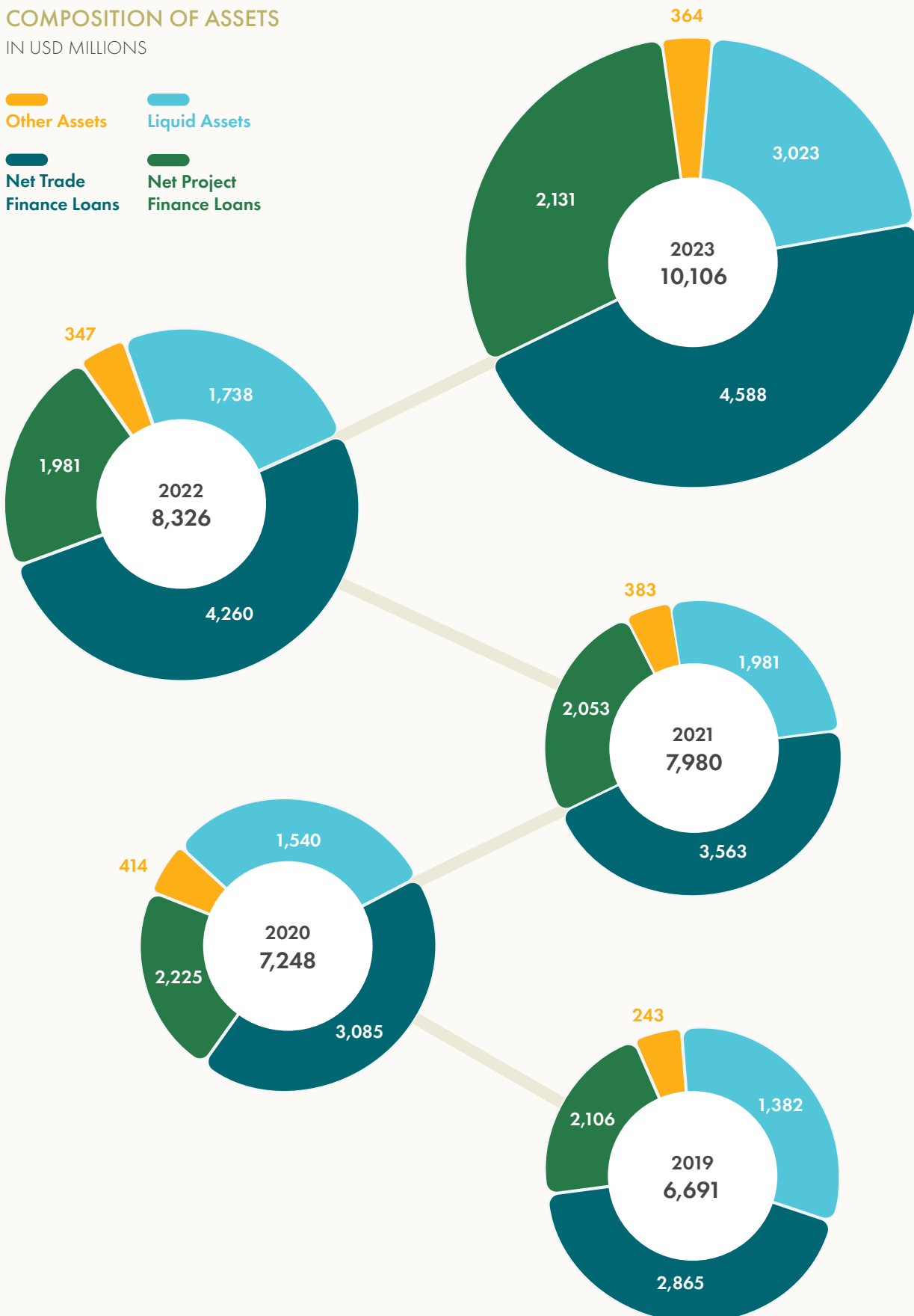
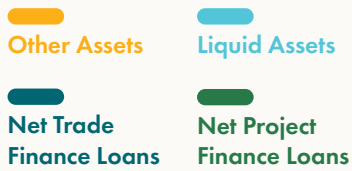
from a liability of USD 17.83 million in 2022 to an asset of USD 4.25 million, due to exchange rate movements. Equity investments at USD 71.88 million generated a net fair value gain through other comprehensive income of USD 0.23 million during the year. Fixed assets, comprising property and equipment, investment property, right of use assets and intangible assets grew to USD 47.89 million in 2023, up from USD 42.98 million in 2022, mainly because of the costs relating to the newly constructed Nairobi office building.

¹⁸ The Group's loan book refers to on-balance sheet exposures only. Gross loans are netted off against impairment provisions to arrive at net loans.

The chart below shows the growth in the Group's on-balance Sheet net PIF and TF loans, liquid assets (cash and investments), other assets and total assets over the last five years.

COMPOSITION OF ASSETS

IN USD MILLIONS



LIABILITIES

The Group's total liabilities grew by 24% to USD 7.9 billion, from USD 6.36 billion in 2022. Short term borrowings rose by 26% from USD 3.49 billion in 2022 to USD 4.38 billion in 2023 while long-term borrowings increased by USD 409.8 million (16%) to USD 2.97 billion, from USD 2.56 billion in 2022. Borrowings were received from various lenders and counterparties during the year to fund the Group's business and to maintain an optimal liquidity buffer while scheduled repayments were made towards maturing facilities.

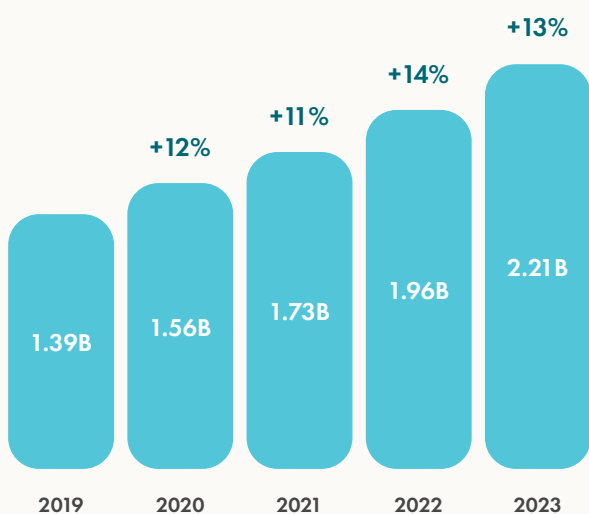
Collection account deposits more than doubled to USD 289.44 million from USD 123.76 million in 2022, mainly due to increased structured trade transactions.

Collection accounts represent cash included in the Group's cash balances deposited by trade finance clients as part of the facility structure to service maturing instalments. Other payables at USD 170.43 million (2022: USD 99.32 million) comprised provident fund balances, dividend payable, accruals, lease liability and other creditors and were 71% above prior year, mainly due to an increased other creditors and provident fund balances. The Group had payables to non-controlling holders of redeemable participating shares in ESATF amounting to USD 79.06 million (2022: USD 65.25 million).

EQUITY

EQUITY

IN USD MILLIONS



Shareholders' funds



31 Dec 2023

2.21B

vs.

31 Dec 2022

1.96B

+13%

The Group's shareholders' funds grew by 13% to USD 2.21 billion in 2023 from USD 1.96 billion in 2022. Of the USD 246.05 million rise in total equity over 2022, USD 10.01 million is from growth in non-controlling interest, USD 61.69 million was in the form of capital subscriptions including share premium, while USD 173.85 million was from retained earnings for the year after a proposed dividend of USD 49.50 million, representing a pay-out ratio of 23.75% of the 2023 Bank net profit. Further sums of USD 29.46 million and USD 19.84 million are held in fair value reserves and management reserves respectively. The fair value reserve comprises gains and

losses arising from fair valuation of equity investments while the management reserve was created in 2018 with approval of the Board of Directors for cushioning incidents of significant losses.

The USD 61.69 million capital subscriptions including net share premiums received during the year include USD 40.58 million Class A, USD 5.45 million Class B, and USD 15.66 million Class C Green + equity.

The figure below presents the Group's shareholders' fund composition for the year ended 31 December 2023.

SHAREHOLDERS' FUNDS

IN USD MILLIONS

As at 31 December 2023



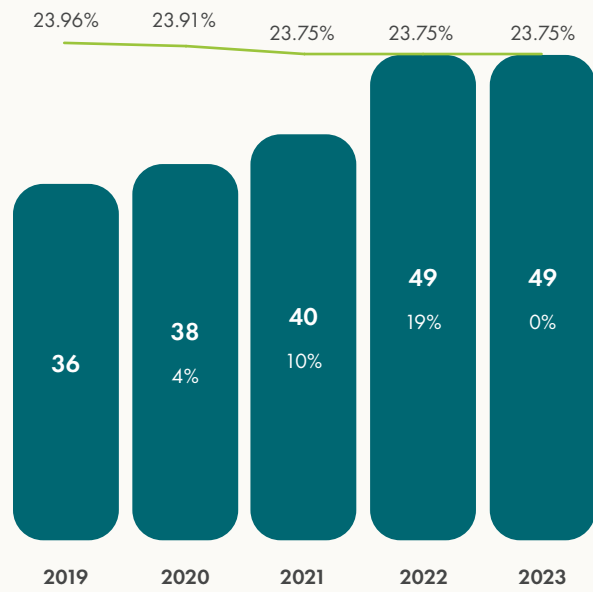
The graphs below present the growth in the Group's shareholders' return performance from 2019 to 2023.

SHAREHOLDER RETURN PERFORMANCE

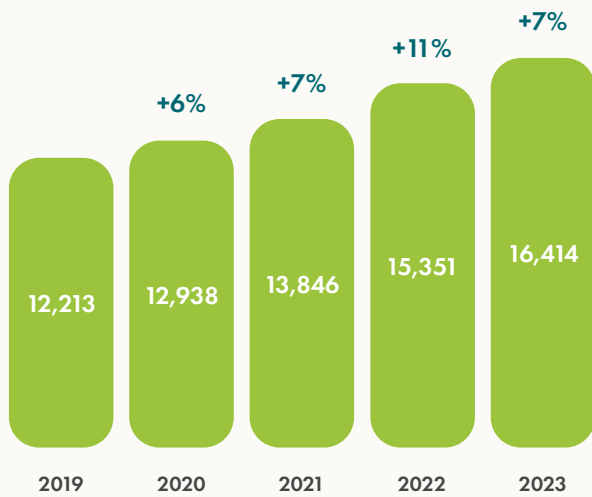
IN USD MILLIONS, RATIO%

Dividend Payout Ratio

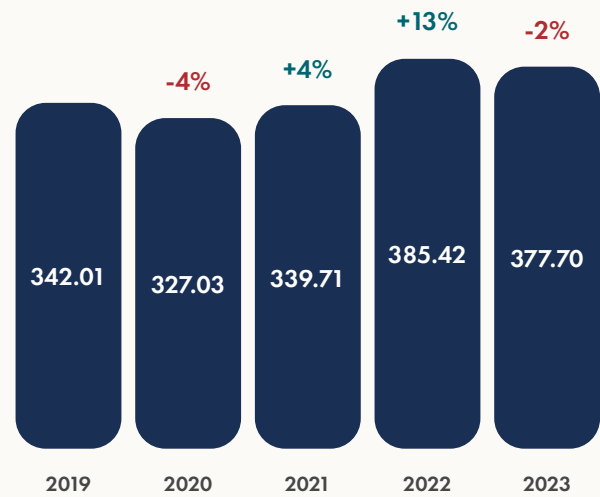
Dividend Payout Ratio



CLASS B NET ASSET VALUE (NAV)



DIVIDEND PER SHARE (DPS)



FINANCIAL STRENGTH INDICATORS

The table below reflects the Group's key ratios for the year 2023.

FINANCIAL RATIOS

IN USD MILLIONS, RATIO%

Profitability Ratios



Return on Equity	Return on Equity
11.01%	2.49%
vs. 11.24%	vs. 2.54%
-2%	-2%

Efficiency Ratios



Cost To Income (Without Impairment Charge)	Cost To Income (With Impairment Charge)
7.14%	10.93%
vs. 9.11%	vs. 18.78%
-22%	-42%

Leverage Ratios



Total Debt to Equity	Total Capital and Reserves to Total Assets	Capital Adequacy Ratio
333%	21.85%	34.76%
vs. 308%	vs. 23.57%	vs. 38.96%
+8%	-7%	-11%

Asset Quality



Liquidity Ratio	Gross NPL Ratio
30.43%	3.59%
vs. 21.56%	vs. 2.89%
+41%	+24%

BUSINESS OPERATIONS

Photo Credits: Freepik

TRADE AND DEVELOPMENT BANKING SBU

LENDING OPERATIONS

Trade Finance

TDB's short and medium-term financing window contributed considerably to the enhancement of the inter and intra Africa trade flows within the Bank's Member States during 2023. This was mainly through the provision of tailored trade-enabling solutions to the Bank's sovereign, corporate, and financial institution clients. Whilst economies were well on their way towards recovery from the turbulence of the COVID-19 pandemic, the conflict in Eastern Europe last year created significant challenges whose effects continue to be felt throughout the region. The Bank's priority was focussed at alleviating disruptions on trade flows by ensuring the availability of liquidity, which contributed towards enhancing food and energy security across Member States. This was achieved by facilitating the importation of essential goods such as petroleum, agricultural commodities and pharmaceutical products. Additionally, in order to build resilience and address in a sustainable manner, the negative impact of the rising import bills by Member States, the Bank also extended support to export sectors with foreign currency generating capacity.

TDB Group provided financial support to the region through the provision of funded and unfunded trade finance facilities amounting to USD 5.0 billion in 2023 which facilitated the continent's recovery from the pandemic and achieve its economic transformation. The strategy also supported regional connectivity, trade and market integration, human capital development, and greater resilience. This was executed through transactions with social and economic impact for private and public sectors clients including entities operating in the agriculture, financial services and energy sectors. The Group's sterling performance in revenues and volumes is testament to the Group's resilience in trade finance activities anchored on a reinvigorated financial institutions strategy; deepening of client relationships; portfolio diversification by geography, product, and sector; digitisation and streamlining of processes for enhanced efficiencies in service delivery.

Further, trade finance activities benefited from the synergistic interactions with the advisory, syndications and project and infrastructure finance teams, resulting in improved top and bottom-line results and portfolio growth. In response to the rapid changes in client expectations and market conditions, trade finance focused on crafting workable and flexible solutions to keep abreast of these changes and ensure continued intervention in the region.

Project and Infrastructure Finance

The Project and Infrastructure Finance (PIF) business continued to be impacted by the recent series of unprecedented global shocks such as the post pandemic slowdown, the high inflationary environment in the global economy, a stronger dollar, rising interest rates and the geo-political tensions and their resultant disruptions to global productivity i.e., conflicts in the Eastern European block and the Middle East.

However, despite the aforementioned headwinds, PIF generated a deep, multi sectoral pipeline, and the PIF business is well positioned to stay on a steady growth trajectory in 2024 and ahead. As of 31 December 2023, the gross loans exposure stood at USD 2.2 billion, up 3% from the USD 2.1 billion in 2022. This Y-o-Y growth of 3% reflects the increased momentum despite the headwinds faced under an increasingly subdued operating environment seen in 2022 and 2023.

In 2023, there were various transactions that were approved and closed in the renewable energy sector (solar home systems, on and off grid), infrastructure (sovereigns), and manufacturing. These ventures will respond to the region's need for clean, accessible and efficient energy, promotion of trade and regional integration, innovative industrialisation and continued investment in much needed infrastructure to counter the current economic slowdown.

Going forward, sustainability and climate are key themes expected to be major focus areas that will drive growth. The Bank finalised its climate finance strategy in 2023 which includes adopting a green taxonomy tailored to the African context and aligned with international best practices. This process will allow the Bank to address the increasing green and sustainable financing infrastructure related opportunities that cover adaptation and mitigation.

Syndications

The year 2023 was another difficult year in sub-Saharan African economies. The inflationary shock following the Eastern European conflict prompted higher interest rates worldwide, which meant a slowdown in international demand, elevated spreads, and ongoing exchange rate pressures. Due to these factors, there continued to be subdued demand for Eurobond issuances, which increased demand for syndicated loans to fill in the gap. TDB continued to leverage the moderate uptake in the loan market with financiers seeking to minimise underwriting risk by participating in transactions with "take" and "hold" positions.

The Bank acted as the Initial Mandated Lead Arranger and successfully closed a USD 1.0 billion syndicated loan on behalf of the Government of Kenya.

The Bank also acted as the Initial Mandated Lead Arranger and successfully closed its maiden syndicated loan of USD 127.5 million on behalf of the Government of the Democratic Republic of Congo (GoDRC). The proceeds of the loans were utilised to finance the construction of the Kinshasa Finance Centre. The project is part of GoDRC's strategic development plan to improve the quality of infrastructure in the financial sector.

Alongside other financiers, the Bank co-financed a USD 130.0 million sustainable securitization local currency syndicated facility which aims to expedite clean and reliable energy access for Kenyan families and businesses. The Bank also participated in two transactions over USD 300.0 million in its growth markets of Egypt, Mauritius and Tanzania, supporting the importation of strategic commodities. Syndications continued to support the Bank's growth through managed and impactful primary and secondary market participation in new and growth markets.

As of 2023, TDB sustained its ranking as one of the top Mandated Lead Arranger, Book runners and Agents in Africa on the Bloomberg Africa Syndicated Loans League Table.

Coverage Regions

By working closely with the Lending Operations Complex, alongside specialists from the Advisory Services, Global Client Solutions & Co-Financing and Syndications, the Coverage Regions were able to deliver bespoke solutions to the Bank's clients. Furthermore, the Coverage Teams worked closely with the Group Treasury function in identifying targeted lines of credit to fund transactions so as to meet client's pricing expectations in a rising interest rate environment.

Portfolio

Portfolio split by client segment

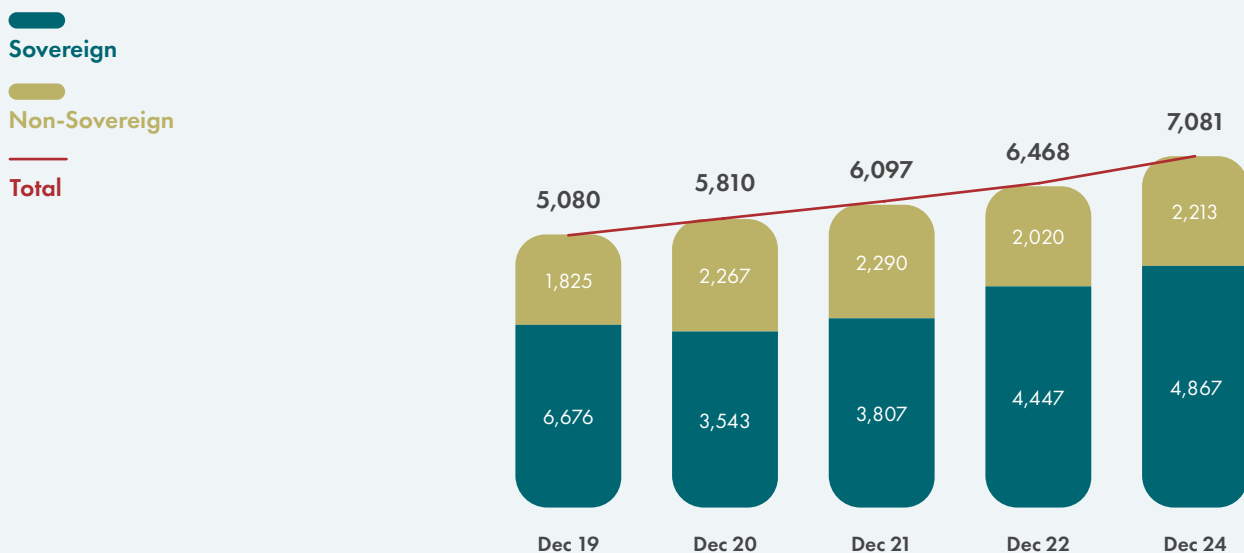
During the year under review the total portfolio¹⁹ grew by 9.5% from USD 6.47 billion to USD 7.08 billion as at 31 December 2023. The growth was largely driven by non-sovereign lending which increased by 9.5% (USD 193 million) from USD 2.02 billion in 2022 to USD 2.21 billion whilst the sovereign portfolio increased by 9.4% from USD 4.44 billion in 2022 to USD 4.87 billion in 2023. The portfolio split by client segment stood at 68.7% sovereign (including public enterprises) and 31.3% non-sovereigns. On the other hand, the split between trade finance and project and infrastructure finance was 69.2% and 30.8% respectively. The appetite for long term lending remains subdued post COVID-19 pandemic. Trade finance continues to be the main portfolio growth driver of the Bank due to increased funding requirements for strategic commodities such as fuel, fertiliser and pharmaceutical products.

¹⁹ Includes gross on and off statement of financial position exposures, excluding undisbursed commitments

The graph below shows the portfolio mix by client segment over the five-year period between 2019 and 2023.

SOVEREIGN VS NON-SOVEREIGN

IN USD MILLIONS



The exposure to financial institutions increased from 11.9% (31 December 2022) to 12.1% of the portfolio. The proportion of lending to SMEs fell from 2.9% in December 2022 to the current level of 1.9% (December 2023).

The figure below shows the Group's gross portfolio mix as at 31 December 2023.

PORTFOLIO MIX BY TYPE



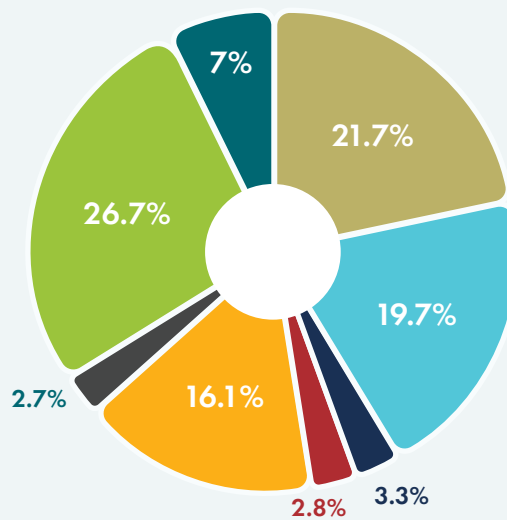
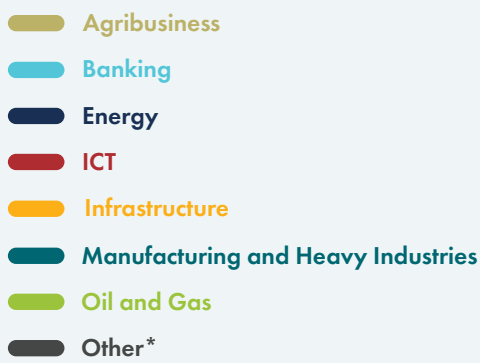
Portfolio split by sector

Oil & gas sector constituted 26.7% of the portfolio up from 25.1% in 2022. The exposure to the oil & gas sector remained within the Group’s risk tolerance threshold. The second largest exposure was the agribusiness sector, which stood at 21.7%

(2022: 20.1%). The banking and financial services sector accounted for the third largest exposure at 19.7% (2022: 20.5%). Exposure to infrastructure declined to 16.1% from 17.3% in 2022. The Group seeks to diversify the portfolio by sector, notwithstanding that the top four sectors remain prominent and catalytic to development aspirations of its Member States.

The graph below shows the gross portfolio split by sector in 2023.

PORTFOLIO SPLIT BY SECTOR



Note: ‘Other’ constitutes Hospitality 0.6%, Health Services 0.4%, Transport 1%, Construction 0.6% Wholesale Commodities 1.7%, Mining, 1%, Other 0.1%, Real Estate 1.5%. Banking includes both sovereign owned and non-sovereign.

Asset quality

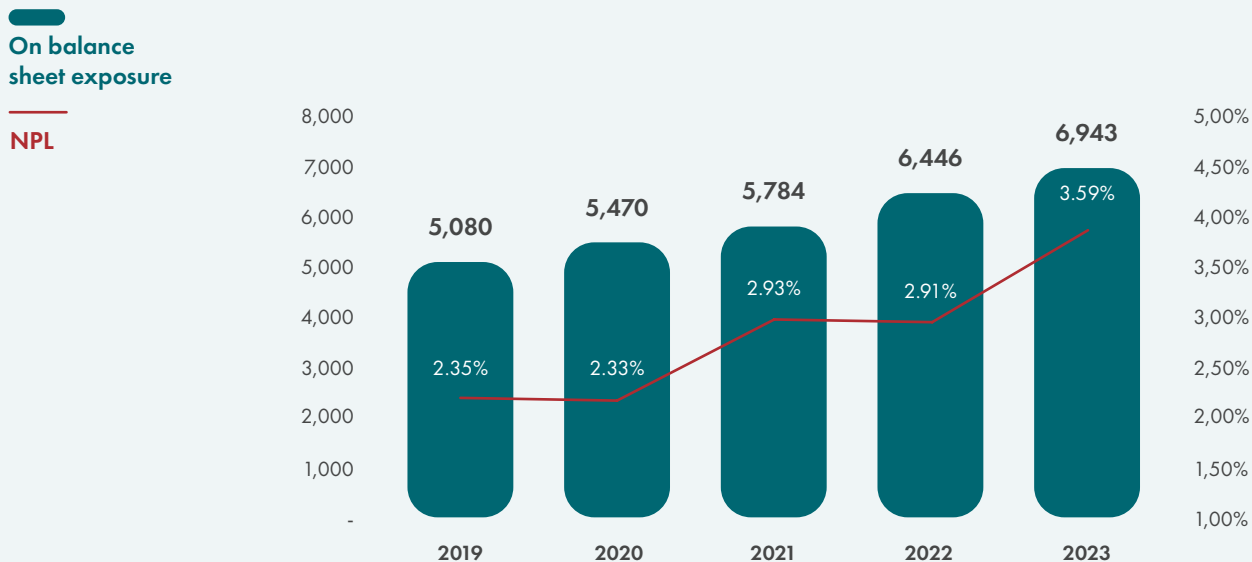
In 2023, most of the Banks Member States faced challenges due to an amalgamation of factors, such as slowing global economy activity, falling disposable incomes and tighter global financial markets conditions. This also impacted the some of the

Bank’s clients’ operations and subsequent loan performance. As part of its strategy, the Bank took deliberate to review its portfolio quality and reclassify some of the clients given the current operational challenges. As such, the NPL ratio deteriorated from 2.89% in 2022 to 3.6% in 2023.

The Y-o-Y NPLs trend is shown in the graph below:

NON-PERFORMING LOAN TREND VS ON BALANCE SHEET EXPOSURE

IN USD BILLIONS



Advisory services

The Advisory Services complex is housed under Lending Operations and provides advisory on sovereign debt, financing, and structuring of large infrastructure projects. The complex continues to support clients in capitalising on their strengths, while adjusting other elements such as their business model, governance, funding sources and financing structure to improve their access to finance.

In 2023, Advisory worked alongside coverage teams to enhance origination efforts for the Bank. In addition, Advisory supported the Portfolio Management Department (PMD) on developing alternate strategies for addressing distressed accounts where projects could be repackaged and developed into bankable propositions by introducing investors to support these initiatives.

TDB ASSET MANAGEMENT (TAM)

TDB Group has an asset management arm, TAM, which is focused on the design, origination, and growth of stand-alone investment vehicles for a wide range of investors and development partners. TDB Asset Management oversees ESATF trade fund and its manager, ESATAL fund management company, both of which are the Bank's subsidiaries.

ESATF Trade Fund

In 2023, a highlight for the Group's asset management operations was the completion of a fourth year of successful operations by the Eastern and Southern African Trade Fund (ESATF trade fund) despite the emergent challenges presented by geopolitical conflicts and inflation. This 4th year anniversary was marked by investor outreach events in Port Louis, Mauritius and Nairobi, Kenya.

The ESATF trade fund's business and strategy remain unchanged, and the fund continues to invest in trade finance, structured commodity finance, export finance, and project-related finance transactions to expand the triple bottom line impact and reach of TDB Group activities in the region it serves, while delivering steady returns with low volatility.

As at year end 2023, ESATF trade fund's size had increased to over USD 146.2 million rolling and the fund's 12-months' return was 8.8% thus exceeding the fund's benchmark of 1-Month USD SOFR + 3% by 0.5%. The fund has delivered an absolute return of 24.6% in USD since its launch in August 2019.

Looking ahead to 2024 and beyond, the critical areas of focus for the Group's asset management operations include:

1. Continued growth in ESATF by attracting new investors and further diversifying its investment portfolio; and
2. Developing and launching new funds and pursuing related business opportunities through partnerships and networks.

ESATAL Fund Management Company

The ESATF trade fund is managed by Eastern and Southern African Trade Advisers Limited (ESATAL fund management company), a fund manager regulated by the Financial Services Commission (FSC), and a wholly owned subsidiary of TDB Group. In 2023, ESATAL fund management company operated the fund with prudence to deliver steady returns to investors in line with expectations and declared and paid dividends to the Bank as shareholder.

Looking ahead to 2024 and beyond, ESATAL is to serve as the fund manager for ESATF and various new TDB Group funds. Accordingly ESATAL's institutional capacity and resourcing would be reviewed to ensure that it is fit-for-purpose as an emerging multi-fund manager.

Eastern and Southern African Infrastructure Fund (ESAIF)

Eastern and Southern African Infrastructure Fund Manager (ESAIF) is the fund management company originally established to manage the COMESA Infrastructure Fund (CIF) for the benefit of COMESA. The future of the CIF is under review by COMESA and accordingly ESAIF has maintained its business-ready status, with the capacity to scale up active operations.

COMESA Infrastructure Fund (CIF)

The COMESA Infrastructure Fund (CIF) is jointly owned by COMESA and TDB. CIF was incorporated in 2015 and the principal place of business of CIF is Ebene, Mauritius. CIF principal activity was to finance infrastructure projects within the COMESA region. CIF has not been consolidated into the Group accounts because of the winding up process which is in progress.

TRADE AND DEVELOPMENT FUND (TDF)

In June this year, TDB ceded 13.56% of its stake in the Trade and Development Fund to other investors, specifically, other Members States. The Bank's current shareholding in TDF is 86.44%.

During 2023, TDF continued its programming work in capacity building, technical assistance and financing for growth enterprises.

- **Capacity Building:** TDF has continued its mandate to provide capacity building for its external stakeholders. In the course of the year, the Fund has deepened Member State engagement and driven thought leadership. TDF reached almost 300 representatives of Member State governments, commercial bankers, financial institutions from across the region through highly rated trainings co-delivered with partners such as ALSF, EIB, MEFMI and TCX.
- **Technical Assistance:** The Fund managed almost USD 20 million in technical assistance supporting early-stage infrastructure development. In 2023, technical assistance grants were effectively used to support entrepreneurs in the renewable energy sector strengthen their developments.
- **Programme Management:** The Green Project Preparation Facility was established in October 2023.
- **Finance for Growth Enterprises:** The portfolio continues to perform strongly and in new loans to key areas of renewable energy and supporting woman-owned businesses in the mining sector.

TDB CAPTIVE INSURANCE (TCI)

The Bank has 100% interest in TDB Captive Insurance Company (TCI) an entity based in Ebene, Mauritius. TCI was set up in March 2020 under its Articles of Establishment as a self-governing entity. The subsidiary provides risk mitigation services for its parent company TDB and other related group entities, primarily focusing on insurance services for financial assets. The day-to-day management of TCI is entrusted with a Captive Manager in keeping with the typical management of a conventional captive.

TCI had its second full year of operation in 2023. Notable achievement included:

- Satisfactory financial results, headlined by a 25% increase in turnover and 528% increase in net profit year-on-year;
- Insurance coverage of USD 284 million was provided to the Bank through 9 transactions, with 84% of insurance coverage provided for Sovereign and sub-sovereign counterparties, and 16% to Sub-Sovereign and Non-Sovereign counterparties;
- Portfolio with a balanced geographical spread, covering Sudan, Ethiopia, Kenya, Malawi, Rwanda, South Sudan, Tanzania, Zambia and Zimbabwe;
- TCI enjoys high levels of equity, translating into a solvency ratio of more than 1,000%.

RESOURCE MOBILISATION

Photo Credits: Adobe Stock

DEBT CAPITAL MOBILISATION

2023 was a year marked with stagflation due to rapid monetary policy tightening. Against a backdrop of rising interest rates globally and sharply tightening financial conditions, the Bank as other emerging market issuers, was faced with a sharp increase in external borrowing costs. Despite the market volatility, the Group augmented and enhanced its funding diversification and alternative funding strategy strengthened by sustained reinforcement of capital, liquidity, and bilateral relationships.

SUSTAINABILITY LINKED FACILITIES

In line with the Bank's commitment towards achievement of the SDG's, TDB closed loans from various multi-lateral institutions, including a circa USD 300 million facility from the World Bank's International Development Association (IDA) to support distributed renewable and clean cooking private sector projects as part of IDA's Accelerating Sustainable and Clean Energy Access Transformation' (ASCENT) programme which is expected to provide access to electricity to up to 100 million people in Africa over the next seven years.

Furthermore, in December 2023, TDB expanded its cooperation with the World Bank Group's Multilateral Investment Guarantee Agency (MIGA), with MIGA issuing an additional EUR 349 million guarantee for a loan provided by Standard Chartered Bank and Citibank to contribute to addressing the trade finance gap in Africa, which is estimated at between USD 100 and USD 120 billion. The Bank also executed a USD 100 million facility from British International Investment (BII) to fund private sector short term projects.

COMMERCIAL FACILITIES

As a regular participant in the international debt markets, the Bank successfully tapped into the syndicated loans market with a USD 507 million Global focused syndicated loan that attracted diverse investors from across the globe including Europe, Africa, Asia, Middle East, and the Americas.

In addition, the Bank raised a further USD 475 million from various institutions through innovative trade finance solutions - an important catalyst for sustainable development, bolstering its efforts to work with its partners to grow and transform the region's economies. TDB also raised EUR 100 million from Cassa Depositi e Prestiti (CDP) of Italy to fund promotion of food security through local financial intermediaries; EUR 90million from Citibank and Sumitomo Mitsui Banking Corporation (SMBC) to support domestic agriculture projects for improvement of food security and sustainable food systems through local financial intermediaries; and EUR 150 million from Japan International Cooperation Agency (JICA) to finance infrastructure development, development of industries, and improvement of access to finance in Least Developed Countries in the Eastern and Southern Africa.

LOCAL CURRENCY MARKETS

In line with TDB Group's vision to grow our regional financial markets, the Group continues to embark on regional local bond issuance programme initiatives to diversify its issuances and supporting regional markets in their resilience to volatile movements in foreign capital flows.

EQUITY MOBILISATION AND MEMBERSHIP EXPANSION

In 2023, amidst an adverse global and regional macroeconomic backdrop, TDB Group continued to attract new capital, in line with the Group's growing importance in the region. Despite prevailing fiscal challenges, Class A shareholders remained steadfast in honouring their commitments.

Likewise, institutional shareholders also continued to demonstrate confidence in TDB Group by investing additional equity and recapitalizing dividends. Djibouti's pension fund for instance, the Caisse Nationale de Sécurité Sociale (CNSS), increased its stake in Class B shares for the 3rd time, alongside a record level of recapitalisations which was recorded from Class B shareholders.

In the regional markets, the Group managed to raise KES4 billion leveraging on relationship with regional financial institutions.

FOCUS 2024

In 2023, the Group mobilised over USD 2.3 billion from the diverse network of funding partners and lenders to cover maturing refinancing and diverse balance sheet growth.

Going forward, the Group expects to benefit from global improved pricing and liquidity with continuous engagements that seek to augment new and existing funding partners with a focus on Investor education, market and funding product diversification.

TDB Group expanded its reach in green and sustainable finance by onboarding catalytic Class C Green+ investment. This not only demonstrates the Group's commitment to green and SDG-aligned initiatives, but also sets the stage for attracting further investment from impact-driven investors.

Overall, 2023 was a year of resilience and growth for the TDB Group, with increased investments, and a promising entry into the green investment space. Total shareholders' capital and reserves amount at the end of 2023 is USD 2.21 billion, a 13% increase year-on-year.

INSTITUTIONAL MANAGEMENT

Photo Credits: TDB

RISK COMPLEX

The Risk Management Complex, under the leadership of the TDB Group Vice President & Deputy Managing Director: Compliance and Risk Management, comprises the Compliance Unit, the Enterprise Risk Management Unit and the Credit Risk Management Department. The Risk Complex is responsible for implementing the Risk Management Policy Framework (RMF), which stipulates how the Group manages risk throughout the organisation. The RMF identifies processes, holds ownership of, and is responsible for, the risk oversight required to support effective implementation of risk management across the Group.

The Group's Risk Complex focuses on the strategic risk management of Volatility, Uncertainty, Complexity, Ambiguity and Disruptive (VUCAD). This focus assists in the identification, assessment, measurement, mitigation, monitoring and reporting the risks that may threaten the Group's mission. The overall responsibility of risk management within the Group rests with the Board of Directors (the Board), while the day-to-day responsibility is delegated to the Bank-wide Integrated Risk Management Committee (BIRMC), which reviews the entire risk universe. The Board also delegates high-level risk functions to the Audit and Risk Committee (ARCO), and the Investment and Credit Standing Committee (INVESCO), with each Committee focusing on distinct aspects of Risk Management.

The industry standard 'three lines of defence' model is embedded in the Group's operating model. The first line of defence is the Line Management, responsible for daily risk management. The Risk Management Function represents the second line of defence, which is independent of Line Management. It is accountable for establishing and maintaining the Group's risk management framework, as well as for providing risk oversight and independent reporting of risks to Senior Management and the Board. The third line of defence consists of Internal and External Auditors who provide an independent assessment of the adequacy and effectiveness of the control environment. The Internal Auditors report independently to the Board Audit and Risk Committee.

The Group's Enterprise-wide Risk Management (ERM) Framework places emphasis on controls, process efficiency with perspectives of accountability, independence, communication, and transparency. The ERM approach to risk management takes an integrated and holistic view of the risks inherent in the Group's strategy, operations, business. The management of risks is embedded into the business planning, and decision-making process.

REVIEW OF THE YEAR

In 2023 the Bank continued to consolidate its efforts to cushion the TDB Group operations and clients against the adverse impact of the Covid-19 pandemic, and the emerging challenges occasioned by the disruptive global shocks; most notably hikes in global interest rate and the subsequent weakening of local currencies of TDB Member States, and tight financing conditions for emerging and frontier markets.

The Bank Integrated Risk Management Committee (BIRMC) continued to monitor the operating environment to achieve the foregoing and to ensure robust business continuity.

In the context of tightening liquidity occasioned by global market conditions, the Group management ramped up efforts to safeguard and grow the shareholder value through creative sustainable initiatives and continuous review of the outcome of the initiatives previously implemented to safeguard client's businesses, TDB asset quality as well as the Group's sound liquidity position.

External Credit Ratings

Credit Rating Agencies have become the systematic provider of risk analysis for the financial sector. The Bank's 7th Corporate plan (FYCORP VI: 2023-2027) builds on the corporate gains made thus far to consolidate and build the factors that strengthen the Bank's credit ratings.

The Bank also acted as the Initial Mandated Lead Arranger and successfully closed its maiden syndicated loan of USD 127.5 million on behalf of the Government of the Democratic Republic of Congo (GoDRC). The proceeds of the loans were utilised to finance the construction of the Kinshasa Finance Centre. The project is part of GoDRC's strategic development plan to improve the quality of infrastructure in the financial sector.

During the year, the Group maintained its solid credit ratings across the three (3) international credit rating agencies, as highlighted below:


- Fitch Ratings affirmed TDB's long term issuer rating of BB+/- with outlook revised to Stable from Positive;
- Moody's affirmed TDB's issuer investment grade rating of Baa3 with outlook revised to Negative from Stable;
- GCR Ratings affirmed TDB's issuer Investment grade rating of BBB+, with Stable outlook maintained.

The rating agencies highlighted the following key drivers behind the solid ratings, achieved in the context of the challenging operating environment:

- i. Strong capitalisation: Decreasing leverage and track record of maintaining strong profitability in its challenging operating environment, and expansion of shareholder base;
- ii. Credit enhancements and risk mitigation instruments that offer a degree of protection to adverse scenarios impacting its balance sheet from the financial stress experienced by some of its borrowers;
- iii. Medium-term callable capital insurance that improves the Group's overall creditworthiness by effectively increasing the likelihood of a timely equity injection in the event of a call on additional capital by the Group;
- iv. Strong governance and risk management;
- v. Strong mandate and track record;
- vi. Diversified funding and adequate, good quality liquidity buffers.

During 2023, the following interventions were geared towards enhancement of the credit risk management capacity in the tough business environment:

- a. Continued implementation and enhancement of the Group's risk sharing strategy through Risk Participation Agreements (RPAs) with strategic partners providing to the Group credit enhancement, portfolio diversification, treasury funding and enhanced partnerships objectives in pursuit of its mandate. Total RPAs were in excess of USD 1 billion as at 31 December 2023.
- b. Maintained adequate credit insurance on callable capital and renewed credit insurance on significant balance sheet exposures with the objective of strengthening the quality of shareholder support, enhancing capital relief and portfolio balance at a time global markets headwinds. This ensured TDB's sound credit ratings were at least maintained, as callable capital back stop and credit mitigation are material considerations.
- c. Continued benefits being realised from the Captive Insurance (TCI) which was set up to help the TDB Group realise efficiencies in risk management and to accrue the benefits of placing insurance within the Group.
- d. Enhancement and implementation of credit risk management tools including capital adequacy stress testing tools, borrower, and facility risk rating tools across the portfolio to further realise the benefits of Internal Ratings Based approaches to credit risk management.



In 2023, TDB Group continued to record substantial progress in the management of operational risk with an enhanced risk culture taking hold throughout the institution. There has been a noted improvement in the use of operational risk tools including, risk analytics, Risk Control Self Assessments (RCSAs), emerging risks briefings to pro-actively identify, report and monitor risks within operational domains. The business continuity management and risk culture has also been instrumental in the smooth transition into the new office building.

Further, the Group managed compliance risk through proactive measures premised on national and internationally accepted principles of risk management, and continuous engagements with the various external counsel to the Group.

PEOPLE & ORGANISATIONAL DEVELOPMENT

In 2023, various institutional capacity building initiatives were implemented to attract, develop, and retain talented and engaged workforce needed to deliver the Group's business objectives and to drive shareholder value in line with TDB's seventh Five-Year Corporate Plan 2023 - 2027 (FYCP-VII).

TALENT ACQUISITION AND HUMAN CAPITAL DEVELOPMENT

During the year, the Group continued to strengthen its human capital base and recruited fourteen (14) employees in various job categories.

CORPORATE SERVICES & ADMINISTRATION

One of the key highlights for Corporate Services & Administration (CSA) in 2023 is the completion of the 19-storey Edge Certified Nairobi office building, the TDB Tower. TDB Staff relocated to this state-of-the-art tower in June 2023. The building has world class grade "A" offices, including amenities such as gym, conference facilities, sky gardens and basement parking. Since the relocation, several events were hosted at TDB Tower including the Annual General Meeting of the TDB Group Board of Governors (AGM), Q3 Board of Directors Meeting, TDB Management Retreat, and the Annual Staff Party.

It is to be recalled that the Information Governance (IG) Steering Committee was reconstituted in the beginning of 2022 with the holistic approach to manage and provide governance to Records management, Data privacy, Information security and Data management.

The Compliance Unit (the "Unit") together with an external consultant are reviewing the Bank's Whistle Blowing and Anti Bribery and Corruption Policies (the "Policies"), with a view to incorporating current trends and best practices. Separate targeted trainings on the Policies together with Anti Money Laundering and Sanctions policies were carried out for the Board of Directors and Staff. The Unit has further enhanced its Know-Your-Customer checks in collaboration with the internal business teams thereby facilitating the business turnaround time without compromising the due diligence process. The sustained monitoring of the Group's compliance objectives will ensure that the Group conducts its business in compliance with applicable laws and regulations, its Board of Directors' directives, its internal policies and procedures, and best practices.

STAFF PROFILE

As of 31 December 2023, the Group's regular staff complement was 197, out of which 148 were professionals, representing 75% of the workforce. Female employees accounted for 44% of the total workforce.

During 2023, People & Organisational Development Department (POD) worked closely with TDB Academy and delivered several trainings (classroom and virtual) and institutional capacity building initiatives.

In 2023, CSA engaged KPMG to assess the IG roadmap and propose an implementation strategy for IG (Data Management, Data Privacy, and RIM), incorporating the clear definition of roles, responsibilities, implementation approach, strategy, plans and timelines. To date, IG Committee with the support of KPMG has achieved a significant milestone by finalizing the inception report which underwent presentation, review, and approval.





AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2023

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CORPORATE INFORMATION

BOARD OF GOVERNORS

SHAREHOLDERS (EACH SHAREHOLDER IS REPRESENTED BY A GOVERNOR ON THE BOARD OF GOVERNORS)

MEMBER STATES

Republic of Botswana
Republic of Burundi
Union of the Comoros
Democratic Republic of Congo
Republic of Djibouti
Arab Republic of Egypt
State of Eritrea
Kingdom of eSwatini
Federal Democratic Republic of Ethiopia
Republic of Ghana
Republic of Kenya
Republic of Madagascar
Republic of Malawi
Republic of Mauritius
Republic of Mozambique
Republic of Rwanda
Republic of Senegal
Republic of Seychelles
Federal Republic of Somalia
Republic of South Sudan
Republic of Sudan
United Republic of Tanzania
Republic of Uganda
Republic of Zambia
Republic of Zimbabwe

NON-REGIONAL MEMBERS

People's Republic of China
(represented by the People's Bank of China)
Republic of Belarus (represented by the Development Bank of Belarus)

INSTITUTIONS

African Development Bank
African Economic Research Consortium (AERC)
Africa Reinsurance Corporation
AGDF Corporate Trust Limited (Rwanda)
Arab Bank for Economic Development in Africa (BADEA)
Banco Nacional de Investimento
Caisse Nationale de la Sécurité Sociale (CNSS Djibouti)
Investment Fund for Developing Countries (IFU)
Eagle Insurance Limited
National Pensions Fund Mauritius
Board of Trustees of the National Social Security Fund of Tanzania
National Social Security Fund Uganda
OPEC Fund for International Development
PTA Reinsurance Company (ZEP-RE)
Rwanda Social Security Board (RSSB)
SACOS Life Assurance Company Limited
SICOM Global Fund Limited
Seychelles Pension Fund
Eastern and Southern African Trade and Development Bank
Provident Fund

CORPORATE INFORMATION (CONTINUED)

DIRECTORS

Mr Gerald Kasaato	Non-Executive Director for Comoros, DR Congo, Sudan and Uganda and chairperson, Board of Directors
Ms Busisiwe Alice Dlamini-Nsibandé	Non-Executive Director for Djibouti, Egypt, eSwatini, South Sudan and Tanzania
Mr Veenay Rambarassah	Non-Executive Director for all other shareholders
Mr George T. Guvamatanga	Non-Executive Director for Botswana, Eritrea, Mauritius, Rwanda and Zimbabwe
Mr Adele Tura Halake	Non-Executive Director for Kenya, Mozambique, Senegal, Somalia and Zambia
Mr Solomon Quaynor	Non-Executive Director for African Institutions
Mr Solomon Asamoah	Non-Executive Director for Burundi, Ethiopia, Ghana, Madagascar, Malawi and Seychelles
Mr Juste Rwamabuga	Independent Non-Executive Director
Ms Lekha Nair	Independent Non-Executive Director
Ms Shuo Zhou	Non-Executive Director for Non-African States
Mr Admassu Tadesse	Group President and Managing Director
Vacant	Alternate Non-Executive Director for Botswana, Eritrea, Mauritius, Rwanda and Zimbabwe
Mr Said Mhamadi	Alternate Non-Executive Director for Comoros, DR Congo Sudan and Uganda
Dr Natu Mwamba	Alternate Non-Executive Director for Djibouti, Egypt, eSwatini, South Sudan and Tanzania
Ms Nnenna Nwabufo	Alternate Non-Executive Director for African Institutions
Ms Isabel Sumar	Alternate Non-Executive Director for Kenya, Mozambique, Somalia, Zambia and Senegal
Mr Liu Wenzhong	Alternate Non-Executive Director for Non-African States
Mr Peter Simbani	Alternate Non-Executive Director for Burundi, Ethiopia, Madagascar, Malawi and Seychelles
Mr Yahya M. Ali	Alternate Non-Executive Director for All Other Shareholders
Dr Abdelrahman Taha	Alternate Independent Non-Executive Director (Alternate to Mr Rwamabuga)
Mr Joseph M. Chikolwa	Alternate Independent Non-Executive Director (Alternate to Ms Nair)

CORPORATE INFORMATION (CONTINUED)

INDEPENDENT AUDITORS

Deloitte & Touche LLP

Certified Public Accountants (Kenya)
Deloitte Place, Waiyaki Way, Muthangari
P. O. Box 40092–00100
Nairobi, Kenya

HEADQUARTERS

Principal Office

Africa FI Place
Lot 13, Wall Street, Ebene, Cybercity
P.O. Box 43, Reduit, Mauritius
Email: Official@tdbgroup.org

Principal Office

Chaussee Prince Louis, Rwagasore
P. O. Box 1750, Bujumbura, Burundi
Email: Official@tdbgroup.org

OTHER OFFICES

TDB Nairobi Operations Hub: East Africa

TDB Tower
184 Lenana Road
P. O. Box 48596–00100 Nairobi, Kenya

TDB Harare Regional Office: Southern Africa

70 Enterprise Road
Harare, Zimbabwe

TDB Addis Ababa Regional Office: Horn of Africa and North Africa

UNDP Compound
Main Bole Rd, Olympia Roundabout, DRC St.
Kirkos Subcity, Kebele 01, House No. 119
Addis Ababa, Ethiopia

TDB Kinshasa Regional Office

Crown Tower 2nd Floor, Office No. 301
Avenue Batetela and Boulevard du 30 Juin
Gombe Commune, Kinshasa
Democratic Republic of Congo

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their Annual Report and Financial Statements of the Eastern and Southern African Trade and Development Bank (TDB Group) for the year ended 31 December 2023.

1. PRINCIPAL ACTIVITIES

The principal activity of the Group is to finance, where possible, viable projects and trade activities which have the potential to make the economies of the Member States increasingly complimentary to each other.

The Bank is established by a Charter pursuant to Chapter 9 of the Treaty for the establishment of the Preferential Trade Area (PTA), as subsequently repealed and replaced by the Treaty for the Common Market for the Eastern and Southern African States (COMESA).

2. FINANCIAL RESULTS

The results for the year are set out on pages 67 to 70.

3. DIVIDENDS

The Board has recommended a dividend of USD 377.70 (2022: USD 385.42) per share subject to the approval of the shareholders at the Annual General Meeting.

4. BOARD OF GOVERNORS

The current shareholders are shown on page 58.

In accordance with the Bank's Charter, each member shall appoint one governor.

5. DIRECTORS

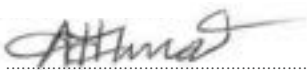
The current members of the Board of Directors are shown on page 59.

In accordance with the Bank's Charter, and subject to re-appointment by the Board of Governors, the directors hold office for a term of three years and are, therefore, not subject to retirement by rotation annually.

6. AUDITOR

The Bank's auditors, Deloitte & Touche LLP, were appointed for a three-year term with effect from July 2021. The auditors have expressed their willingness to continue in office in accordance with Article 26 (2) (e) of the Charter of the Bank.

BY ORDER OF THE BOARD



CHAIRMAN

28 March 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Bank's Charter requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Bank at the end of the financial year and of the operating results of the Group and of the Bank for that year. It also requires the directors to ensure that the Group and Bank keep proper accounting records that disclose with reasonable accuracy, the financial position of the Group and Bank. They are also 'responsible for safeguarding the assets of the Group and Bank.

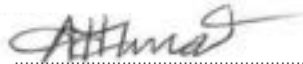
The directors accept responsibility for the preparation and presentation of these financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Bank's Charter. The directors are of the opinion that the annual financial statements give a true and fair view of the state of the financial affairs of the Group and of the Bank and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

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



DIRECTOR
28 March 2024



DIRECTOR
28 March 2024



Deloitte & Touche LLP
 Certified Public Accountants (Kenya)
 Deloitte Place
 Waiyaki Way, Muthangari
 P.O. Box 40092-GPO 00100
 Nairobi, Kenya

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 Email: admin@deloitte.co.ke
 www.deloitte.com

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated and separate financial statements of Eastern and Southern African Trade and Development Bank (the "Bank") and its subsidiaries (together the "Group"), set out on pages 67 to 204, which comprise the consolidated and separate statements of financial position at 31 December 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and Bank as at 31 December 2023 and of their financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Bank's Charter.

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 *Auditors' responsibilities for Audit of the financial statements section of our report*.

We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Key Audit Matter

A key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the consolidated and separate financial statements of the current year.

The matter was addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on it.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matter	How the matter was addressed in the audit
Estimation of expected credit losses on loans and advances	
<p>Loans and advances to customers constitute a significant portion of the total assets of Eastern and Southern African Trade and Development Bank (TDB). As disclosed in notes 2(c), 2(m), and 47 (b), management exercise significant judgment when determining both when and how much to record as loan impairment. This is because a number of significant assumptions and inputs go into the determination of expected credit loss (ECL) impairment amounts on loans and advances to customers as required by IFRS 9 Financial Instruments.</p> <p>The key areas where we identified greater levels of management judgment and therefore increased levels of audit focus in the Group's implementation of IFRS 9 include:</p> <ul style="list-style-type: none"> • The judgments made to determine the categorisation (staging) of individual loans and advances accounts in line with IFRS 9. In particular, the identification of a Significant Increase in Credit Risk ("SICR") and Default require consideration of quantitative and qualitative criteria. This is a key area of judgement as this determines whether a 12-month or lifetime PD is used; • Where there is uncertainty in respect of the respective models' ability to address specific trends or conditions due to inherent limitations of modelling based on past performance, the timing of model updates, and macroeconomic events, additional provisions are made via management overlays. <p>Significant judgement was made in determining the management overlays;</p> <ul style="list-style-type: none"> • Identification and measurement of economic scenarios to measure ECLs on a forward-looking basis reflecting a range of future economic conditions; and • Modelling for estimation of ECL parameters: <ul style="list-style-type: none"> • Probabilities of Default (PDs) • Loss Given Default (LGD); and • Exposure at Default (EAD). <p>Because of the significance of these estimates, judgments and the size of loans and advances portfolio, the audit of loan impairment provisions is considered a key audit matter.</p>	<p>Our audit of the impairment of loans and advances included, the following audit procedures performed together with the assistance and involvement of our internal credit risk specialists:</p> <ol style="list-style-type: none"> Obtained an understanding of the Group's methodology for determining expected credit losses, including enhancements in the year, and evaluated this against the requirements of IFRS 9, Financial Instruments; Tested the design and implementation of critical controls across all ECL-related processes, particularly the allocation of assets into stages and management overlays; On a sample of contracts, we assessed the identification of loans and advances that had experienced a significant increase in credit risk or met the Group's default definition criteria for classification purposes. This was completed by reviewing documentation and credit performance to determine whether the staging of such facilities was in accordance with Group policy and IFRS 9 standards; Assessed the reasonableness of management overlays, taking into client credit-specific risk. We recalculated the management overlays and assessed their completeness in light of our understanding of the model and data limitations; Tested the assumptions, inputs and formulae used in the ECL models with the support of our internal credit risk specialists (including assessing the appropriateness of model design and formulae used, considering alternative modelling techniques and recalculating the Probability of Default, Loss Given Default and Exposure at Default); Corroborated the assumptions used for the determination of forward-looking information (FLI) in the models using publicly available information; Tested the data used in the ECL calculation by reconciling to source systems; and Assessed the adequacy and appropriateness of disclosures for compliance with the accounting standards.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Other Information

The directors are responsible for the other information which comprises the Corporate Information, the Report of the directors and Statement of Directors' Responsibilities, which we obtained prior to this auditors' report and the rest of the other information in the Annual Report which are expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in this report, we do not and will not express any form of assurance conclusion thereon.

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

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

Responsibilities of the directors for the Financial Statements

The directors and the management are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS and the requirements of the Bank's Charter, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Bank's internal control.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Bank to cease to continue as going concerns.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity 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 the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year and are 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.

The engagement partner responsible for this independent review is **CPA Eshak Adam Harunani, Practising Certificate No. A/0018**.



FOR AND ON BEHALF OF DELOITTE & TOUCHE LLP
CERTIFIED PUBLIC ACCOUNTANTS (KENYA)
NAIROBI

DATE: *2 May*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTE	2023 USD	2022 RESTATED * USD
INCOME			
Gross effective interest income	4	723,580,407	557,782,365
Interest expense	5	(416,370,840)	(227,042,365)
Net interest income		307,209,567	330,740,000
Other borrowing costs	6	(3,510,744)	(4,316,376)
Net fee and commission income	7	16,368,562	10,126,773
Gains on FVTPL - Derivatives	17	12,347,138	9,044,686
Gains on FVTPL - Trade Fund loan assets	22	16,236,861	5,252,875
Trading income		348,651,384	350,847,958
Risk migrating costs	8	(41,070,552)	(42,284,466)
Other income	9	6,716,742	9,198,155
Operating income	12	314,297,574	317,761,647
EXPENDITURE			
Operating expenses	11 (a)	(53,300,747)	(52,567,542)
Impairment on Project and Trade Finance loans	20	(27,964,424)	(51,752,149)
Net foreign exchange losses	14	(3,068,038)	(2,002,842)
Other financial assets impaired and written-off	13	(365,579)	(4,069,955)
Total expenditure		(84,698,788)	(110,392,488)
Profit for the year		229,598,786	207,369,159
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be subsequently reclassified to profit and loss:</i>			
Fair value gain through other comprehensive income - equity investments	24	234,354	8,427,695
Total comprehensive income for the year		229,833,140	215,796,854
<i>Profit for the year is attributable to:</i>			
Owners of the Bank		223,322,057	204,252,805
Non-controlling interest		6,276,729	3,116,354
		229,598,786	207,369,159
<i>Total comprehensive income for the period is attributable to:</i>			
Owners of the Bank		223,556,411	212,680,500
Non-controlling interest		6,276,729	3,116,354
		229,833,140	215,796,854

*Details of restatements are disclosed in Note 45.

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTE	2023 USD	2022 RESTATED* USD
INCOME			
Gross effective interest income	4	721,890,675	557,782,365
Interest expense	5	(416,171,692)	(227,042,365)
Net interest income		305,718,983	330,740,000
Other borrowing costs	6	(3,510,744)	(4,316,376)
Net fee and commission income	7	16,368,562	10,126,773
Gains on FVTPL - Derivatives	17	12,347,138	9,044,686
Trading income		330,923,940	345,595,084
Risk mitigating costs	8	(44,733,692)	(42,284,466)
Other income	9	6,618,645	8,651,050
Operating Income		292,808,893	311,961,668
EXPENDITURE			
Operating expenses	11 (a)	(50,643,979)	(45,952,462)
Impairment allowance on loans	20	(27,793,152)	(51,752,149)
Net foreign exchange losses	14	(3,244,120)	(2,053,108)
Other financial assets impaired and written-off	13	(365,579)	(4,069,955)
Impairment of investment in subsidiary	25	(1,227,054)	-
Grant expenses	10	(1,120,000)	-
Total expenditure		(84,393,884)	(103,827,674)
Profit for the year		208,415,009	208,133,993
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be subsequently reclassified to profit and loss:</i>			
Fair value gain through other comprehensive income - equity investments		234,354	8,427,695
Total comprehensive income for the year attributable to equity holders		208,649,363	216,561,688

*Details of restatements are disclosed in Note 45.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	2023	2022 RESTATED*	JANUARY 1, 2022 RESTATED*
ASSETS		USD	USD	USD
Cash and balances held with other banks -less than 90 days	16	2,099,938,569	1,021,327,969	1410,388,880
Cash and balances held with other banks -over 90 days	16	923,257,268	716,288,869	570,641,030
Derivative financial instruments	17	4,248,951	-	57,634,835
Trade finance loans	18	4,587,581,150	4,259,984,440	3,562,757,397
Project loans	19	2,131,094,979	1,980,753,431	2,052,889,467
Investment in Government securities	21	51,867,034	57,227,132	83,950,034
Trade Fund loan receivables	22	146,140,978	115,013,836	99,777,845
Other receivables	23	42,333,144	61,166,938	43,674,133
Equity investments - at fair value through other comprehensive income	24	71,880,869	71,452,098	61,078,070
Property and equipment	26	37,421,800	34,678,598	27,713,664
Investment property	27	8,020,916	5,009,560	5,009,560
Right-of-use assets	28	2,253,507	2,577,584	3,053,898
Intangible assets	29	195,284	713,492	1,507,557
Total assets		10,106,234,449	8,326,193,948	7,980,076,370
LIABILITIES AND EQUITY				
LIABILITIES				
Collection account deposits	30	289,437,554	123,759,079	64,979,105
Derivative financial instruments	17	-	17,826,383	-
Lease liabilities	31	-	244,246	612,758
Short term borrowings	32	4,379,401,963	3,489,331,681	2,663,462,546
Provision for service and leave pay	33	13,050,513	11,466,069	11,287,734
Non-controlling interest payables	34	79,064,874	65,246,073	51,439,560
Other payables	35	170,428,430	99,322,658	86,867,979
Long term borrowings	36	2,966,360,186	2,556,560,813	3,374,096,364
Total liabilities		7,897,743,520	6,363,757,002	6,252,746,046
EQUITY				
Share capital	37	603,081,183	580,439,034	555,868,667
Share premium	37	256,185,817	217,131,487	176,188,498
Retained earnings		1,236,944,336	1,063,097,870	912,313,731
Proposed dividend	37	49,498,565	49,431,823	41,403,979
Fair value reserve - Equity investments	38	29,464,237	29,035,466	20,607,771
Management reserve	39	19,842,913	19,842,913	19,842,913
Equity attributable to owners of the bank		2,195,017,052	1,958,978,593	1,726,225,559
Non-controlling interest		13,473,877	3,458,353	1,104,765
		2,208,490,929	1,962,436,946	1,727,330,324
Total liabilities and shareholders' funds		10,106,234,449	8,326,193,948	7,980,076,370

*Details of restatements are disclosed in Note 45.

The notes on pages 76 - 204 are an integral part of these financial statements.

The financial statements were approved by the board of directors on 28 March 2024 and were signed on its behalf by:



GROUP MD/ DIRECTOR



DIRECTOR

SEPARATE STATEMENT OF FINANCIAL POSITION

	NOTE	2023	2022 RESTATED*	JANUARY 1, 2022 RESTATED*
ASSETS		USD	USD	USD
Cash and balances held with other banks -less than 90 days	16	2,058,871,432	980,952,676	1,400,241,674
Cash and balances held with other banks -over 90 days	16	923,257,268	716,288,869	570,641,030
Derivative financial instruments	17	4,248,951	-	57,634,835
Trade finance loans	18	4,584,822,529	4,259,984,440	3,562,757,397
Project loans	19	2,131,094,979	1,980,753,431	2,052,889,467
Investment in Government securities	21	42,168,768	57,227,132	83,950,034
Other receivables	22	55,826,198	48,630,142	40,903,159
Equity investments - at fair value through other comprehensive income	24	71,880,869	71,452,098	61,078,070
Investment in subsidiaries	25	89,478,580	82,136,257	50,663,874
Property and equipment	26	37,421,800	34,678,598	27,713,664
Investment property	27	8,020,916	5,009,560	5,009,560
Right-of-use assets	28	2,253,507	2,577,584	3,053,898
Intangible assets	29	195,284	713,492	1,507,557
Total assets		10,009,541,081	8,240,404,279	7,918,044,219
LIABILITIES AND EQUITY				
LIABILITIES				
Collection account deposits	30	289,437,554	123,759,079	64,979,105
Derivative financial instruments	17	-	17,826,383	-
Lease liabilities	31	-	244,246	612,758
Short term borrowings	32	4,379,401,963	3,489,331,681	2,663,462,546
Provision for service and leave pay	33	12,911,887	11,466,069	11,287,734
Other payables	35	177,880,160	78,580,695	78,824,118
Long term borrowings	36	2,966,360,186	2,556,560,813	3,374,096,364
Total liabilities		7,825,991,750	6,277,768,967	6,193,262,625
EQUITY				
Share capital	37	603,081,183	580,439,034	555,868,667
Share premium	37	256,185,817	217,131,487	176,188,498
Retained earnings		1,225,476,616	1,066,754,589	910,869,766
Proposed dividend	37	49,498,565	49,431,823	41,403,979
Fair value reserve- Equity investments	38	29,464,237	29,035,466	20,607,771
Management reserve	39	19,842,913	19,842,913	19,842,913
Total equity		2,183,549,331	1,962,635,312	1,724,781,594
Total liabilities and equity		10,009,541,081	8,240,404,279	7,918,044,219

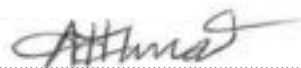
*Details of restatements are disclosed in Note 45.

The notes on pages 76 to 204 are an integral part of these financial statements.

The financial statements were approved by the board of directors on 28 March 2024 and were signed on its behalf by:



GROUP MD/ DIRECTOR



DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	NOTE	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	PROPOSED DIVIDEND	FAIR VALUE RESERVE	MANAGEMENT RESERVE	TOTAL EQUITY	NON-CONTROLLING INTEREST	TOTAL
		USD	USD	USD	USD	USD	USD	USD	USD	USD
As at 1 January 2023 as previously stated		580,439,034	217,131,487	1,068,367,493	49,431,823	29,035,466	19,842,913	1,964,248,216	3,458,353	1,967,706,569
Restatement	45	-	-	(5,269,623)	-	-	-	(5,269,623)	-	(5,269,623)
As at 1 January 2023 - Restated		580,439,034	217,131,487	1,063,097,870	49,431,823	29,035,466	19,842,913	1,958,978,593	3,458,353	1,962,436,946
Capital subscription	37	22,642,149	-	-	-	-	-	22,642,149	-	22,642,149
Share Premium	37	-	39,054,330	-	-	-	-	39,054,330	-	39,054,330
Proposed dividend	37	-	-	(49,498,565)	49,498,565	-	-	-	-	-
Dividend declared and paid	37	-	-	-	(39,011,735)	-	-	(39,011,735)	-	(39,011,735)
Dividend declared and payable	37	-	-	-	(10,420,088)	-	-	(10,420,088)	-	(10,420,088)
TDF reserves on recognition of equity & reserves*		-	-	3,419,868	-	-	-	3,419,868	536,318	3,956,186
ESATF opening reserves ceded to NCI**		-	-	(3,202,477)	-	-	-	3,202,477	3,202,477	-
Profit of the year		-	-	223,322,057	-	-	-	223,322,057	6,276,729	229,598,786
Disposal of equity investments	24	-	-	(194,417)	-	194,417	-	-	-	-
Fair value gain through other comprehensive income	24	-	-	-	-	234,354	-	234,354	-	234,354
As at 31 December 2023		603,081,183	256,185,817	1,236,944,336	49,498,565	29,464,237	19,842,913	2,195,017,052	13,473,877	2,208,490,929

*This relates to TDF opening reserves of USD 3,956,186 (loss) which were previously not recognised through retained earnings because TDF had no shareholders' equity.

**TDB % of shareholding in ESATF changed from 46.62% in 2022 to 44.00% in 2023. The decrease in TDB shareholding has been ceded to non-controlling interest through TDB's retained earnings.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	NOTE	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	PROPOSED DIVIDEND	FAIR VALUE RESERVE	MANAGEMENT RESERVE	TOTAL EQUITY	NON-CONTROLLING INTEREST	TOTAL
		USD	USD	USD	USD	USD	USD	USD	USD	USD
As at 1 January 2022 as previously stated		555,868,667	176,188,498	915,153,426	41,403,979	20,607,771	19,842,913	1,729,065,254	1,104,765	1,730,170,019
Restatement	45	-	-	(2,839,695)	-	-	-	(2,839,695)	-	(2,839,695)
As at 1 January 2022 - Restated		555,868,667	176,188,498	912,313,731	41,403,979	20,607,771	19,842,913	1,726,225,559	1,104,765	1,727,330,324
Capital subscriptions	37	24,570,367	-	-	-	-	-	24,570,367	-	24,570,367
Share Premium	37	-	40,942,989	-	-	-	-	40,942,989	-	40,942,989
Proposed dividend	37	-	-	(49,431,823)	49,431,823	-	-	-	-	-
Dividend declared and paid	37	-	-	-	(32,629,077)	-	-	(32,629,077)	-	(32,629,077)
Dividend declared and payable	37	-	-	-	(8,774,902)	-	-	8,774,902	-	(8,774,902)
Acquisition of 100% stake in ESATAL		-	-	(1,219,495)	-	-	-	(1,219,495)	(762,766)	(1,982,261)
ESATF Reserves on acquisition		-	-	(2,817,348)	-	-	-	(2,817,348)	-	(2,817,348)
Profit of the year		-	-	204,252,805	-	-	-	204,252,805	3,116,354	207,369,159
Fair value gain through other comprehensive income	24	-	-	-	-	8,427,695	-	8,427,695	-	8,427,695
As at 31 December 2022		580,439,034	217,131,487	1,063,097,870	49,431,823	29,035,466	19,842,913	1,958,978,593	3,458,353	1,962,436,946

SEPARATE STATEMENT OF CHANGES IN EQUITY

	NOTE	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	PROPOSED DIVIDEND	FAIR VALUE RESERVE	MANAGEMENT RESERVE	TOTAL EQUITY
		USD	USD	USD	USD	USD	USD	USD
At 1 January 2023 as previously stated		580,439,034	217,131,487	1,069,594,284	49,431,823	29,035,466	19,842,913	1,965,475,007
Restatement	45	-	-	(2,839,695)	-	-	-	(2,839,695)
At 1 January 2023 - Restated		580,439,034	217,131,487	1,066,754,589	49,431,823	29,035,466	19,842,913	1,962,635,312
Capital subscription	37	22,642,149	-	-	-	-	-	22,642,149
Share Premium	37	-	39,054,330	-	-	-	-	39,054,330
Proposed dividend	37	-	-	(49,498,565)	(49,498,565)	-	-	-
Dividend declared and paid	37	-	-	-	(39,011,735)	-	-	(39,011,735)
Dividend declared and payable	37	-	-	-	(10,420,088)	-	-	(10,420,088)
Profit for the year		-	-	208,415,009	-	-	-	208,415,009
Disposal of equity investments	24	-	-	(194,417)	-	194,417	-	-
Fair value gain through other comprehensive income	24	-	-	-	-	234,354	-	234,354
At 31 December 2023		603,081,183	256,185,817	1,225,476,616	49,498,565	29,464,237	19,842,913	2,183,549,331

SEPARATE STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	NOTE	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	PROPOSED DIVIDEND	FAIR VALUE RESERVE	MANAGEMENT RESERVE	TOTAL EQUITY
		USD	USD	USD	USD	USD	USD	USD
At 1 January 2022 as previously stated		555,868,667	176,188,498	913,709,461	41,403,979	20,607,771	19,842,913	1,727,621,289
Restatement	45	-	-	(2,839,695)	-	-	-	(2,839,695)
At 1 January 2023 - Restated		555,868,667	176,188,498	910,869,766	41,403,979	20,607,771	19,842,913	1,724,781,594
Capital subscriptions	37	24,570,367	-	-	-	-	-	24,570,367
Share Premium	37	-	40,942,989	-	-	-	-	40,942,989
Proposed dividend	37	-	-	(49,431,823)	49,431,823	-	-	-
Dividend declared and paid	37	-	-	-	(32,629,077)	-	-	(32,629,077)
Dividend declared and payable	37	-	-	-	(8,774,902)	-	-	(8,774,902)
ESATF Reserves on acquisition		-	-	(2,817,348)	-	-	-	(2,817,348)
Profit for the year		-	-	208,133,994	-	-	-	208,133,994
Fair value gain through other comprehensive income	24	-	-	-	-	8,427,695	-	8,427,695
At 31 December 2022 - Restated		580,439,034	217,131,487	1,066,754,589	49,431,823	29,035,466	19,842,913	1,962,635,312

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

	NOTE	GROUP		BANK	
		2023	2022 RESTATED*	2023	2022 RESTATED*
		USD	USD	USD	USD
OPERATING ACTIVITIES					
Cash generated from operations	40(a)	1,333,936,885	(369,519,064)	1,323,752,451	(364,673,475)
Interest received		259,646,867	276,724,628	259,617,273	269,673,825
Interest paid		(329,441,338)	(195,983,371)	(329,441,338)	(189,034,246)
Net cash (used in)/ generated from operations		1,264,142,414	(288,777,807)	1,2553,928,386	(284,665,896)
INVESTING ACTIVITIES					
Purchase of property and equipment	26	(7,649,575)	(7,967,661)	(7,649,575)	(7,967,661)
Investment in subsidiaries	25	-	-	-	(34,289,731)
Purchase of equity investments	24	-	(2,729,000)	-	(2,729,000)
Disposal of equity investments	24	1,755,000	782,667	1,755,000	782,667
Investment in government securities	21	(9,698,266)	-	-	-
Redemption from government securities	21	15,058,364	26,722,902	15,058,364	26,722,902
Dividend received	9	1,485,356	-	1,485,356	-
Bank balances with more than 90 days to maturity	16	(206,968,399)	(145,647,839)	(206,968,399)	(145,647,839)
Net cash used in investing activities		(206,017,519)	(128,838,931)	(196,319,255)	(163,128,662)
FINANCING ACTIVITIES					
Proceeds from capital subscriptions	37	22,642,149	24,579,367	22,642,149	24,570,367
Proceeds from share premium	37	39,054,330	40,942,989	39,054,330	40,942,989
Payment of dividends	37	(39,011,735)	(39,115,166)	(39,011,735)	(39,115,166)
Payment of lease liabilities	34	(134,763)	(605,604)	(134,763)	(605,604)
Net cash generated from financing activities		22,549,981	25,792,586	22,549,981	25,792,586
Increase/(Decrease) in cash and cash equivalents		1,080,674,876	(391,824,151)	1,080,159,113	(422,001,972)
Foreign exchange (gains)/losses on cash and cash equivalents	14	(2,064,275)	2,763,240	(2,240,357)	2,712,974
Cash and cash equivalents at the beginning of the period		1,021,327,969	1,410,388,880	980,952,171	1,400,241,674
Cash and cash equivalents at the end of the period	16	2,099,938,569	1,021,327,969	2,058,841,432	980,952,676

*Details of restatements are disclosed in Note 45.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Eastern and Southern African Trade and Development Bank ("the Bank" or "TDB") was established by the Charter pursuant to Chapter 9 of the Treaty for the establishment of the preferential Trade Area (PTA), as subsequently repealed and replaced by the Treaty for the Common Market for the Eastern and Southern African States (COMESA). The Bank, together with its subsidiaries make up the TDB Group ("the Group").

The principal activity of the Group is to finance, where possible, viable projects and trade activities which have the potential to make the economies of the Member States increasingly complementary to each other.

2. MATERIAL ACCOUNTING POLICY INFORMATION

Except for changes explained in Note 3, the Group has consistently applied the following accounting policies in preparation of its financial statements.

A. Basis of preparation

Statement of Compliance

The financial statements of the Group have been prepared in accordance with International Financial Reporting standards (IFRS) as issued by the international accounting Standards Board (IASB) and the Bank's Charter.

The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The Group's functional and reporting currency is the United States Dollars (USD).

Presentation of financial statements

The Group presents its statement of financial position broadly in the order of liquidity.

B. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and its subsidiaries. Control is achieved when the Bank:

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

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

When the Bank has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power including:

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

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, the income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

B. Basis of consolidation (continued)

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intergroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

C. Critical judgments in applying the Group's accounting policies

In the process of applying the Group accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosure of contingent liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances of assets and liabilities within the next financial year.

i. Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for 'longer-dated' derivatives and discount rates, prepayment rates, and default rate assumptions for asset-backed securities. The Group measures financial instruments, such as, derivatives, and non-financial assets, at fair value at each reporting date.

The fair value of financial instruments is disclosed in more detail in Note 41.

ii. Impairment losses on loans - Trade and Project Finance

Judgement is made in establishing the criterion for determining whether credit risk on the financial instrument has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of Expected Credit Losses (ECLs), and selection and approvals of models used to measure ECL.

Assets accounted for at amortised cost and fair value through other comprehensive income are evaluated for impairment on a basis described in accounting policy 2(m).

The Group recognises loss allowance at an amount equal to either 12-month expected credit losses (ECLs) or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

For credit exposures where there have not been significant increases in credit risk since initial recognition, the Group provides for 12-month ECLs. These are classified as Stage 1 assets.

For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis, a loss allowance is required for lifetime ECLs. These are classified as Stage 2 assets.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

C. Critical judgments in applying the Group's accounting policies (continued)

ii. Impairment losses on loans — Trade and Project Finance (continued)

For credit exposures that are credit impaired and in default, similar to stage 2 assets, a loss allowance is required for lifetime ECLs however the probability of default for these assets is presumed to be 100% less any determined recovery and cure rate.

The impairment loss on loans is disclosed in more detail in notes 18, 19 and 20.

iii. Significant increase of credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. Instead, in assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

The Group applies the judgements on these forward-looking information as reflected in final assigned PD, LGD and exposure classification through the following considerations:

- Active portfolio management that enables TDB to have information from client on forward performance exposure against terms and conditions/covenants, account performance, prospects of the borrower and collateral diminution.
- Expected regional and sector performance information from various sources like the World Bank, International Monetary Fund, and Central Banks, observable and forecast market risk parameters and their expected impact on individual exposures, in discussions with the clients.

iv. Classification and measurement of financial assets

Judgement is made on the classification of financial assets assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are Solely for Payment of Principal and Interest (SPPI) on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- 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.

The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of risks affects the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in the business model and so a prospective change to the classification of those assets. Note 2 (m) details this assessment.

D. Key sources of estimation uncertainty

i. Establishing the number and relative weightings of forward-looking scenarios for each type of product and determining the forward-looking information relevant to each scenario:

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

D. Key sources of estimation uncertainty (continued)

ii. Probability of default:

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions, and expectations of future conditions.

iii. Loss given default

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

iv. Fair value measurement and valuation process:

In estimating the fair value of a financial asset or a liability, the Group uses market-observable data to the extent it is available. Where such Level 1 inputs are not available the Group uses valuation models to determine the fair value of its financial instruments.

v. Application of IFRS 16 - Leases

Key sources of estimation uncertainty in the application of IFRS 16 included the following:

- Estimation of the lease term;
- Determination of the appropriate rate to discount the lease payments.

E. Revenue recognition

i. Interest income from loans and investment

Interest income including interest on financial instruments is measured at amortised cost which comprise project finance loans, trade finance loans, placements with banks, and government securities.

Interest income is recognised on an accrual basis using the effective interest rate method in line with IFRS 9.

Effective interest rate

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability

When calculating the effective interest rate for financial instruments other than purchased or originated credit impaired assets, the group estimates future cash flows considering all contractual terms of the financial instrument, but not the expected credit loss (ECL). For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL. A purchased or originated credit impaired asset (POCI) refers to assets for which on initial recognition one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, such as significant financial difficulty, default, and additional events.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Fee and commission income and expense that are integral to the effective interest rate on a financial assets or financial liability are included in the effective interest rate. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

E. Revenue recognition (continued)

i. Interest income from loans and investment (continued)

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any ECL.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income

The effective interest rate of a financial asset is calculated on the initial recognition of a financial asset in calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). The effective interest rate is revised as a result of period re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

For financial assets that were credit-impaired on initial recognition, purchased originated credit-impaired (POCI) assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Presentation

Interest income from loans and investments is presented in the statement of profit or loss and OCI and includes:

- Interest on financial assets measured at amortised cost;
- Interest on deposits or investment held at amortised cost.

ii. Fees and commissions

Fees and commission income is earned by the Group by providing services to customers and excludes amounts collected on behalf of third parties.

Fee and commission income is earned on the execution of a significant performance obligation, which may be as the performance obligation is fulfilled (over time) or when the significant performance obligation has been performed (point in time) fee and commission income that is yet to be earned is recognised as deferred income.

Fees and commissions are generally recognised over time when a financing facility is provided over a year of time. These fees include letter of credit fees, confirmation fees, commitment and other fees.

Other fees and commission income include one-off fees arising from the provision of financing facilities to the Group's clients, like draw-down fees, arrangement fees, document handling fees and others that do not form an integral part of the effective interest rate of the facilities are recognised on completion of the underlying transaction. Other fees are recognised at the point when the service is completed or significant act is performed.

Facility fees are recognised as revenue when the syndication has been completed and the group retained no part of the loan package for itself, or retained a part at the same effective interest rate as for the other participants.

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of loans or the acquisition of shares or other securities or the purchase or sale of businesses, are recognised at a point in time on completion of the underlying transactions. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

F. Borrowings and financing costs

Borrowing costs are interest and other borrowing and financing costs that the Group incurs in connection with the borrowing of funds. Interest expense is recognised in profit or loss on an accrual basis taking into account the effective interest rate. Other borrowing and financing costs are expensed in the year in which they are incurred. Discounts and premiums or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity are calculated on an effective interest basis.

Further, an effective interest expense is calculated on financial liabilities held at amortised cost. Application of the EIR methodology results in the recognition of interest, together with direct and incremental fees and costs, on a time portion basis over the expected lives of the assets and liabilities. The expected life of an instrument or a portfolio of instruments may be modelled as being shorter than the contractual tenor where historical experience suggests that customer prepayment behaviour impacts the forecasted cash flow profile.

G. Foreign currencies

Transactions in foreign currencies are initially recorded at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are subsequently taken to profit or loss.

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

H. Property and equipment

All categories of property and equipment are stated at historical cost and subsequently stated at cost less depreciation and less impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only 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. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Depreciation on assets is calculated at rates which are estimated to write off the cost of property and equipment to their estimated residual values in equal annual instalments over their expected useful lives.

The expected useful life of each class of asset is up to the following:

Computer equipment	3-5 years
Motor vehicles	5-7 years
Office equipment	3-5 years
Furniture and fittings	5-10 years
Buildings	50 years
Leasehold land	50 years

Freehold land and buildings under construction are not depreciated. Leasehold land is depreciated over the unexpired term of the lease on the straight-line basis reliably.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

H. Property and equipment (continued)

Assets in the course of construction for administrative purposes are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

The asset's residual values, useful lives, and methods of depreciation are reviewed at each reporting date, and adjusted prospectively, if appropriate.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

I. Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured at fair value through profit or loss. s are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Investment property is assessed and valued every year and whenever events or changes occur which may necessitate such valuation. Such fair value is disclosed in the financial statements. This is a voluntary change in policy which has been applied retrospectively (Note 45 A).

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

J. Intangible assets

The Group's intangible assets relate to the value of computer software. An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the group. Intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

The intangible assets' useful lives and methods of amortisation are reviewed at each reporting date and adjusted prospectively if appropriate.

K. Taxation

In accordance with paragraph 6 of Article 43 of its Charter, the Bank, and its subsidiaries are exempt from all forms of tax.

L. Share capital

'In accordance with Article 7 of the Charter, for class A shares, issued and called-up shares are paid for in instalments by the members, payable capital is credited as share capital and instalments not yet due and due but not paid at year-end are deducted therefrom. For Class B and Class C payments of the amount subscribed by subscribers shall be paid in full within 90 days from the date of subscription. For Class B and Class C shares, payment of the amount subscribed by subscribers shall be paid in full within a period determined by the Board of Directors.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

M. Financial instruments

A financial asset or liability is recognised when the Group becomes a party to the contractual provisions of the instrument (i.e. the trade date). This includes regular way trades: Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Initial recognition and measurement

At initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The Group classifies its financial assets into three principle classification categories based on the cash flow characteristics of the asset and the business model assessment. Financial instruments are measured at:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVTPL)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL if;

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principle and interest (SPP) on the principle amount outstanding.

The Group recognises its cash and balances held with banks, investment in government securities trade finance and project finance loans and other receivables at amortised cost. Project financing is long-term in nature, while trade financing is short-term in nature. These instruments are subject to impairment.

Fair Value through Other Comprehensive Income (FVOCI) – Equity

On initial recognition of an equity investment that is not held for trading, the group may irrevocably elect to present subsequent changes in fair value in Other Comprehensive income (OCI). This election is made on an investment-by-investment basis. The Group has elected to classify certain equity Investments it holds at FVOCI.

Fair Value through Profit or Loss (FVTPL)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group Classifies its derivative financial instruments at FVTPL.

An assessment whether contractual cash flows are solely payments of principal and interest

To determine whether a financial asset should be classified as measured at amortised cost or FVOCI an entity assesses whether the cash flow the financial asset represents, on specified dates, solely payments of principal and interest on the principal amount outstanding - i.e. the SPPI criterion. A financial asset that does not meet the SPPI criterion is always measured at FVTPL, unless it is an equity instrument for which an entity may apply the OCI election.

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

M. Financial instruments (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the group considered the contractual terms and instruments. This included assessing whether the financial asset contained a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Group considered:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayments and extension terms;
- terms that limit the Group's claim to cash flows from specified assets - e.g non-recourse asset arrangements; and
- features that modify consideration for the time value of money - e-g periodic reset of interest rates.

Assessment Whether Contractual Cash Flows are Solely Payments of Principal and Interest

Interest rates on certain loans made by the group are based on standard variable rates (SVRs) that are set at the discretion of the group. SVRs are generally based on a market interbank rate and also include a discretionary spread. The group will assess whether the discretionary features is consistent with the SPPI criterion by considering a number of factors, including whether;

- the borrowers are able to prepay the loans without significant penalties;
- the market competition ensures that interest rates are consistent between bank; and
- any regulatory or customer protection framework is in place that requires banks to treat customers fairly.

Some of the Group's loans contain prepayment features. A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents the unpaid amount of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

In addition, a prepayment feature is treated as consistent with this criterion if:

- a financial asset is acquired or originated at a premium or discount to its contractual par amount,
- the prepayment amount substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination), and
- the fair value of the prepayment feature is insignificant on initial recognition.

De minimis

A contractual cash flow characteristic may not affect the classification of a financial asset if it could have a de minimis effect on the financial asset's contractual cash flows. To make this determination, the Group considers the possible effect of the contractual cash flow characteristic in each reporting year and cumulatively over the life of the financial asset.

Business model assessment

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

M. Financial instruments (continued)

Business model assessment (continued)

- the frequency, volume, and timing of sales in prior years, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading and those that are managed and whose performance is evaluated on a fair value basis will be measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. Derecognition and Modification evaluated on a fair value basis will be measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Derecognition and modification

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset have transferred any interest in a transferred financial asset that is created or retained by the group is recognised as a separate asset or liability. However, when the modification of a financial instrument not measured at FVTPL does not result in derecognition, the group will recalculate the gross carrying amount of the financial asset (or the amortised cost of the financial liability) by discounting the modified contractual cash flows at the original effective interest rate and recognise any resulting adjustment as a modification gain or loss in profit or loss.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions initial recognition and measurement.

Reclassification

The Group only reclassifies financial assets when management changes the business model for managing the financial assets. In that instance, all affected financial assets are reclassified. such changes are expected to be very infrequent, and are determined by the Group's senior management as a result of external or internal changes. An entity shall not reclassify any financial liability.

Write-off

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event. The exposures are written off against the respective impairment allowances for losses. This is in compliance with both the provisions of the International Financial Reporting Standards (IFRS) and Bank policy which require the Group to regularly assess accounts that are significantly impaired and are specifically provided for yet continue to deteriorate.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of the amount due. Loans that are written off and therefore not forgiven Appropriate measures are subsequently undertaken to maximise recovery from these accounts except where the anticipated costs of recovery exceed the amounts expected to be recovered and are therefore considered cost-ineffective.

The loan recovery unit actively follows up with the customer to recover any residual balance post the realisation of collateral and post-write-off.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

A. Financial instruments (continued)

Derecognition and modification (continued)

Financial Liabilities

Initial Measurement of Financial Liabilities

All financial liabilities are recognised initially at fair value plus, in the case of borrowings, redeemable participating shares and payables, directly attributable to transaction costs.

Subsequent Measurement

The Group classifies all financial liabilities as measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives and redeemable participating shares that are liabilities, shall be subsequently measured at fair value. Collection account deposits, short-term borrowings long-term borrowings, and other payables are classified at amortised cost. The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value. Collection account deposits, short-term borrowings, long-term borrowings, and other payables are classified at amortised cost.

Derecognition

The Group derecognises a financial liability when, and only when its contractual obligations specified in this contract are discharged or cancelled, or expire.

Offsetting

Financial assets and liabilities are offset, and the net amount is presented in the statement of financial position when, and only when, the group has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the group's trading actively.

Impairment - Trade finance and project finance loans, investments, other receivables, loan commitments, and financial guarantee contracts.

No impairment loss is recognised on equity investments.

The Group recognises loss allowance at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are a portion of ECLs that result from default events that are possible within the 12 months (or a shorter year if the expected life of a financial instrument is less than 12 months), weighted by the probability of the default occurring. The Group recognises loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:

- debt investment securities that are determined to have low credit risk at the reporting date. The Group considers debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'Investment-grade' and
- other financial instruments (other than trade and lease receivables) for which credit risk has not increased significantly since the initial recognition.

The impairment requirements of IFRS 9 are complex and require management judgments, estimates, and assumptions, particularly in the following areas, which are discussed in detail below:

- assessing whether the credit risk of an instrument has increased significantly since initial recognition; and
- incorporating forward-looking information into the measurement of ECLs.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

M. Financial instruments (continued)

Measurement of ECLs

ECLs are an unbiased and probability-weighted estimate of credit losses and will be measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls - i.e. the difference between the cash flow due to the entity in accordance with the contract and the cash flows that Group expects to receive;
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments; the present value of the difference between the contractual cash flows due to the group if the commitment is drawn and the cash flows that the group expects to receive; and
- financial guarantee contracts; the present value of the expected payments to reimburse the holder less any amount that the group expects to recover.

An asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset. The following are examples of such events;

- significant financial difficulty of the issuer or the borrower;
- a breach of contract - e.g. a default or past-due event;
- a lender having granted a concession to the borrower - for economic or contractual reasons relating to the borrower's financial difficulty - that lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

M. Financial instruments (continued)

Classification of loans under IFRS 9

TDB classifies its loan exposures as follows:

Classification	Explanation of Stage
Stage 1	<p>Loans in this stage have strong financial condition, liquidity, capitalisation, earnings, cash flow, management, and capacity to repay. Facilities are fully collateralised by cash or physical assets or standby Letters of Credit or guarantees from banks with investment grade ratings from internationally recognised credit rating agencies and for which complete documentation for enforcement is held. Unquestionable primary source of loan repayment. Payments of both principal and interest, for existing clients, are up to date in accordance with the agreed terms.</p> <p>The Group has made an assessment that this classification and explanation is consistent with the requirements of IFRS 9.</p>
Stage 2	<p>Loans classified under stage 2 have adequate capacity to meet financial obligations, but adverse conditions or changing circumstances are more likely to lead to weakened capacity to meet financial commitments. Company is newly formed (green field) or of average size within its industry and is facing adverse conditions and having challenges access funding. For existing clients, more regular monitoring required as the result of deterioration in earnings or cash flow, irregularities in the conduct of the accounts, lack of customer co-operation, announcement of litigation or some other negative factors. Capacity to repay as measured by key loan repayment indicators remains acceptable.</p> <p>The qualitative and quantitative factors which trigger a reclassification from stage 1 to stage 2 have been defined, under note 46. These meet the specific requirements of IFRS 9 and aligns with the Group's credit risk management practices. Stage 2 assets are considered to be cured (i.e., reclassified back into stage 1), when there is no longer evidence of a significant increase in credit risk, and in accordance with the Group's credit risk management cure criteria.</p> <p>The Group has made an assessment that this classification and explanation is consistent with the requirements of IFRS 9</p>
Stage 3	<p>Asset has one or more well-defined weaknesses that make the full collection of principal and interest questionable such as weak financial condition including net worth, insufficient collateral, etc. The possibility of loss is very high. A full or partial provision of principal, interest or both may be required. Account has been classified as a non-performing/non-accrual loan. Asset is deemed uncollectible and of such little value that that their continuance as bankable assets is not warranted. Full write off remaining principal and interest will be required in due course, even though partial recovery may be affected in future. Loans for which the principal and/or the interest remain outstanding for:</p> <ul style="list-style-type: none"> • more than 90 days past due on any material credit obligation to the Group for corporate borrowers; • more than 180 days past due on any material credit obligation to the group for sovereign borrowers, and as approved by the Board of Directors. <p>Defaulted assets are considered to be cured once the original event triggering default no longer exists, and the defined probation period (that is, the required consecutive months of performance) has been met.</p>

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

M. Financial instruments (continued)

Financial guarantees, letters of credit, and loan commitments

Financial guarantees and letters of credit are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'Loan commitments' are firm commitments to provide credit under prespecified terms and conditions. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans and other banking facilities.

Financial guarantees, letters of credit issued, or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the allowance for expected credit losses determined in accordance with IFRS 9, and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

Other loan commitments issued are measured at the sum of: (i) the allowance for expected credit losses determined in accordance with IFRS 9 and (ii) the amount of any fees received, less, if the commitment is unlikely to result in a specific lending arrangement, the cumulative amount of income recognised.

Derecognition policies are applied to loan commitments issued and held. For loan commitments, the Group recognises allowance for expected credit losses in line with the ECL IFRS requirements. ECL arising from financial guarantees and loan commitments are included within provisions.

Derivative financial instruments

As part of its asset and liability management, the Group uses derivatives in order to reduce its exposure to foreign currency risks. This is done by engaging in interest rate swaps, currency swaps and currency forward contracts.

All derivatives are measured at fair value in the statement of financial position. The change in fair value is recognised in profit or loss.

N. Employee entitlements

Employee entitlements to service pay and annual leave are recognised when they accrue to employees. A provision is made for the estimated liability of service pay as a result of services rendered by employees up to the year end.

Employees are entitled to a full month's pay for every year of service completed. A provision is made for the estimated liability of annual leave for services rendered by employees up to the year end.

O. Retirement benefit costs

The Group operates a defined contribution provident fund scheme for its employees. The Group contributes 21% of an employee's gross salary to the fund while employees can choose to contribute 7%, 14%, or 21%. The Group's contributions to the defined contribution plan are charged to profit or loss in the year to which they relate. The funds of the scheme are held independently of the Group's assets.

P. Contingent liabilities

Letters of credit, acceptances, guarantees, and performance bonds are generally written by the Group to support performance by customers to third parties. The Group will only be required to meet these obligations in the event of the customer's default. These obligations are accounted for as off-statement of financial position transactions and disclosed as contingent liabilities.

Q. Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents include short-term liquid investments which are readily convertible to known amounts of cash and which were within three months to maturity when acquired; less advances from banks payable within three months from the date of the advance.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

R. Leases

The Group assesses whether a contract is or contains a lease at the inception of the contract. The Group recognises a right of use assets and a corresponding lease liability with respect to all leases arrangement in which it is the lease (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprises fixed lease payments (including the substance fixed payments), less any lease incentives.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method and by reducing the carrying amount to reflect the lease payment made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of the exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payment using a revised discount rate.
- the lease payments change due to changes in index or rate change in expected payment under a guaranteed residual value, In which cases the lease liability is remeasured by discounting the revised lease payment using the initial discount rate (unless the lease payments change is due to a change in floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the years presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter year of the lease term and useful life of the underlying asset if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

S. Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

T. Collection accounts deposits

Collection accounts deposits include amounts collected on behalf of customers from proceeds of Group funded commodities. The funds are held until the maturity of underlying loans. Collection accounts are recorded at amortised cost. They are derecognised when the underlying assets are discharged.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

U. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses and whose operating results are regularly reviewed by the Group MD and CEO who acts as the chief operating decision maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for and for which discrete financial information is available.

Segment results that are reported to CODM include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Unallocated items comprise items that cannot be directly attributed to the Group's main business. Transactions between the business segments are on normal commercial terms and conditions. Segment assets and liabilities comprise operating assets and liabilities, which form the majority of the statement of financial position.

V. Management reserve

The Board of Directors approved the creation of a management reserve in the year ended 31 December 2018. When the Group adopted on 1 January 2018 IFRS 9- Financial Instruments accounting standard's Expected Loss (ECL) Model it showed that the Group's credit policy was more conservative and resulted in USD 19.84 million excess impairment provision.

The Board, therefore, approved the creation of the management reserve to cushion the Group against credit risk and other incidents of significant loss. The USD 19.84 million excess impairment provision was transferred to the management reserve as at 31 December 2019. Transfers into and out of this management reserve will be approved by the Board of Directors.

W. Comparative information

Some comparative information has been restated as a result of prior period adjustments as discussed in Note 45.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The accounting policies adopted are consistent with those followed in the preparation of the consolidated and separate annual financial statements for the year ended 31 December 2022, except for new standards amendments and interpretations effective 1 January 2023. The nature and impact of each new standard and Amendment are described below.

i. Relevant new standards and amendments to published standards effective for the year

Several new and revised standards and interpretations became effective during the year. The directors have evaluated the impact of their new standards and interpretations and none of them had a significant impact on the group's financial statements.

The following revised IFRS were effective in the current year and the nature and the impact of the relevant amendments are described below.

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2021, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The Bank's subsidiary, TCI, is in insurance business and therefore adopted IFRS 17 in their financial statements. TCI provides insurance services solely to TDB, and the transactions are eliminated on consolidation. Consequently, the Directors have not adopted IFRS 17 in these financial statements. The impact on the financial statements of the Group is nil.

Amendments to IAS 8: Definition of accounting estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- a. The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

i. Relevant new standards and amendments to published standards effective for the year (continued)

Amendments to IAS-8: Definition of accounting estimates (continued)

- b. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- c. The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- d. A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The amendments are effective for annual periods beginning on or after 1 January 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

The changes did not have material impact on the financial statements of the Group.

Amendments to IAS-1 and IFRS practice statement 2: Disclosure of accounting policies

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) amends IAS 1 in the following ways:

- a. An entity is now required to disclose its material accounting policy information instead of its significant accounting policies.
- b. Several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material.
- c. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial; the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements.
- d. The amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1.

The amendments are applied prospectively. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2.

The changes did not have material impact on the financial statements of the Group.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

ii. Impact of new and amended standards and interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not yet applied the following new and revised IFRS Standards that have been issued but are not yet effective.

IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

The changes did not have material impact on the financial statements of the Group.

Amendments to IAS 1-Classification of Liabilities as Current or Non-current

The amendments aim at providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

The amendments in Classification of Liabilities as Current or Non-current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position- not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items.

They clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability; clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counter party of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

The changes did not have material impact on the financial statements of the Group.

Amendments to IAS 1- Presentation of Financial Statements— Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

ii. Impact of new and amended standards and interpretations in issue but not yet effective (continued)

Amendments to IAS 1- Presentation of Financial Statements— Non-current Liabilities with Covenants (continued)

However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024.

The amendments are not expected to have a material impact on these financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures— Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- the terms and conditions of the arrangements;
- the carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements;
- the carrying amount, and associated line items for which the suppliers have already received payment from the finance providers;
- ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement; and
- liquidity risk information.

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024.

The amendments are not expected to have a material impact on these financial statements.

Amendments to IFRS 16-Lease Liability in a Sale and Leaseback

The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

ii. Impact of new and amended standards and interpretations in issue but not yet effective (continued)

Amendments to IFRS 16-Lease Liability in a Sale and Leaseback (Continued)

Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16. The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

A seller-lessee applies the amendment to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted and that fact must be disclosed.

The Directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.

4. INTEREST INCOME

	GROUP		BANK	
	2023	2022 RESTATED*	2023	2022 RESTATED*
EFFECTIVE INTEREST RATE INCOME**	USD	USD	USD	USD
<i>On loans and facilities:</i>				
Project finance loans	214,740,531	166,475,947	214,740,531	166,475,947
Trade finance loans	395,676,899	308,446,256	395,581,580	308,446,256
Total interest income on loans and facilities	610,417,430	474,922,203	610,322,111	474,922,203
<i>Other interest income:</i>				
Deposits/Held at amortised cost	113,055,932	82,860,162	111,568,564	82,860,162
Other	107,045	-	-	-
Total other interest income	113,162,977	82,860,162	111,568,564	82,860,162
Total effective interest income	723,580,407	557,782,365	721,890,675	557,782,365

**Interest income is recognised on an accrual basis using the effective interest rate method in line with IFRS 9.

5. INTEREST EXPENSE

	GROUP		BANK	
	2023	2022 RESTATED*	2023	2022 RESTATED*
EFFECTIVE INTEREST EXPENSE	USD	USD	USD	USD
Regional and international bond markets	63,505,064	69,382,530	63,505,064	69,382,530
<i>Interest payable on funds borrowed from:</i>				
- Banks and financial institutions	311,892,421	128,242,800	311,693,273	128,242,800
- Amortisation of deferred borrowing cost	22,205,622	15,755,100	22,205,622	15,755,100
- Other institutions	18,767,733	13,661,935	18,767,733	13,661,935
	416,370,840	227,042,365	416,171,692	227,042,365

*Details of restatements are disclosed in Note 45.

6. OTHER BORROWING COSTS

	GROUP		BANK	
	2023	2022 RESTATED*	2023	2022 RESTATED*
	USD	USD	USD	USD
Bank commission	75,969	139,915	75,969	139,915
Other costs	3,434,775	4,176,461	3,434,775	4,176,461
	3,510,744	4,316,376	3,510,744	4,316,376

7. FEES AND COMMISSIONS INCOME

	GROUP		BANK	
	2023	2022 RESTATED*	2023	2022 RESTATED*
	USD	USD	USD	USD
Letter of credit fees in trade finance	10,031,708	6,176,899	10,031,708	6,176,899
Syndication fees in trade finance	3,279,412	-	3,279,412	-
Commitment fees on project finance	1,259,309	2,134,906	1,259,309	2,134,906
Other project fees	782,827	241,742	782,827	241,742
Guarantee fees in trade finance	390,775	232,585	390,775	232,585
Syndication fees in project finance	206,282	1,084,493	206,282	1,084,493
Guarantee fees in project finance	187,474	25,000	187,474	25,000
Other fees in trade finance	162,038	90,765	162,038	90,765
Commitment fees in trade finance	42,519	140,383	42,519	140,383
Letter of credit fees in project fees	26,218	-	26,218	-
	16,368,562	10,126,773	16,368,562	10,126,773

8. RISK MITIGATION COSTS

	GROUP		BANK	
	2023	2022 RESTATED*	2023	2022 RESTATED*
	USD	USD	USD	USD
Insurance cover costs**	37,171,602	31,138,236	40,834,742	31,138,236
Risk participation costs***	3,898,950	11,146,230	3,898,950	11,146,230
	41,070,552	42,284,466	44,733,692	42,284,466

*Details of restatements are disclosed in Note 45.

**Insurance cover costs are premiums on insurance cover taken on loans made to various borrowers. As at 31 December 2023, the insurance cover was USD 1.54 billion (2022: USD 1.73 billion). The cover was taken with African Trade Insurance Agency Limited, Islamic Corporation for the Insurance of Investments and Export Credit (ICIEC), Mar Risk Services Limited and Lloyds of London, all of which are Investment-grade companies.

***Risk participation costs relate to fees paid to other financial institutions in agreements where the Bank sells its exposures to contingent obligations.

This is in line with the Group's secondary loan trading and asset distribution activities under which, the loan assets are selectively traded to manage obligor, sector and geographic prudential limits and to provide room for booking of new assets and generating incremental fee income.

9. OTHER INCOME

	GROUP		BANK	
	2023	2022 RESTATED*	2023	2022 RESTATED*
	USD	USD	USD	USD
Other income	4,147,499	1,195,377	4,049,402	648,272
Dividend income	1,485,356	1,918,706	1,485,356	1,918,706
Interest on staff loans	474,007	307,410	474,007	307,410
Impaired assets recovered	381,887	5,545,643	381,887	5,545,643
Rental Income	227,993	231,019	227,993	231,019
	<u>6,716,742</u>	<u>9,198,155</u>	<u>6,618,645</u>	<u>8,651,050</u>

10. GRANT EXPENSES

Paid by TDB to TDF**	-	-	1,120,000	-
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11. (A) OPERATING EXPENSES

Staff costs (Note 11.b)	35,993,801	32,433,915	35,239,631	32,433,915
Consultants and advisers	6,020,606	4,467,525	5,388,364	4,467,525
Other operating expenses	3,168,971	8,550,769	2,222,739	2,039,483
Official missions	1,957,402	1,443,493	1,825,793	1,443,493
Depreciation of property and equipment	1,786,178	1,001,654	1,786,178	1,001,654
Business promotion	1,540,592	1,265,823	1,537,762	1,265,823
Board of Directors meetings	808,814	774,668	718,302	774,668
Board of Governors meetings	621,752	793,589	610,092	793,589
Amortisation of intangible assets	518,208	794,065	518,208	794,065
Short term leases and other rentals	384,977	137,568	384,977	137,568
Depreciation of right-of-use assets	190,775	610,672	190,775	610,672
Audit fees	176,013	189,995	88,500	86,200
Loss on disposal of property and Equipment	108,839	1,073	108,839	1,073
Interest on lease liability	23,819	102,734	23,819	102,734
	<u>53,300,747</u>	<u>52,567,542</u>	<u>50,643,979</u>	<u>45,952,462</u>

*Details of restatements are disclosed in Note 45.

**Grant expenses have been paid by TDB to TDF in 2023 (2022:Nil). TDF has recorded these as Grant Income. The grant income and expenses have been eliminated on consolidation hence nil balance at Group level.

11. (B) STAFF COSTS

	GROUP		BANK	
	2023	2022	2023	2022
	USD	USD	USD	USD
Salaries and wages	18,168,593	17,451,730	17,603,351	17,451,730
Staff reward and recognition scheme	6,264,677	4,813,098	6,264,677	4,813,098
School fees for dependants	3,311,568	3,287,977	3,299,163	3,287,977
Staff provident fund defined contribution plan	3,189,338	3,071,295	3,087,899	3,071,295
Other costs*	1,658,043	1,182,239	1,625,157	1,182,239
Medical costs	1,521,163	1,265,945	1,521,163	1,265,945
Service pay provision	1,505,216	1,185,365	1,478,436	1,185,365
Leave pay expense	375,203	176,266	359,785	176,266
	35,993,801	32,433,915	35,239,631	32,433,915

12. NET TRADING INCOME & OPERATING INCOME

Management has presented Net trading income and Operating income in the statement of profit or loss because it monitors these performance measures in its operations and believes that these measures are relevant to understanding the Group's and Bank's financial performance.

Net trading income represents the interest, fees, and commission income, less interest on borrowings. It is calculated to exclude the impact of other income, risk mitigation costs, operating expenditure, impairment charges, and foreign exchange differences. Net trading income is not a defined performance measure in IFRS Standards hence the Group's definition may not be comparable with similarly titled performance measures and disclosures by other entities.

Operating income represents the interest, fees, and commission income and other income less interest on borrowing, risk mitigation, and other related direct expenses. It is calculated to exclude the impact of operating expenditure, impairment charges, and foreign exchange differences. Operating income is not a defined performance measure in IFRS Standards hence the Group's definition may not be comparable with similarly titled performance measures and disclosures by other entities.

13. OTHER FINANCIAL ASSETS IMPAIRED AND WRITTEN OFF

	GROUP		BANK	
	2023	2022	2023	2022
	USD	USD	USD	USD
Other receivables (Note 23)**	365,579	4,069,955	365,579	4,069,955

14. NET FOREIGN EXCHANGE LOSSES

(Losses)/gains on cash items	(2,064,275)	760,398	(2,240,357)	661,866
Unrealised losses on non-cash items	(1,003,763)	(2,763,240)	(1,003,763)	(2,712,974)
Total foreign exchange losses	(3,068,038)	(2,002,842)	(3,244,120)	(2,051,108)

* Other staff costs include training costs, staff relocation and installation expenses.

** This relates to appraisal fees on projects previously recognised as income receivable, now written off.

15. TAXATION

Trade and Development Bank ("TDB") is a multilateral institution fully recognised by the Member States in which it conducts its operations. TDB, by its Charter, is exempt from all taxes in its Member States.

TDB has controlling interest in subsidiaries which are domiciled in the Republic of Mauritius and Zimbabwe (Mauritius is also the host country of one of TDBs principal offices). Since the subsidiaries (ESATAL, ESAIF, ESATF, TCI and TDF) are creatures of the TDB Charter which is in force in Mauritius and Zimbabwe and given that they are owned in majority by TDB, the companies benefit from tax exemption, immunities and privileges under TDB.

16. CASH AND BALANCES HELD WITH OTHER BANKS

	GROUP		BANK	
	2023	2022	2023	2022
	USD	USD	USD	USD
Current accounts	597,018,782	178,789,499	577,810,056	138,414,206
Call and term deposits with banks	2,426,177,055	1,558,827,339	2,404,318,644	1,558,827,339
	3,023,195,837	1,737,616,838	2,982,128,700	1,697,241,545
<i>Maturity Analysis*:</i>				
With less than 90 days maturity (Note 47)	2,099,938,569	1,021,327,969	2,058,871,432	980,952,676
With more than 90 days maturity - Note 16 (iii)	923,257,268	716,288,869	923,257,268	716,288,869
	3,023,195,837	1,737,616,838	2,982,128,700	1,697,241,545
(I) CURRENT ACCOUNTS				
Amounts maintained in US Dollars (USD)	129,478,038	90,083,162	110,269,312	49,707,869
<i>Amounts maintained in other currencies:</i>				
Euro	344,081,570	3,049,899	344,081,570	3,049,899
Malawi Kwacha	88,272,364	75,753,718	88,272,364	75,753,718
Zambia Kwacha	29,130,129	3,620,996	29,130,129	3,620,996
Tanzania Shillings	4,712,574	5,062,069	4,712,574	5,062,069
Burundi Francs	728,264	924,138	728,264	924,138
Ethiopian Birr	190,757	11,300	190,757	11,300
Kenyan Shillings	154,494	236,368	154,494	236,368
Seychelles Rupee	151,128	-	151,128	-
Mauritian Rupee	40,861	7,654	40,861	7,654
Ugandan Shillings	38,070	3,798	38,070	3,798
British Pounds	16,966	9,750	16,966	9,750
United Arab Emirates Dirrham	14,444	8,192	14,444	8,192
Zimbabwe Dollar	6,206	15,726	6,206	15,726
South African Rand	1,837	1,560	1,837	1,560
Japanese Yen	1,080	1,169	1,080	1,169
	467,540,744	88,706,337	467,540,744	88,706,337
	597,018,782	178,789,499	577,810,056	138,414,206

*Cash amounts maturing in less than 90 days (cash and cash equivalents for the purpose of the statement of cash flows) and amounts maturing over 90 days have been disclosed separately.

16. CASH AND BALANCES HELD WITH OTHER BANKS (CONTINUED)

	GROUP		BANK	
	2023	2022	2023	2022
(II) CALL AND TERM DEPOSITS WITH BANKS	USD	USD	USD	USD
United States Dollars (USD)	2,092,329,365	1,512,680,042	2,070,470,954	1,512,680,042
<i>Amounts maintained in other currencies:</i>				
Euro	295,771,671	37,347,799	295,771,671	37,347,799
United Arab Emirates Dirham	19,895,231	-	19,895,231	-
Ethiopian Birr	9,821,429	-	9,821,429	-
Ugandan Shillings	5,853,355	5,971,029	5,853,355	5,971,029
Sudanese Pounds	2,506,004	2,828,469	2,506,004	2,828,469
	333,847,690	46,147,297	333,847,690	46,147,297
	2,426,177,055	1,558,827,339	2,404,318,644	1,558,827,339
(III) MOVEMENT IN OVER 90 DAYS BALANCES				
At the beginning of period	716,288,869	570,641,030	716,288,869	570,641,030
Additions	250,424,216	122,279,940	250,424,216	122,279,940
Maturities	(100,000,000)	(25,110,967)	(100,000,000)	(25,110,967)
Interest earned	56,544,183	48,478,866	56,544,183	48,478,866
	923,257,268	716,288,869	923,257,268	716,288,869

	GROUP AND BANK	
	2023	2022
(IV) EFFECTIVE INTEREST RATES ON DEPOSITS WITH BANKS	%	%
United States Dollars	6.64%	5.92%
Euro	3.90%	1.95%
United Arab Emirates Dirham	5.42%	4.50%
Ethiopian Birr	9.00%	0.00%
Ugandan Shillings*	13.35%	13.35%
Zambian Kwacha	31.10%	30.23%

*The Ugandan Shillings rate did not change from 2022 to 2023.

17. DERIVATIVE FINANCIAL INSTRUMENTS

As part of its asset and liability management, the Group uses derivatives for purposes of reducing its exposure to interest rate and foreign currency risks. This is done by engaging in interest rate swaps, currency swaps and currency forward contracts.

Interest rate swaps relate to contracts taken out by the Group with other financial institutions in which the Group either receives or pays a floating rate of interest in return for paying or receiving, a fixed rate of interest. The payment flows are usually netted off against each other, with the difference being paid by one party to the other. The Group manages its exposure to adverse movements on currency exchange rates on its Euro disbursements by entering into currency forward exchange contracts.

17. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

As at 31 December 2023, and 31 December 2022, the Group only had currency forward exchange contracts in its derivative financial instruments portfolio.

The table below shows the fair values of derivative financial instruments, recorded as net assets at year end.

	GROUP		BANK	
	2023	2022	2023	2022
CURRENCY FORWARD EXCHANGE CONTRACTS	USD	USD	USD	USD
Net opening balance at start of period	(17,826,383)	57,634,835	(17,826,383)	57,634,835
Contracts entered into during period-Net	71,287,751	268,931,651	71,287,751	268,931,651
Net amounts settled	(61,559,555)	(353,437,555)	(61,559,555)	(353,437,555)
Fair value gains through profit or loss	12,347,138	9,044,686	12,347,138	9,044,686
Net closing balance as at end of period	4,248,951	(17,826,383)	4,248,951	(17,826,383)

18. TRADE FINANCE LOANS

	GROUP		BANK	
	2023	2022 RESTATED*	2023	2022 RESTATED*
	USD	USD	USD	USD
Principal loans	4,379,521,714	4,149,038,742	4,376,657,546	4,149,038,742
Interest receivable	397,445,286	285,408,131	397,379,561	285,408,131
Gross loans	4,776,967,000	4,434,446,873	4,774,037,107	4,434,446,873
Impairment on trade finance loans (Note 20)**	(189,385,850)	(174,462,433)	(189,214,578)	(174,462,433)
Net loans	4,587,581,150	4,259,984,440	4,584,822,529	4,259,984,440
<i>Analysis of gross loans by maturity:</i>				
Within one year	3,175,657,056	1,742,948,156	3,175,657,056	1,742,948,156
One to three years	1,543,563,555	2,649,807,699	1,540,633,662	2,649,807,699
Over three years	57,746,389	41,691,018	57,746,389	41,691,018
	4,776,967,000	4,434,446,873	4,774,037,107	4,434,446,873

*Details of restatements are disclosed in Note 45.

**Includes impairment charge for off-balance sheet commitments.

As at 31 December 2023, as disclosed in Note 46 (b) the gross non-performing trade finance loans (stage 3) amounted to USD 122,715,655 (2022 - USD 118,796,034).

The specific impairment provisions related to these loans amounted to USD 86,115,622 (2022 - USD 74,809,139) hence the carrying amount of the stage 3 loans amounted to USD 36,600,033 (2022 - USD 43,986,895). The provisions related to stage 1 and stage 2 trade finance loans amounted to USD 103,270,228 (2022 - USD 99,653,294).

19. PROJECT LOANS

	GROUP		BANK	
	2023	2022	2023	2022
	USD	USD	USD	USD
Loans disbursed	4,966,712,076	4,597,714,012	4,966,712,076	4,597,714,012
Interest capitalised*	167,649,621	108,051,165	167,649,621	108,051,165
Loans repaid	(3,043,525,734)	(2,764,858,895)	(3,043,525,734)	(2,764,858,895)
Principal loan balances	2,090,835,963	1,940,906,282	2,090,835,963	1,940,906,282
Interest receivable	78,024,000	70,568,038	78,024,000	70,568,038
Gross loans	2,168,859,963	2,011,474,320	2,168,859,963	2,011,474,320
Impairment on project loans (Note 20)**	(37,764,984)	(30,720,889)	(37,764,984)	(30,720,889)
Net loans	2,131,094,979	1,980,753,431	2,131,094,979	1,980,753,431
ANALYSIS OF GROSS LOANS BY MATURITY				
<i>Maturing:</i>				
Within one year	705,540,842	484,587,099	705,540,842	484,587,099
One year to three years	806,890,829	818,440,797	806,890,829	818,440,797
Three to five years	413,222,897	392,093,584	413,222,897	392,093,584
Over five years	243,205,395	316,352,840	243,205,395	316,352,840
	2,168,859,963	2,011,474,320	2,168,859,963	2,011,474,320

*Interest capitalised relates to interest in arrears on loans which were restructured now capitalised to principal.

**Includes impairment charge for off-balance sheet commitments.

The gross non-performing (Stage 3) project loans as disclosed in Note 46 (b) was USD 127,563,249 (2022 - USD 68,997,525). The impairment provisions on stage 3 loans amounted to USD 16,502,325 (2022 - USD 10,116,026) hence the carrying value of the loans amounted to USD 111,060,924 (2022 - USD 58,881,499). Stage 1 and 2 provisions for project finance loans amounted to USD 21,262,659 (2022 - USD 20,604,863).

20. IMPAIRMENT ALLOWANCE ON PROJECT AND TRADE FINANCE LOANS

The movement in provisions is as follows:

	GROUP								
	PROJECT FINANCE LOANS			TRADE FINANCE LOANS			LOW CREDIT RISK ASSETS	TOTAL PROVISIONS	
	ON-STATEMENT OF FINANCIAL POSITION	OFF-STATEMENT OF FINANCIAL POSITION	TOTAL	ON-STATEMENT OF FINANCIAL POSITION	OFF-STATEMENT OF FINANCIAL POSITION	TOTAL			
USD	USD	USD	USD	USD	USD	USD	USD		
As at 1 January 2022	44,710,024	1,495,797	46,205,821	102,152,205	3,748,923	105,901,128	10,566,904	162,673,853	
Charge for the year	(14,863,284)	(621,648)	(15,484,932)	70,571,733	(2,010,428)	68,561,305)	(1,324,224)	51,752,149	
As at 31 December 2022	29,846,740	874,149	30,720,889	172,723,938	1,738,495	174,462,433	9,242,680	214,426,002	
As at 1 January 2023	29,846,740	874,149	30,720,889	172,723,938	1,738,495	174,462,433	9,242,680	214,426,002	
Amount written off	(2,768,969)	-	(2,768,969)	(3,677,734)	-	(3,677,734)	-	(6,446,703)	
Charge of the year	9,377,884	435,180	9,813,064	16,272,462	2,328,689	18,601,151	(449,791)	27,964,424	
As at 31 December 2023	36,455,655	1,309,329	37,764,984	185,318,666	4,067,184	189,385,850	8,792,889	235,943,723	

The movement in provisions is as follows:

	BANK								
	PROJECT FINANCE LOANS			TRADE FINANCE LOANS			LOW CREDIT RISK ASSETS	TOTAL PROVISIONS	
	ON-STATEMENT OF FINANCIAL POSITION	OFF-STATEMENT OF FINANCIAL POSITION	TOTAL	ON-STATEMENT OF FINANCIAL POSITION	OFF-STATEMENT OF FINANCIAL POSITION	TOTAL			
USD	USD	USD	USD	USD	USD	USD	USD		
As at 1 January 2022	44,710,024	1,495,797	46,205,821	102,152,205	3,748,923	105,901,128	10,566,904	162,673,853	
Charge for the year	(14,863,284)	(621,648)	(15,484,932)	70,571,733	(2,010,428)	68,561,305)	(1,324,224)	51,752,149	
As at 31 December 2022	29,846,740	874,149	30,720,889	172,723,938	1,738,495	174,462,433	9,242,680	214,426,002	
As at 1 January 2023	29,846,740	874,149	30,720,889	172,723,938	1,738,495	174,462,433	9,242,680	214,426,002	
Amount written off	(2,768,969)	-	(2,768,969)	(3,677,734)	-	(3,677,734)	-	(6,446,703)	
Charge for the year	9,377,884	435,180	9,813,064	16,101,190	2,328,689	18,429,879	(449,791)	27,793,152	
As at 31 December 2023	36,455,655	1,309,329	37,764,984	185,147,394	4,067,184	189,214,578	8,792,889	235,772,451	

21. INVESTMENTS IN GOVERNMENT SECURITIES

HELD AT AMORTISED COST	GROUP		BANK	
	2023	2022	2023	2022
TREASURY NOTES AND TREASURY BONDS	USD	USD	USD	USD
At 1 January:	57,227,132	83,950,034	57,227,132	83,950,034
Investment in treasury bills	9,698,266	-	-	-
Maturities	(15,058,364)	(26,722,902)	(15,058,364)	(26,722,902)
At 31 December:	51,867,034	57,227,132	42,168,768	57,227,132
ECL Impairment provisions	493,375	1,802,655	493,375	1,802,655

As part of the Bank's mandate to deepen capital markets within our Member State, TDB continued to invest in Treasury Bonds in Member States providing competitive yields ranging from 26.00% to 33.00%. The bonds are held as investments in USD and other currencies.

The effective interest rate for the Zambian Kwacha government securities was 31.10% (2022: 30.23%) while USD securities had an effective interest rate of 6.64% (2022: Nil - the USD securities were contracted in 2023).

22. TRADE FUND LOAN RECEIVABLES

HELD AT FAIR VALUE THROUGH PROFIT OR LOSS	GROUP AND BANK	
	2023	2022 RESTATED *
	USD	USD
At 1 January - as previously stated	115,420,879	99,777,845
Restatement - reversal of interest receivable	2,022,885	--
Restatement - impact of interest income reversal and fair value gain	(2,429,928)	--
At 1 January - as restated	115,013,836	--
<i>Movement during the year:</i>		
Issue of loans	359,860,590	266,558,695
Disposal of loan participation	(345,030,151)	(250,993,698)
Interest income reversal	-	(5,659,918)
Unrealised gain on revaluation	16,236,861	5,252,875
Realised (loss)/gain on disposal of loan participation	(91,970)	78,037
Unrealised foreign exchange gain on loan	151,812	-
	31,127,142	15,235,991
At 31 December:	146,140,978	115,013,836

Trade Fund receivables relate to ESATF loan participation transactions. The Trade Fund receivables are carried at fair value through profit or loss. In the previous year, these balances were disclosed in the consolidated financial statements as 'other receivables'.

*Details of restatements are disclosed in Note 45.

23. OTHER RECEIVABLES

	GROUP		BANK	
	2023	2022 RESTATED *	2023	2022
	USD	USD	USD	USD
Prepayments and other receivables**	19,514,383	39,455,632	33,007,437	26,918,836
Staff loans and advances***	22,321,011	21,230,498	22,321,011	21,230,498
Appraisal fees***	497,750	480,808	497,750	480,808
	42,333,144	61,166,938	55,826,198	48,630,142
Appraisal fees receivable****				
At the beginning of the year	480,808	323,564	480,808	323,564
Accrued Income	726,329	4,577,837	726,329	4,577,837
Receipts	(343,808)	(350,638)	(343,808)	(350,638)
Impaired and written off amounts (Note 13)	(365,579)	(4,069,955)	(365,579)	(4,069,955)
At the end of the year	497,750	480,808	497,750	480,808
Amounts due within one year	3,096,182	41,482,106	3,096,182	29,485,215
Amounts due after one year	39,236,962	19,144,927	52,730,016	19,144,927
	42,333,144	61,166,938	55,826,198	48,630,142

Included in 'Other Receivables' is an amount of USD 115,420,879 relating to the Trade Fund receivables. This has been reclassified and presented separately in Note 22.

*Details of restatements are disclosed in Note 45.

**Prepayments and other receivables mainly comprise insurance costs on the Group's exposure and facility fees paid on relation to short terms facilities extended to the Group by lenders.

***Staff loan and advances are granted in accordance with the Staff Rules and Regulations approved by the Board of Directors. These staff loans and advances have various repayment terms ranging from 3 to 36 months. The interest rates for these loans ranges from 3% to 6%.

****Appraisal fees are recognised as income receivable on approval of a facility to the borrower by the Group.

24. EQUITY INVESTMENTS

GROUP AND BANK

(I) EQUITY PARTICIPATION AT FAIR VALUE THROUGH OCI	BEGINNING COST	ADDITIONS/ DISPOSALS	TOTAL ENDING COST	INVESTMENT CARRYING VALUE AT PERIOD END	INVESTMENT CARRYING VALUE PREVIOUS YEAR	ADJUSTMENT FOR THE PERIOD	TDB'S SHAREHOLDING*
As at 31 December 2023	USD	USD	USD	USD	USD	USD	%
African Export-Import Bank	2,364,160	-	2,364,160	8,099,000	9,567,000	(1,468,000)	0.2
PTA Reinsurance	31,938,654	-	31,938,654	57,749,000	56,136,000	1,613,000	18.7
Tanruss	1,755,000	(1,755,000)	-	-	(194,417)	-	-
Africa Trade Insurance Company	1,000,000	-	1,000,000	1,325,000	1,215,000	110,000	0.3
Gulf African Bank	1,978,734	-	1,978,734	1,905,000	1,887,000	18,000	5.2
Pan African Housing Fund	772,431	-	772,431	73,869	112,515	(38,646)	2.4
Cable and Wireless	2,729,000	-	2,729,000	2,729,000	2,729,000	-	2.8
Total	42,537,979	(1,755,000)	40,782,979	71,880,869	71,452,098	234,354	
As at 31 December 2022							
African Export-Import Bank	2,364,160	-	2,364,160	9,567,000	7,393,000	1,664,000	0.2
PTA Reinsurance	31,938,654	-	31,938,654	56,136,000	49,609,000	6,527,000	18.8
Tononoka	628,653	(628,653)	-	-	706,000	44,000	-
Tanruss	1,755,000	-	1,755,000	(194,417)	(375,000)	180,583	4
Africa Trade Insurance Agency	1,000,000	-	1,000,000	1,215,000	1,170,000	45,000	0.3
Gulf African Bank	1,978,734	-	1,978,734	1,887,000	1,809,000	78,000	5.2
Pan African Housing Fund	805,098	(32,667)	772,431	112,515	256,070	(110,888)	2.4
Cable and Wireless	-	2,729,000	2,729,000	2,729,000	-	-	2.8
Total	40,470,299	2,067,680	42,537,979	71,452,098	61,078,070	8,427,695	

The Group's main equity investments are in ZEP-RE (PTA Reinsurance Company), African Export-Import Bank, Africa Trade Insurance Agency and Gulf African Bank. In addition, the Group has subscribed to the equity of various projects in its Member States. The Group's participation is expressed in US Dollars. As at 31 December 2023, all investments were carried at fair value as per provision of IFRS 9. The Group disposed of the shares in Tononoka Steels Limited and invested in Cable & Wireless in 2022 while Tanruss Investments Limited was disposed of during 2023. The dividends received in respect of these investments, whenever applicable, are disclosed in Note 9.

*The shareholding percentage is based on the investee companies' prior year audited Financial Statements except for Pan African Housing Fund and Cable and Wireless which are based on current year financial information.

24. EQUITY INVESTMENTS (CONTINUED)

	GROUP AND BANK	
	2023	2022
(II) INSTALMENTS PAID	USD	USD
Total subscribed capital*	42,159,115	43,965,548
Less: Instalments not due – Note 21 (iii)	(1,376,136)	(1,427,569)
Instalments paid as at end of period – Note 24 (iv)	40,782,979	42,537,979

*Total subscribed capital includes paid up capital and unpaid subscriptions.

(III) UNPAID SUBSCRIPTIONS	USD	USD
<i>Expressed in US Dollars at year-end rates comprised:</i>		
African Export Import Bank*	1,200,000	1,200,000
Pan African Housing Fund*	176,136	227,569
	1,376,136	1,427,569

*Unpaid subscriptions are payable on call.

(IV) MOVEMENT IN THE INSTALMENTS PAID	USD	USD
At beginning of period	42,537,979	40,470,299
Additions at cost – Note 24(i)	-	2,729,000
Divestiture– Note 24(i)	(1,755,000)	(661,320)
At end of period	40,782,979	42,537,979

25. INVESTMENT IN SUBSIDIARIES - AT COST

A. TDB Subsidiaries

i. Eastern and Southern African Trade Advisers Limited (ESATAL)

The Bank had a 50% plus 1 share interest in Eastern and Southern African Trade Advisers Limited (ESATAL) up to June 2022. On 30th June 2022, TDB acquired the minority interest which was held by GML Capital, thus making TDB a 100% shareholder in ESATAL. ESATAL was incorporated in 2015 as a joint venture between TDB and GML Capital, with each party controlling 50% interest in the joint venture and became a subsidiary of TDB in August 2019 after the Bank obtained control. The principal place of business of ESATAL is Ebene, Mauritius. ESATAL is an investment Manager for The Eastern and Southern African Trade Fund – “ESATF” (see Note 23 (iv)). ESATAL has a 31 December year end for reporting purposes.

TDB Acquisition of 100% interest in ESATAL

In December 2021, TDB Board of Directors gave approval to TDB’s exercise of its option rights to buy out all of GML Capital LLP’s ordinary shares in ESATAL and to terminate the Shareholders Agreement between TDB and GML as shareholders in ESATAL.

GML accepted TDB’s decision and the two parties agreed on a consideration for the sale by the GML of the shares to TDB for the sum of USD 1,289,478. The purchase price, which was acknowledged and agreed by TDB and GML, was determined on the basis of the fair market value of the shares as at the closing date. The transaction was closed on 30 June 2022.

ii. Trade and Development Fund (TDF)

In its first year of operation, TDF had a nominal share capital of USD 1 and was 100% owned by TDB. During 2023, TDB invested USD 8.5 million in share capital in TDF. Later TDB’s Member States invested USD 8,569,378 directly into TDF. As at 31 December 2023, TDB controls 86.44% of TDF, while TDB’s Member States directly control 13.56% of TDF.

TDF was incorporated in 2020 and the principal place of business of TDF is Harare, Zimbabwe. TDF provides grants, donations, technical assistance and financial assistance under non-commercial terms, as well as providing training and capacity building. TDF has a 31 December year end for reporting purposes.

25. INVESTMENT IN SUBSIDIARIES - AT COST (CONTINUED)

A. TDB Subsidiaries (continued)

ii. *Eastern and Southern African Infrastructure Fund (ESAIF)*

The Bank has a 100% interest in Eastern and Southern African Infrastructure Fund (ESAIF). ESAIF was incorporated in 2015 as a joint venture between TDB and Harith General Partners, with each party controlling 50% interest in the joint venture. In September 2017, ESAIF became a subsidiary of TDB after the Bank obtained control. The principal place of business of ESAIF is Ebene, Mauritius. ESAIF is an investment Manager for COMESA Infrastructure Fund - "CIF". ESAIF has a 31 December year end for reporting purposes.

In the current year, ESAIF made a loss of USD 29,833, causing the net asset value to reach a negative amount of USD (9,014). An impairment assessment was made and determined that ESAIF be fully impaired, and hence the carrying value is NIL. The impaired amount was USD 1,227,054.

iii. *Eastern and Southern African Trade Fund (ESATF)*

The Eastern and Southern African Trade Fund (ESATF) is a company domiciled in Mauritius that is licensed by the Mauritius Financial Services Commission (FSC) as a collective investment scheme and invests primarily in trade finance assets across Africa. It is an open-ended fund, with the initial subscription of USD 49.55 Million made by TDB in August 2019. ESATF has appointed ESATAL as its Fund Manager to provide fund management services in terms of the fund management agreement.

Over the years, and in line with the business strategy, the Fund has attracted more investors, diluting TDB's investment to 44% (December 2022: 46.62%) of the total Net Asset Value (NAV) of ESATF.

iv. *TDB Captive Insurance (TCI)*

The Bank has 100% interest in TDB Captive Insurance (TCI). TCI was incorporated in 2021 and the principal place of business of TCI is Ebene, Mauritius. TCI provides risk mitigation services for its parent company TDB and other related group entities, primarily focusing on insurance services for financial assets. TCI has a 31 December year end for reporting purposes.

v. *COMESA Infrastructure Fund (CIF)*

The COMESA Infrastructure Fund (CIF) is jointly owned by COMESA and TDB. CIF was incorporated in 2015 and the principal place of business of TCI is Ebene, Mauritius. CIF principal activity was to finance infrastructure projects within the COMESA region. CIF has a 31 December year end for reporting purposes.

CIF has not been consolidated into the Group accounts because of the winding up process which is in progress.

25. INVESTMENT IN SUBSIDIARIES

B. TDB Investment in subsidiaries

AS AT 31 DECEMBER 2023	TDF	ESATAL	ESAIF	ESATF	TCI	TOTAL
SUBSIDIARY'S ISSUED SHARES						
As at 1 January 2023	1	139,967	1,227,054	122,231,937	30,000,000	153,598,959
Subscriptions during the period	9,913,264	-	-	7,734,359	-	17,647,623
Impairment/Increase in NAV	-	-	(1,227,054)	11,226,359	-	9,999,305
Total issued and fully paid	9,913,265	139,967	-	141,192,655	30,000,000	181,245,887
TDB's share	86.44%	100%	100%	44.00%	100%	
Fully paid	8,569,378	139,967	-	62,127,782	30,000,000	100,837,127
Non-controlling interest*	1,343,887	-	-	79,064,873	-	80,408,760
SHARE CAPITAL						
	USD	USD	USD	USD	USD	USD
Total Investment in subsidiaries	8,569,378	1,359,463	-	49,549,739	30,000,000	89,478,580
Total issued and fully paid	8,569,378	1,359,463	-	49,549,739	30,000,000	89,478,580
AS AT 31 DECEMBER 2022						
SUBSIDIARY'S ISSUED SHARES						
As at 1 January 2022	1	139,967	1,044,150	106,710,652	-	107,894,770
Subscriptions during the year	-	-	182,904	9,680,730	30,000,000	39,863,634
Increase in NAV	-	-	-	5,840,555	-	-
Total issued and fully paid	1	139,967	1,227,054	122,231,937	30,000,000	147,758,404
TDB's share	100%	100%	100%	46.62%	100%	
Fully paid	1	139,967	1,227,054	56,985,864	30,000,000	31,367,022
Non-controlling interest*	-	-	-	65,246,073	-	65,246,073
SHARE CAPITAL						
	USD	USD	USD	USD	USD	USD
Total Investment in subsidiaries	1	139,967	1,227,054	49,549,739	30,000,000	80,916,761
Total issued and fully paid	1	1,359,463	1,227,054	49,549,739	30,000,000	82,136,257

*ESATF Non-controlling interest - Refer to Note 34 for detailed disclosure.

25. INVESTMENT IN SUBSIDIARIES (CONTINUED)

C. Summarised financial information

AS AT 31 DECEMBER 2023	TDF	ESATF	TOTAL
(I) STATEMENT OF FINANCIAL POSITION	USD	USD	USD
Total assets	9,453,554	151,028,302	160,481,856
Total liabilities	(4,542,670)	(9,835,647)	(14,378,317)
Net assets	4,910,884	141,192,655	146,103,539
Attributable to owners of the bank	4,244,968	62,127,782	66,372,750
Non-controlling interest	665,916	79,064,873	79,730,789
	4,910,884	141,192,655	146,103,539
(II) STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME			
Income	197,992	14,085,455	14,283,447
Expenditure	(1,317,188)	(2,859,096)	(4,176,284)
Comprehensive income/loss for the period	(1,119,196)	11,226,359	10,107,163
Attributable to owners of the Bank	(967,433)	4,939,846	3,972,412
Non-controlling interest	(151,763)	6,286,513	6,134,751
	(1,119,196)	11,226,359	10,107,163
(III) STATEMENT OF CASH FLOWS			
Net cash (used in)/ generated from operating activities	(4,913,264)	4,659,296	(253,968)
Net cash generated from/(used in) financing activities	4,913,264	(26,978,046)	(22,064,782)
Net cash generated from investing activities	-	7,734,359	7,734,359
Net increase/(decrease) in cash and cash equivalents	-	(14,584,391)	(14,584,391)
Cash and cash equivalents at beginning of period	-	5,053,900	5,053,900
Cash and cash equivalents at end of period		(9,530,491)	(9,530,491)

25. INVESTMENT IN SUBSIDIARIES (CONTINUED)

C. Summarised financial information (continued)

AS AT 31 DECEMBER 2022	ESATF	TOTAL
(I) STATEMENT OF FINANCIAL POSITION	USD	USD
Total assets	122,508,785	122,508,785
Total liabilities	(279,248)	(279,248)
Net assets	122,229,537	122,229,537
Non-controlling interest	65,246,073	65,246,073
(II) STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME		
Income	8,062,189	8,062,189
Expenditure	(2,224,134)	(2,224,134)
Comprehensive income/loss for the year	5,838,055	5,838,055
Attributable to owners of the Bank	4,378,541	4,378,541
Non-controlling interest	1,459,514	1,459,514
	5,838,055	5,838,055
(III) STATEMENT OF CASH FLOWS		
Net cash (used in)/ generated from operating activities	2,332,854	2,332,854
Net cash generated from/(used in) financing activities	(16,052,133)	(16,052,133)
Net cash generated from investing activities	9,680,730	9,680,730
Net increase/(decrease) in cash and cash equivalents	(4,038,549)	(4,038,549)
Cash and cash equivalents at beginning of year	9,092,449	9,092,449
Cash and cash equivalents at end of year	5,053,900	5,053,900

26. PROPERTY AND EQUIPMENT

	GROUP AND BANK							
	FREEHOLD LAND	BUILDING UNDER CONSTRUCTION	BUILDINGS	MOTOR VEHICLES	FURNITURE AND FITTINGS	OFFICE EQUIPMENT	TOTAL	
	USD	USD	USD	USD	USD	USD	USD	
COST								
As at 1 January 2023	140,400	24,598,036	18,839,370	1,071,057	1,748,578	3,204,666	49,602,107	
Additions	1,710	2,209,631	693,711	135,700	1,400,161	3,208,662	7,649,575	
Disposals	-	-	(9,655,760)	-	(245,195)	(251,524)	(10,152,459)	
Capitalisation of Building Under Construction	-	(26,807,667)	26,807,667	-	-	-	-	
Transfer to Investment Property (Note 27)	-	-	(3,011,356)	-	-	-	(3,011,356)	
At 31 December 2023	142,110	-	33,673,652	1,206,757	2,903,544	6,161,804	44,087,867	
DEPRECIATION								
At 1 January 2023	-	-	9,796,659	909,517	1,479,993	2,737,340	14,923,509	
Charge for the year	-	-	1,072,297	99,311	191,962	422,608	1,786,178	
Disposals	-	-	(9,655,760)	-	(141,899)	(245,961)	(10,043,620)	
At 31 December 2023	-	-	1,213,196	1,008,828	1,530,056	2,913,987	6,666,067	
Net book value	142,110	-	32,460,456	197,929	1,373,488	3,247,817	37,421,800	

Building Under Construction:

The Group completed the construction of an office building in Nairobi, Kenya. The building was ready for use and occupied with effect from 1 June 2023. All costs that were incurred in the construction phase up to and including 30 May 2023, amounting to USD 26,807,667 were recognised in line with IAS 16: Property, plant and equipment. Depreciation for the building commenced on 1 June 2023.

None of the assets have been pledged to secure borrowings of the Group (December 2022: Nil).

26. PROPERTY AND EQUIPMENT (CONTINUED)

Nairobi Property

The lettable space for the Nairobi office building amounting to 2,482 square meters (11%) of the total 22,948 square meter space previously in Building Under Construction has been transferred to Investment Property.

Transfer to Investment Property (Note 27)

Bujumbura Property

The Bujumbura Property comprises of 62.54% lettable space out of which 38.05% is leased out. The property was fair valued as at December 2021, 2022 and 2023 in accordance with IAS 40-Investment Property. The loss on valuation of USD 2,839,695 was recognised in the opening balances for 2022 (i.e December 2021) and a restatement to the building made.

In 2021, the carrying old value of the Bujumbura property was derecognised, and the components of land, investment property and building for own use were separately recognised.

The Break down of the Bujumbura property valuation is given below:

	GROUP AND BANK
	2021
	USD
(A) BEFORE FAIR VALUATION	
Cost	19,915,434
Accumulated depreciation	7,227,854
Carrying amount	12,687,580
<i>Allocated to:</i>	
Building recognised under IAS 16 - Property and Equipment	4,838,325
Building recognised under IAS 40 - Investment Property	7,849,255
Total	12,687,580
(B) FAIR VALUATION	
Building recognised under IAS 40 - Investment Property (Note 27)	5,009,560
(C) FAIR VALUE LOSS (B-A)	
Fair valuation of building recognised under IAS 40 - Investment Property (Note 34)	5,009,560
Carrying amount before valuation allocated to building recognised under IAS 40- Investment Property	(7,849,255)
Fair Value loss - Building recognised under IAS 40 - Investment Property	(2,839,695)

26. PROPERTY AND EQUIPMENT (CONTINUED)

	GROUP AND BANK							TOTAL
	FREEHOLD LAND	BUILDING UNDER CONSTRUCTION	RESTATED BUILDINGS	MOTOR VEHICLES	FURNITURE AND FITTINGS	OFFICE EQUIPMENT		
COST	USD	USD	USD	USD	USD	USD	USD	
As at 1 January 2022 - As previously stated	140,400	17,001,300	26,688,625	1,047,989	1,745,887	2,867,770	49,491,971	
Restatement (Note 45)	-	-	(7,849,255)	-	-	-	(7,849,255)	
As at 1 January 2022 - Restated	140,400	17,001,300	18,839,370	1,047,989	1,745,887	2,867,770	41,642,716	
Additions	-	7,596,736	-	23,068	2,691	345,166	7,967,661	
Disposals	-	-	-	-	-	(8,270)	(8,270)	
At 31 December 2022	140,400	24,598,036	18,839,370	1,071,057	1,748,578	3,204,666	49,602,107	
DEPRECIATION								
At 1 January 2022	-	-	9,274,058	782,953	1,366,934	2,505,107	13,929,052	
Charge for the year	-	-	522,601	126,564	113,059	239,430	1,001,654	
Disposals	-	-	-	-	-	(7,197)	(7,197)	
At 31 December 2022	-	-	9,796,659	909,517	1,479,993	2,737,340	14,923,509	
Net book value	140,400	24,598,036	9,042,711	161,540	268,585	467,326	34,678,598	

27. INVESTMENT PROPERTY

	GROUP AND BANK		
	BUJUMBURA OFFICE	NAIROBI OFFICE	TOTAL
Total space - square meters	6,566.77	22,948.00	29,514.77
Lettable space - square meters	4,106.62	2,482.00	6,588.62
Leased space - square meters	2,498.48	-	2,498.48
Lettable space - %	62.54%	10.82%	22.32%
Leased space - %	38.05%	0%	8.47%
COST/FAIR VALUE	USD	USD	USD
As at 1 January 2023	5,009,560	-	5,009,560
Transfer from Property & Equipment (Note 26)	-	3,011,356	3,011,356
As at 31 December 2023	5,009,560	3,011,356	8,020,916
Revaluation	-	-	-
NET CARRYING AMOUNT			
As at 31 December 2023	5,009,560	3,011,356	8,020,916
<i>As at 31 December 2022</i>			
As previously stated	-	-	-
Restatement (Notes 26 and 45)	5,009,560	-	5,009,560
As at 31 December 2022 - Restated	5,009,560	-	5,009,560

The transfer from Property and Equipment (Note 26) in respect to Nairobi office building relates to amounts that were held as work in progress during the construction phase. Given that it is a new building, Management believes that the amounts carried in the financial statements as at 31 December 2023 approximate the property's market value.

The Bujumbura Office building was revalued as at 31 December 2021, 2022 and 2023. It was initially carried at cost less depreciation under IAS 16 - Property and Equipment, the investment portion of the property has now been recognised as investment property in the years to 31 December 2021, 2022 and 2023. Prior year amounts have been restated for this voluntary change in accounting policy.

The Group has not pledged any of its investment property to secure general banking facilities granted to the Group.

The Group did not earn rental income from its Nairobi office investment property, as the property had not been leased as at the reporting date. Rental income from the Bujumbura property amounted to USD 227,993 (2022: USD 231,019).

The Group has not entered into any contract for the maintenance of its investment property.

28. RIGHT-OF-USE ASSETS

The Right-of-use assets comprise leases in respect of space for own use and land that the Group owns and holds on leasehold title. Information about the leases in which the Group is a lessee is presented below:

	GROUP		BANK	
	2023	2022	2023	2022
COST	USD	USD	USD	USD
At beginning of year	4,824,392	4,690,034	4,824,392	4,690,034
Additions/ lease asset recognised	-	134,358	-	134,358
Lease derecognised*	(2,370,544)	-	(2,370,544)	-
At the end of the year	2,453,848	4,824,392	2,453,848	4,824,392
AMORTISATION				
At the beginning of the period	2,246,808	1,636,136	2,246,808	1,636,136
Charge for the year	190,775	610,672	190,775	610,672
Lease derecognised	(2,237,242)	-	(2,237,242)	-
At the end of the year	200,341	2,246,808	200,341	2,246,808
NET BOOK VALUE				
At end of the year	2,253,507	2,577,584	2,253,507	2,577,584
<i>Amounts recognised in profit and loss:</i>				
Depreciation expense-right-of-use asset	190,775	610,672	190,775	610,672
Interest expense on lease liabilities (note 10)	23,819	102,734	23,819	102,734
Expense relating to short term lease contracts	39,837	36,144	39,837	36,144
At end of the year	254,431	749,550	254,431	749,550

*The lease derecognised during the year relates to the previously rented premise for Nairobi office at 197 Lenana Place.

From June 2023, The Nairobi office moved to its own newly constructed building at 184 TDB Tower on Lenana Road. The balance on the account relates to leasehold land for the Nairobi office.

29. INTANGIBLE ASSETS

	GROUP		BANK	
	2023	2022	2023	2022
COST	USD	USD	USD	USD
At the beginning of the year	4,733,657	4,733,657	4,733,657	4,733,657
Additions/Disposals	-	-	-	-
At the end of the year	4,733,657	4,733,657	4,733,657	4,733,657
AMORTISATION				
At the beginning of the period	4,020,165	3,226,100	4,020,165	3,226,100
Charge for the period	518,208	794,065	518,208	794,065
At the end of the period	4,538,373	4,020,165	4,538,373	4,020,165
NET BOOK VALUE				
At the end of the year	195,284	713,492	195,284	713,492

Intangible assets relate to cost of acquired computer software.

Computer software are amortised over their estimated useful lives, which is 5 years on average.

30. COLLECTION ACCOUNT DEPOSITS

	GROUP		BANK	
	2023	2022	2023	2022
	USD	USD	USD	USD
At beginning of year	123,759,079	64,979,105	123,759,079	64,979,105
Increase	166,187,786	68,970,583	166,187,786	68,970,583
Reduction	(509,311)	(10,190,609)	(509,311)	(10,190,609)
At end of the year	289,437,554	123,759,079	289,437,554	123,759,079

Collection account deposits are collections against loans that are short-term in nature and represent deposits collected by the group on behalf of the customers from proceeds of Group funded commodities to be applied on loan repayments as they fall due.

31. LEASE LIABILITIES

	GROUP		BANK	
	2023	2022	2023	2022
	USD	USD	USD	USD
At start of period	244,246	612,758	244,246	612,758
Change in lease liabilities*	(133,302)	134,358	(133,302)	134,358
Payment of interest on lease liabilities	(23,819)	(102,734)	(23,819)	(102,734)
Payment of principal lease liabilities	(110,944)	(502,870)	(110,944)	(502,870)
Interest on lease liabilities	23,819	102,734	23,819	102,734
At end of year	-	244,246	-	244,246
<i>Maturity Analysis of undiscounted cash flows:</i>				
Year 1	-	244,246	-	244,246

*This amount relates to the balance of lease liabilities derecognised due to the early termination of leased property. This was as a result of TDB relocating to its owner occupied premises a few months before the expiry of its lease contract in Nairobi for premises that TDB was occupying under an operating lease contract.

The lease liabilities were NIL as at 31 December 2023.

As at 31 December 2022, the lease liabilities are discounted at an average incremental borrowing rate of 6.88%.

32. SHORT TERM BORROWINGS

	DATE OF RENEWAL/ ADVANCE	MATURITY DATE	CURRENCY	GROUP AND BANK	
				2023	2022
				USD	USD
Global Syndication 2022	Dec-22	Dec-25	USD	864,308,566	801,388,566
Global Syndication 2023	Dec-23	Dec-26	USD	510,732,919	-
Asia Syndication 2022	Aug-22	Jul-25	USD	500,000,000	500,000,000
Standard Chartered Bank London	Jun-22	Dec-25	USD	400,000,000	227,183,099
Global Syndication 2021	Dec-21	Dec-24	USD	346,246,201	492,593,430
National Bank of Ethiopia	May-23	May-24	USD	301,000,000	301,000,000
China Export and Import Bank	Sep-22	Sep-25	USD	300,000,000	300,000,000
The Bank of Tokyo Mitsubishi UFJ, Ltd	May-23	May-24	USD	150,000,000	150,000,000
Samurai 2021	Sep-23	Dec-24	USD	115,000,000	150,000,000
Cassa Depositi e Prestiti S.p.A	Jan-21	Jan-24	USD	109,545,000	31,987,500
Citibank	Jun-23	Jun-24	USD	100,000,000	148,009,393
British International Investment plc	Dec-23	Dec-26	USD	100,000,000	-
Mashreq Bank	Jun-23	May-24	USD	100,000,000	-
Commerzbank	Jun-22	May-26	USD	96,295,000	-
Abu Dhabi Commercial Bank PJSC	Aug-23	Feb-24	USD	75,000,000	-
Kenya Commercial Bank	Aug-23	Nov-24	USD	61,209,137	-
Nedbank	Aug-22	Aug-25	USD	60,000,000	60,000,000
African Development Bank	Jul-22	Jan-26	USD	50,000,000	50,000,000
Norfund	Jul-23	Jul-24	USD	40,000,000	50,000,000
Nouvbank	Jun-23	Dec-24	EUR	24,263,555	22,060,704
Africa 50 Financement de Projets	Oct-23	Jan-24	USD	18,872,389	32,409,355
African Trade Insurance Agency	Jan-22	Jun-24	USD	5,894,364	4,416,451
Banque Commerciale du Burundi	Oct-23	Oct-24	USD	3,011,405	3,000,000
Sumitomo Mitsui Banking Corporation	Dec-22	Mar-23	USD	-	100,000,000
Mizuho Bank London	Jun-22	Jun-23	USD	-	50,000,000
Sub total for other short term borrowings				4,331,378,536	3,474,048,498
Interest payable				48,023,427	15,283,183
Total short-term borrowings				4,379,401,963	3,489,331,681
Amount due within one year				960,736,951	1,313,362,184
Amount due after one year				3,418,665,012	2,175,969,497
				4,379,401,963	3,489,331,681

Borrowings are classified as short-term or long-term on the basis of the book of business that the Group funds i.e. Trade Finance Loans or Project Loans and not on the basis of contractual maturity of the liability. The Trade finance loans have a tenure of upto 3 years while project loans extend beyond 3 years.

33. PROVISION FOR SERVICE AND LEAVE PAY

	GROUP		BANK	
	2023	2022	2023	2022
(I) PROVISION FOR SERVICE PAY	USD	USD	USD	USD
At 1 January	8,762,969	8,458,074	8,762,969	8,458,074
Increase in provision	1,505,216	1,185,365	1,478,436	1,185,365
Payment of service pay	(267,243)	(880,470)	(302,682)	(880,470)
At end of year	10,000,942	8,762,969	9,938,723	8,762,969
(II) PROVISION FOR LEAVE PAY				
At 1 January	2,703,100	2,829,660	2,703,100	2,829,660
Increase in provision	375,203	176,266	359,785	176,266
Payment of leave pay	(28,731)	(302,826)	(89,720)	(302,826)
At end of the year	3,049,572	2,703,100	2,973,165	2,703,100
Total provision for service and leave pay	13,050,513	11,466,069	12,911,887	11,466,069

Employees' entitlements to annual leave and service pay are recognised when they accrue to employees and are current.

34. REDEEMABLE PARTICIPATING SHARES

	GROUP			
	AS AT 31 DECEMBER 2023		AS AT 31 DECEMBER 2022	
	NO. OF SHARES	USD	NO. OF SHARES	USD
As at 1 January	1,060,361	122,231,437	973,785	106,710,652
Shares issued	63,030	7,734,359	86,576	9,680,730
Increase in Net Asset Value		11,226,359	-	5,840,055
As at 31 December	1,123,391	141,192,655	1,060,361	122,231,437
TDB Share 44% (2022: 46.62%)		62,127,781		56,984,296
Non-controlling interest		79,064,874		65,246,073
Maturity Analysis:				
Amounts due within one year		-		-
Amounts due after one year		79,064,874		65,246,073
		79,064,874		65,246,073

Redeemable participating shares relate to the ESATF Net Asset Value of the Trade Fund. The NCI payable are amounts which are due to other shareholders.

The redeemable participating shares are issued by TDB'S subsidiary, ESATF. The shares have the following rights:

The right to receive, on a pro rata basis, dividends or other distributions of profit declared or made by ESATF. On the winding-up of ESATF or on repayment of capital, redeemable participating shareholders have the right to receive, on a pro rata basis, all the surplus assets remaining in ESATF after payment of all prior liabilities and the repayment of all amounts paid up on the Management Shares.

Each holder of redeemable participating shares in ESATF shall have no voting rights, save that no action will be taken and no additional classes of participating shares will be created whereby such actions would have an adverse effect on already existing classes of redeemable participating shares without the prior approval by a Special Resolution of the holders of the classes of redeemable participating shares so affected. The redeemable participating shares shall be redeemable at the option of ESATF and on each dealing date at the request of a redeemable participating shareholder with required advance notice.

34. REDEEMABLE PARTICIPATING SHARES (CONTINUED)

The redeemable participating shares issued by ESATF are redeemable at the option of the shareholder and to be in line with IAS 32, they have accordingly been classified as financial liabilities. The redeemable participating shares may be divided into any number of classes as determined by the Board. ESATF, as Fund Manager for ESATF, may in its sole and absolute discretion, waive or reduce the management fees charged in relation to any redeemable participating shares. Accordingly, the redeemable participating shares of ESATF have been classified as financial liabilities in accordance with their contractual terms.

35. OTHER PAYABLES

	GROUP		BANK	
	2023	2022 RESTATED*	2023	2022 RESTATED*
	USD	USD	USD	USD
Other creditors**	97,170,700	36,914,830	104,687,917	16,172,867
Provident fund***	49,022,487	37,949,595	49,022,487	37,949,595
Dividend payable	10,420,088	8,774,902	10,420,088	8,774,902
Accrued long term incentive scheme	9,521,754	10,605,213	9,521,754	10,605,213
Accrued reward & recognition	3,395,901	3,827,543	3,395,901	3,827,543
Accrued fees - trade finance	140,914	725,345	140,914	725,345
Accrued expenses	656,636	413,385	591,150	413,385
Prepaid rent	82,865	94,469	82,865	94,469
Accrued fees - project finance	16,139	16,139	16,139	16,139
Accrued Syndication Fees	946	1,238	946	1,238
Other payables	170,428,430	99,322,658	177,880,160	78,580,695
<i>Analysis of other payables by maturity:</i>				
Amounts due within one year	108,411,191	61,278,594	115,862,921	100,913,810
Amounts due after one year	62,017,239	38,044,064	62,017,239	37,949,590
	170,428,430	99,322,658	177,880,160	78,580,695

*Details of restatements are disclosed in Note 45.

**Other creditors mainly relate to cash cover deposits by customers.

***Provident fund relates to funds deposited by the Employee Provident Fund (EPF) into TDB's bank accounts and held by TDB on behalf of the EPF.

36. LONG TERM BORROWINGS

GROUP AND BANK

AS AT 31 DECEMBER 2023

LENDER	DATE OF RENEWAL/ DISBURSEMENT	MATURITY DATE	CURRENCY	AMOUNT IN CURRENCY	BALANCE OUTSTANDING	AMOUNT DUE WITHIN ONE YEAR	AMOUNT DUE AFTER ONE YEAR
					USD	USD	USD
African Development Bank	Nov-08	Feb-32	USD	150,000,000	150,000,000	24,000,000	126,000,000
African Economic Research Consortium	Nov-19	Nov-26	USD	3,163,945	3,163,945	-	3,163,945
US\$ 1.0 Billion Euro Medium Term Note Programme: Second Tranche	May-19	May-24	USD	750,000,000	750,000,000	750,000,000	-
US\$ 1.0 Billion Euro Medium Term Note Programme: Third Tranche	Jun-21	Jun-28	USD	650,000,000	650,000,000	-	650,000,000
Opec Fund for International Development	Mar-19	Sep-32	USD	30,000,000	30,000,000	-	30,000,000
KfW	Dec-13	Nov-36	USD	104,761,905	104,761,905	15,238,095	89,523,810
European Investment Bank	Aug-16	Nov-33	USD	65,248,000	65,248,000	11,749,333	53,498,667
British International Investment	Oct-16	May-26	USD	20,833,333	20,833,333	8,333,333	12,500,000
Standard Chartered Bank / USAID	Sep-17	Sep-24	USD	4,227,905	4,227,905	4,227,905	-
Finnish Export Credit -Sumitomo Mitsui Banking Corporation	Jul-17	Dec-29	USD	37,756,347	37,756,347	6,292,724	31,463,623
Agence Francaise De Development	Dec-17	Jun-36	USD	128,425,000	128,425,000	7,916,667	120,508,333
Industrial Development Corporation	Mar-18	Feb-26	USD	33,521,728	33,521,728	13,408,691	20,113,037
Arab Bank for Economic Development in Africa	Feb-18	Jan-28	USD	57,500,000	57,500,000	1,875,000	55,625,000
Development Bank of the Republic of Belarus -I	Jun-20	Apr-25	USD	19,012,312	19,012,312	-	19,012,312
Oesterreichische Entwicklungsbank AG	Jun-20	Jun-30	USD	19,117,647	19,117,647	2,941,176	16,176,471
MIGA Guaranteed Syndicated	Jul-20	Jun-30	EUR	334,434,878	366,356,688	-	366,356,688
MIGA Guaranteed Syndicated	Dec-23	Jun-30	EUR	300,000,000	328,635,000	-	328,635,000
Cassa Depositi e Prestiti	Jul-20	Jun-30	EUR	38,235,294	41,884,853	6,443,824	35,441,029
World Bank Facility-Infrastructure Facility	Mar-21	Aug-39	USD	75,560,000	75,560,000	-	75,560,000
World Bank Facility-Technical Assistance Facility	Jan-21	Aug-58	USD	5,265,846	5,265,846	-	5,265,846
Development Finance institute Canada-FinDev Canada	Nov-21	Nov-29	USD	17,142,857	17,142,857	2,857,143	14,285,714
Japan Bank for International Corporation	Dec-23	Dec-27	USD	98,590,500	98,590,500	-	98,590,500
					3,007,003,866	855,283,891	2,151,719,975

36. LONG TERM BORROWINGS (CONTINUED)

GROUP AND BANK
AS AT 31 DECEMBER 2023

	BALANCE OUTSTANDING	AMOUNT DUE WITHIN ONE YEAR	AMOUNT DUE AFTER ONE YEAR
	USD	USD	USD
TOTAL FOR LONG TERM BORROWINGS	3,007,003,866	855,283,891	2,151,719,975
Interest payable	36,021,779	36,021,779	-
Total long term borrowings	3,043,025,645	891,305,670	2,151,719,975
Deferred expenditure	(76,665,459)	(24,007,115)	(52,658,344)
	<u>2,966,360,186</u>	<u>867,298,555</u>	<u>2,099,061,631</u>

The Group repays these borrowings in their quarterly or semi-annual instalment as well as bullet payments. The Group has not given any security for the borrowings. It has not defaulted on any of them. Borrowings are classified as short-term or long-term on the basis of the book of business that the Group fund i.e. Trade Finance or Project loans, and not on the basis of contractual maturity of the liability. Trade finance loans have a tenure of up to 3 years while project loans extend beyond 3 years.

36. LONG TERM BORROWINGS (CONTINUED)

GROUP AND BANK
AS AT 31 DECEMBER 2022

LENDER	DATE OF RENEWAL/ DISBURSEMENT	MATURITY DATE	CURRENCY	AMOUNT IN CURRENCY	BALANCE OUTSTANDING	AMOUNT DUE WITHIN ONE YEAR	AMOUNT DUE AFTER ONE YEAR
					USD	USD	USD
African Development Bank	Nov-08	Feb-32	USD	176,250,000	176,250,000	30,250,000	146,000,000
African Economic Research Consortium	Nov-19	Nov-26	USD	3,050,424	3,050,424	-	3,050,424
Agence Francaise De Development	Dec-17	Jun-36	USD	112,075,000	112,075,000	6,250,000	105,825,000
Arab Bank for Econmic Development in Africa	Feb-18	Jan-28	USD	59,375,000	59,375,000	1,875,000	57,500,000
Cassa Depositi e Prestiti	Jul-20	Jun-30	EUR	44,117,647	47,040,441	6,272,059	40,768,382
CDC Group	Oct-16	May-26	USD	29,166,667	29,166,667	8,333,333	20,833,334
Development Bank of the Republic of Belarus - I	Jun-20	Apr-25	USD	18,750,053	18,760,053	5,342,569	13,417,484
Development Finance institute Canada -FinDev Canada	Nov-21	Nov-29	USD	20,000,000	20,000,000	2,857,143	17,142,857
European Investment Bank	Aug-16	Nov-33	USD	76,997,333	76,997,333	11,749,333	65,248,000
Finnish Export Credit -Sumitomo Mitsui Banking Corporation	Jul-17	Dec-29	USD	44,049,071	44,049,071	6,292,724	37,756,347
Industrial Development Corporation	Mar-18	Feb-26	USD	46,930,419	46,930,419	13,408,691	33,521,728
KfW	Dec-13	Nov-31	USD	120,000,000	120,000,000	15,238,095	104,761,905
MIGA Guaranteed Syndicated	Jul-20	Jun-30	EUR	334,434,877	356,591,188	-	356,591,188
Oesterreichische Entwicklungsbank AG	Jun-20	Jun-30	USD	22,058,824	22,058,824	2,941,176	19,117,648
Opec Fund for International Development	Mar-19	Jun-23	USD	50,000,000	50,000,000	20,000,000	30,000,000
Standard Chartered Bank / USAID	Sep-17	Sep-24	USD	8,455,811	8,455,811	4,227,906	4,227,905
US\$ 1.0 Billion Euro Medium Term Note Programme: Second Tranche	May-19	May-24	USD	750,000,000	750,000,000	-	750,000,000
US\$ 1.0 Billion Euro Medium Term Note Programme: Third Tranche	Jun-21	Jun-28	USD	650,000,000	650,000,000	-	650,000,000
World Bank Facility-Infrastructure Facility	Mar-21	Aug-39	USD	25,560,000	25,560,000	-	25,560,000
World Bank Facility-Technical Assistance Facility	Jan-21	Aug-58	USD	1,641,000	1,641,000	-	1,641,000
					2,618,001,231	135,038,029	2,482,963,202

36. LONG TERM BORROWINGS (CONTINUED)

GROUP AND BANK
AS AT 31 DECEMBER 2022

	BALANCE OUTSTANDING	AMOUNT DUE WITHIN ONE YEAR	AMOUNT DUE AFTER ONE YEAR
	USD	USD	USD
TOTAL FOR LONG TERM BORROWINGS	2,618,001,231	135,038,029	2,482,963,202
Interest payable	17,837,778	17,837,778	-
Total long term borrowings	2,635,839,009	152,875,807	2,482,963,202
Deferred expenditure	(79,278,196)	(20,383,677)	(58,894,519)
	2,556,560,813	132,492,130	2,424,068,683

*The Group repays these borrowings in their quarterly or semi-annual installment as well as bullet payments. The Group has not given any security for the borrowings. It has not defaulted on any of them. Borrowings are classified as short-term or long-term on the basis of the book of business that the Group fund i.e. Trade Finance or Project loans, and not on the basis of contractual maturity of the liability. Trade finance loans have a tenure of up to 3 years while project loans extend beyond 3 years.

37. SHARE CAPITAL

GROUP AND BANK AS AT 31 DECEMBER 2023

	CLASS 'A'	CLASS 'B'	CLASS 'C'	TOTAL
	USD	USD	USD	USD
Authorised capital:				
176,468 Class 'A' ordinary shares of USD 22,667 each	4,000,000,156	-	-	4,000,000,156
220,585 Class 'B' ordinary shares of USD 4,533.40 each	-	1,000,000,039	-	1,000,000,039
220,585 Class 'C' ordinary shares of USD 4,533.40 each	-	-	1,000,000,039	1,000,000,039
Less: Unsubscribed:				
- Class 'A'	(1,091,144,046)	-	-	(1,091,144,046)
- Class 'B'	-	(850,474,315)	-	(850,474,315)
- Class 'C'	-	-	(980,982,391)	(980,982,391)
Subscribed capital:				
128,330 Class 'A' ordinary shares of USD 22,667 each	2,908,856,110	-	-	2,908,856,110
32,983 Class 'B' ordinary shares of USD 4,533.40 each	-	149,525,724	-	149,525,724
4,195 Class 'C' ordinary shares of USD 4,533.40 each	-	-	19,017,648	19,017,648
Less: Callable capital	(2,327,084,888)	-	-	(2,327,084,888)
Payable capital	581,771,222	149,525,724	19,017,648	750,314,594
Less: Amounts not yet due	(144,167,746)	-	-	(144,167,746)
Capital due	437,603,476	149,525,724	19,017,648	606,146,848
Less: subscriptions in arrears	(3,065,665)	-	-	(3,065,665)
Paid up capital (Note 52)	434,537,811	149,525,724	19,017,648	603,081,183
Number of shares attributable to the share capital	128,330	32,983	4,195	165,508

For Class 'A', the Bank's Charter allows Member States who subscribe shares to progressively pay for their shares in instalments over a period of 5 year. The Class 'A' Equivalent Shares represent the proportion of shares construed as paid for based on the instalments received as at 31 December.

Authorised capital:

This is the total share capital that the Bank has been authorised by the Charter to issue.

Subscribed capital:

This relates to shares which have been allotted to a shareholder. The subscriber has an obligation of paying for these shares as per the subscription agreement.

Callable capital:

Callable capital is the four-fifth (80%) of the total Subscribed shares, which a Class 'A' shareholder is expected to pay in the event that the Bank is in financial distress.

Payable capital:

This means one-fifth (20%) of the total subscribed shares, which a Class 'A' shareholder is expected to pay.

Capital due:

This is the amount of payable capital that is due during the year as per subscription agreement.

Paid up Capital:

Paid up capital relates to the actual capital that has been paid up and for which payment has been received.

37. SHARE CAPITAL (CONTINUED)

	GROUP AND BANK			
	AS AT 31 DECEMBER 2022			
	CLASS 'A'	CLASS 'B'	CLASS 'C'	TOTAL
	USD	USD	USD	USD
<i>Authorised capital:</i>				
176,468 Class 'A' ordinary shares of USD 22,667 each	4,000,000,156	-	-	4,000,000,156
220,585 Class 'B' ordinary shares of USD 4,533.40 each	-	1,000,000,039	-	1,000,000,039
220,585 Class 'C' ordinary shares of USD 4,533.40 each	-	-	1,000,000,039	1,000,000,039
<i>Less: Unsubscribed:</i>				
- Class 'A'	(1,096,765,462)	-	-	(1,096,765,462)
- Class 'B'	-	(852,083,666)	-	(852,083,666)
- Class 'C'	-	-	(987,805,158)	(987,805,158)
<i>Subscribed capital:</i>				
128,082 Class 'A' ordinary shares of USD 22,667 each	2,903,234,694	-	-	2,903,234,694
32,628 Class 'B' ordinary shares of USD 4,533.40 each	-	147,916,373	-	147,916,373
2,690 Class 'C' ordinary shares of USD 4,533.40 each	-	-	12,194,881	12,194,881
Less: Callable capital	(2,322,587,755)	-	-	(2,322,587,755)
Payable capital	580,646,939	147,916,373	12,194,881	740,758,193
Less: Amounts not yet due	(156,091,310)	-	-	(156,091,310)
Capital due	424,555,629	147,916,373	12,194,881	584,666,883
Less: subscriptions in arrears	(4,227,849)	-	-	(4,227,849)
Paid up capital (Note 52)	420,327,780	147,916,373	12,194,881	580,439,034
Number of shares attributable to the share capital	128,082	32,628	2,690	163,400

37. SHARE CAPITAL (CONTINUED)

GROUP AND BANK				
AS AT 31 DECEMBER 2023				
MOVEMENT IN PAID - UP SHARE CAPITAL	CLASS 'A' SHARES	CLASS 'B' SHARES	CLASS 'C' SHARES	TOTAL
	USD	USD	USD	USD
At beginning of year	420,327,780	147,916,373	12,194,881	580,439,034
Sacos Group Limited	-	-	18,134	18,134
Sacos Life Assurance Company Limited	-	-	18,134	18,134
Eastern and Southern African Trade and Development Bank Provident Fund	-	-	1,391,754	1,391,754
Eagle Insurance Limited	-	(1,282,959)	965,614	(317,345)
African Economic Research Consortium	-	18,134	-	18,134
African Reinsurance Corporation	-	95,201	-	95,201
Arab Bank for Economic Development in Africa	-	122,402	-	122,402
Caisse Nationale de la Sécurité Sociale (Djibouti)	-	1,586,690	-	1,586,690
National Social Security Fund Uganda	-	380,806	-	380,806
National Pensions Fund Mauritius	-	231,204	-	231,204
Board of Trustees of the National Social Security Fund of Tanzania	-	27,200	-	27,200
People's Republic of China	598,409	430,673	-	1,029,082
African Development Bank	525,874	-	4,429,131	4,955,005
Belarus	149,602	-	-	149,602
Botswana	657,343	-	-	657,343
Burundi	199,470	-	-	199,470
Democratic Republic of Congo	675,477	-	-	675,477
Egypt	879,480	-	-	879,480
Eritrea	22,667	-	-	22,667
eSwatini	49,867	-	-	49,867
Ethiopia	970,148	-	-	970,148
Ghana	4,533	-	-	4,533
Kenya	4,496,969	-	-	4,496,969
Madagascar	49,867	-	-	49,867
Mauritius	412,539	-	-	412,539
Mozambique	258,404	-	-	258,404
Rwanda	2,394,341	-	-	2,394,341
Senegal	65,281	-	-	65,281
Seychelles	40,801	-	-	40,801
Somalia	31,734	-	-	31,734
Sudan	262,937	-	-	262,937
Tanzania	825,079	-	-	825,079
Uganda	639,209	-	-	639,209
Total subscriptions during the period	14,210,031	1,609,351	6,822,767	22,642,149
At end of year	434,537,811	149,525,724	19,017,648	603,081,183

Payable capital is one fifth of the subscribed capital to Class 'A' shares. The remaining four fifths of the subscribed capital constitutes callable capital. The Group's Board of Governors may, on the recommendation of the Board of Directors, make a call only when the amount thereof is required to repay existing borrowings or to meet guaranteed commitments. Note 52 contains the status of subscriptions to the capital stock by Member States.

37. SHARE CAPITAL (CONTINUED)

GROUP AND BANK				
AS AT 31 DECEMBER 2022				
MOVEMENT IN PAID - UP SHARE CAPITAL	CLASS 'A' SHARES USD	CLASS 'B' SHARES USD	CLASS 'C' SHARES USD	TOTAL USD
At beginning of year	409,829,088	146,039,579	-	555,868,667
African Economic Research Consortium	-	18,134	-	18,134
African Development Bank	503,227	-	-	503,227
African Reinsurance Corporation	-	90,668	-	90,668
AGDF Corporate Trust Ltd (Rwanda)	-	2,665,639	-	2,665,639
Arab Bank for Economic Development in Africa	-	113,335	-	113,335
National Pensions Fund Mauritius	-	222,137	-	222,137
Board of Trustees of the National Social Security Fund of Tanzania	-	3,626,720	-	3,626,720
OPEC Fund for International Development	-	3,273,115	-	3,273,115
Sacos Group Limited	-	(612,013)	979,218	367,205
SICOM Global Fund Limited	-	652,810	-	652,810
Eastern and Southern African Trade and Development Bank Provident Fund	-	(8,586,290)	11,215,663	2,629,373
Belarus	145,069	-	-	145,069
Burundi	194,936	-	-	194,936
People's Republic of China	566,675	412,539	-	979,214
Comoros	22,667	-	-	22,667
Democratic Republic of Congo	643,743	-	-	643,743
Egypt	838,679	-	-	838,679
Eritrea	70,646	-	-	70,646
eSwatini	45,334	-	-	45,334
Ethiopia	1,897,861	-	-	1,897,861
Ghana	349,072	-	-	349,072
Kenya	816,012	-	-	816,012
Madagascar	437,020	-	-	437,020
Malawi	208,536	-	-	208,536
Mauritius	394,406	-	-	394,406
Mozambique	249,337	-	-	249,337
Rwanda	1,330,906	-	-	1,330,906
Seychelles	45,334	-	-	45,334
Somalia	93,605	-	-	93,605
South Sudan	253,870	-	-	253,870
Tanzania	784,278	-	-	784,278
Uganda	607,479	-	-	607,479
Total subscriptions during the year	10,498,692	1,876,794	12,194,881	24,570,367
At end of year	420,327,780	147,916,373	12,194,881	580,439,034

37. SHARE CAPITAL (CONTINUED)

Share premium

	GROUP AND BANK			
	NUMBER OF SHARES	SHARE VALUE	PRICE PAID	SHARE PREMIUM
AS AT 31 DECEMBER 2023		USD	USD	USD
<i>Share Premium – Class B:</i>				
As at 1 January 2023	32,628	147,916,373	288,857,345	140,940,972
Additions – Cash paid	638	2,892,310	9,793,938	6,901,628
Disposals	(283)	(1,282,960)	(4,344,339)	(3,061,379)
At at end of the year	32,983	149,525,723	294,306,944	144,781,221
<i>Share Premium – Class C:</i>				
As at 1 January 2023	2,690	12,194,881	11,716,772	(478,109)
Additions – Cash paid	2,376	10,771,358	29,033,728	18,262,370
Maturities during the year - Note 43 (g)	(871)	(3,948,591)	(13,370,721)	(9,422,130)
As at end of year	4,195	19,017,648	27,379,779	8,362,131
<i>Share Premium – Class A:</i>				
As at 1 January 2023	128,082	49,154,561	131,969,322	76,668,624
Additions - Cash paid without shares	-	6,362,737	14,011,312	7,648,575
Additions - GCI with shares	248	1,124,283	3,807,048	2,682,765
Additions - GCI without shares	-	6,723,032	22,765,533	16,042,501
As at end of year	128,330	63,364,613	172,553,215	103,042,465
TOTAL PREMIUM	165,508	231,907,984	494,239,938	256,185,817
As at 31 December 2023				
Additional Premium for the year	2,108	22,642,169	61,696,499	39,054,330
AS AT 31 DECEMBER 2022				
<i>Share Premium – Class B:</i>				
As at 1 January 2022	32,214	146,039,579	261,786,587	115,747,008
Additions - Cash paid	587	2,661,072	29,516,574	26,855,502
Maturities during the year - Note 43 (g)	(173)	(784,278)	(2,445,816)	(1,661,538)
As at end of year	32,628	147,916,373	288,857,345	140,940,972
<i>Share Premium – Class C:</i>				
As at 1 January 2022	-	-	-	-
Additions - Cash paid	2,690	12,194,881	11,716,772	(478,109)
As at end of year	2,690	12,194,881	11,716,772	(478,109)
<i>Share Premium – Class A:</i>				
As at 1 January 2022	92,890	38,655,891	105,243,518	60,441,490
Additions - Without share premium	217	2,565,220	2,565,220	-
Additions - Cash paid	1,750	7,933,450	24,160,584	16,227,134
Additions - GCI Allotment	33,225	-	-	-
At at end of the year	128,082	49,154,561	131,969,322	76,668,624
TOTAL PREMIUM	163,400	209,265,815	432,543,439	217,131,487
As at 31 December 2022				
Additional premium for the year	38,296	24,570,345	65,513,334	40,942,989

37. SHARE CAPITAL (CONTINUED)

Nature and purpose of the share premium

Class 'B' and Class 'C' shares are issued at a premium of USD 16,413.84 (December 2022: USD 15,350.96) that is determined after a valuation of the Group's shares. The share premium is used to finance the operations of the Group. The share premium for Class 'A' shares was introduced in 2019.

Class 'A', 'B', and 'C' shares

As at 31 December 2023, there were 128,330 Class 'A' ordinary shares (December 2022: 128,052), 32,983 Class 'B' ordinary shares (December 2022: 32,628) and 4,195 Class 'C' ordinary shares (December 2022: 2,690). Class 'A' shares have a par value of USD 22,667 each (comprising 80% callable and 20% payable) and were issued only to Members, while Class 'B' and Class 'C' shares have a par value of USD 4,533.40 each and are issued both to Members and other institutional investors. All ordinary shares have a right to receive dividends in the proportion of the number of shares held by each member, as and when declared by the Board of Governors. Class 'A' and Class 'B' shares have equal voting rights while Class 'C' shares have no voting rights. The voting powers attached to the shares is equal to the paid-up share capital of the shareholder.

Dividend

	GROUP AND BANK	
	2023	2022
DIVIDEND ON ORDINARY SHARES DECLARED AND PAID	USD	USD
<i>Final dividend for 2022: USD 385.42 (2021: USD 339.71 per share):</i>		
- Declared and paid	39,011,735	32,629,077
- Declared and not paid/payable	10,420,088	8,774,902
	49,431,823	41,403,979
<i>Proposed dividends on ordinary shares:</i>		
Dividend for 2023: USD 377.70 (December 2022: USD 385.42 per share)	49,498,565	49,431,823

Proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognised as a financial liability as at the end of the period. Dividends are paid as per provisions of the Dividend Policy, which is mandated by the Bank Charter.

38. FAIR VALUE RESERVE

The fair value reserve comprises cumulative amounts arising from fair valuation of equity investments.

39. MANAGEMENT RESERVE

The management reserve is used to record appropriations from retained earnings to cushion the Group against future credit risk and other incidents of significant loss. Amounts recorded in management reserves cannot be reclassified to profit or loss and the transfers into and out of this management reserve are approved by the Board of Directors.

40. NOTES TO THE STATEMENT OF CASH FLOWS

	GROUP		BANK	
	2023	2022 RESTATED *	2023	2022 RESTATED *
A) CASH GENERATED FROM/ (USED IN) OPERATIONS	USD	USD	USD	USD
Profit for the year	229,598,786	207,369,159	208,415,009	208,133,993
<i>Adjustments:</i>				
Depreciation on property and equipment	1,786,178	1,001,654	1,786,178	1,001,654
Depreciation of right of use assets	190,775	610,672	190,775	610,672
Amortisation of intangible assets	518,208	794,065	518,208	794,065
Loss from disposal of property and equipment	108,839	1,073	108,839	1,073
Losses on foreign exchange	3,068,038	-	3,244,120	-
Unrealised losses on non-cash items	(1,003,763)	(2,763,240)	(1,003,763)	(2,712,974)
Loss on impairment of subsidiary	-	-	1,227,054	-
Gain on disposal of equity investment	(1,949,417)	-	(1,949,417)	-
Interest income	(723,580,407)	(557,833,383)	(721,890,675)	(557,782,365)
Interest expense	416,370,840	227,042,365	416,171,692	227,042,365
Dividend income	(1,485,356)	-	(1,485,356)	-
Provision for impairment on loans and advances	25,650,346	51,752,149	25,479,074	51,752,149
Increase/(decrease) in provision for service and leave pay	1,288,470	(1,004,961)	1,149,844	(1,004,961)
Provision for impairment on off-balance sheet items	2,314,078	3,956,300	2,314,078	3,956,300
Impairment on other financial assets	365,579	-	365,579	-
Un-earned premiums	-	59,152	-	-
Interest on lease liability	23,819	102,734	23,819	102,734
Profit before working capital changes	(46,734,987)	(68,912,261)	(65,334,942)	(68,105,295)
Decrease/(increase) in other receivables	22,424,400	(66,019,735)	(16,131,012)	(7,726,982)
(Increase) in Trade Fund receivables	(31,127,142)	-	-	-
(Increase)/decrease in derivatives financial instruments - Assets	(4,248,951)	57,634,835	(4,248,951)	57,634,835
(Decrease)/increase in derivatives financial instruments - Liabilities	(17,826,383)	17,826,383	(17,826,383)	17,826,383
Decrease/(Increase) in trade finance loans	46,721,085	(518,569,734)	47,990,841	(502,336,465)
(Increase)/decrease in project loans	(88,690,228)	142,846,122	(88,690,228)	142,846,122
Increase in collection accounts deposits	165,678,475	58,779,974	165,678,474	58,779,974
Increase in non-controlling payables	13,818,801	-	-	-
Increase in other payables	60,685,688	26,271,068	88,879,379	(35,100,808)
Provision for service and leave pay paid	295,974	1,183,296	295,974	1,183,296
Increase/(decrease) in borrowings - Note 40 (b)	1,212,940,153	(20,559,012)	1,213,139,301	(29,674,535)
Net cash generated from/(used in) operations	1,333,936,885	(369,519,064)	1,323,752,452	(364,673,475)

*Details of restatements are disclosed in Note 45.

40. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

	GROUP		BANK	
	2023	2022 RESTATED*	2023	2022 RESTATED*
	USD	USD	USD	USD
B) ANALYSIS OF CHANGES IN BORROWINGS				
<i>Short term borrowings:</i>				
At beginning of year	3,491,498,079	2,663,462,546	3,489,331,681	2,663,462,546
Loans received	2,006,242,459	2,842,958,711	2,008,408,857	2,840,332,313
Repayments	(1,118,338,575)	(2,014,923,178)	(1,118,338,575)	(2,014,463,178)
At end of year	4,379,401,963	3,491,498,079	4,379,401,963	3,489,331,681
<i>Long term borrowings:</i>				
At beginning of year	2,556,560,813	3,374,096,364	2,556,560,813	3,374,096,364
Loans received	588,534,820	221,219,154	588,534,820	221,219,154
Repayments	(178,735,447)	(1,038,754,705)	(178,735,447)	(1,038,754,705)
At end of year	2,966,360,186	2,556,560,813	2,966,360,186	2,556,560,813
Total at end of year	7,345,762,149	6,048,058,892	7,345,762,149	6,045,892,494
Total at beginning of year	6,048,058,892	6,037,558,910	6,045,892,494	6,037,558,910
Increase in total borrowings	1,299,869,655	10,499,982	1,299,869,655	8,333,584
Accrued interest expense	86,929,502	(31,058,994)	(86,730,354)	(38,008,119)
	1,212,940,153	(20,559,012)	1,213,139,301	(29,674,535)
C) ANALYSIS OF CASH AND CASH EQUIVALENTS				
Less than 90 days to maturity (Note 47)	2,099,938,569	1,021,327,969	2,058,871,432	980,952,676
More than 90 days to maturity (Note 16)	923,257,268	716,288,869	923,257,268	716,288,869
Cash and balances with other banks (Note 16)	3,023,195,837	1,737,616,838	2,982,128,700	1,697,241,545

For purposes of the Statement of Cash Flows, borrowings received for on-lending are treated as normal operations of the Bank and therefore, are classified as cash generated from operations.

*Details of restatements are disclosed in Note 45.

40. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(D) FACILITIES AVAILABLE FOR LENDING

- i. As at 31 December 2023 the following facilities were available to the Group and Bank for lending:

LONG-TERM FACILITIES	GROUP AND BANK		
	FACILITIES AVAILABLE	FACILITIES UTILISED	FACILITIES UNUTILISED
	USD	USD	USD
<i>Lender:</i>			
Eurobond	750,000,000	750,000,000	-
Eurobond	650,000,000	650,000,000	-
World Bank Facility-Infrastructure Facility	400,000,000	75,560,000	324,440,000
MIGA Guaranteed Syndicated	378,847,829	378,847,829	-
Japan Bank for International Corporation	350,000,000	98,590,500	251,409,500
Agence Francaise De Development	347,520,000	150,300,000	197,220,000
MIGA Guaranteed Syndicated	328,635,000	328,635,000	-
African Development Bank	230,000,000	230,000,000	-
European Investment Bank	210,443,200	118,120,000	92,323,200
KfW	160,000,000	160,000,000	-
Industrial Development Corporation	100,565,184	100,565,184	-
Exim Bank India	100,000,000	75,000,000	25,000,000
KfW	100,000,000	-	100,000,000
Korea Export and Import Bank	100,000,000	-	100,000,000
Opec Fund for International Development	90,000,000	90,000,000	-
Development Bank of the Republic of Belarus (DBRB)-I	71,055,917	22,533,452	48,522,465
Arab Bank for Economic Development in Africa	65,000,000	65,000,000	-
Cassa Depositi e Prestiti	56,640,000	56,640,000	-
Finnish Export Credit - Sumitomo Mitsui Banking Corporation (SMBC)	56,634,521	56,634,521	-
African Development Bank	50,000,000	40,000,000	10,000,000
British International Investment	50,000,000	50,000,000	-
Invest International (formerly FMO)	44,400,000	-	44,400,000
Standard Chartered Bank / USAID	25,703,000	25,703,000	-
Oesterreichische Entwicklungsbank AG	25,000,000	25,000,000	-
Development Finance Institute Canada - FinDev Canada	20,000,000	20,000,000	-
World Bank Facility-Technical Assistance Facility	15,000,000	5,265,846	9,734,154
Exim Bank USA	No limit	No limit	-
	4,775,444,651	3,572,395,332	1,203,049,319

40. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(D) FACILITIES AVAILABLE FOR LENDING (CONTINUED)

i. As at 31 December 2023 (continued)

	GROUP AND BANK		
	FACILITIES AVAILABLE	FACILITIES UTILISED	FACILITIES UNUTILISED
SHORT-TERM FACILITIES	USD	USD	USD
<i>Lender:</i>			
Global Syndication 2022	864,308,566	864,308,566	-
Global Syndication 2023	510,732,919	510,732,919	-
Syndicated Loan 2022 - Asia	500,000,000	500,000,000	-
Standard Chartered Bank London	400,000,000	400,000,000	-
Global Syndication 2021	346,246,201	346,246,201	-
National Bank of Ethiopia	301,000,000	301,000,000	-
Chine Export and Import Bank	300,000,000	300,000,000	-
Sumitomo Mitsui Banking Corporation Euro	200,000,000	-	200,000,000
Mashreq Bank	200,000,000	100,000,000	100,000,000
The Bank of Tokyo Mitsubishi UFJ, Ltd	150,000,000	150,000,000	-
Citibank	120,000,000	101,662,923	18,337,077
Samurai 2021	115,000,000	115,000,000	-
Cassa Depositi e Prestiti S.p.A	109,545,000	109,545,000	-
British International Investment PLC	100,000,000	100,000,000	-
Commerzbank	96,295,000	96,295,000	-
Mauritius Commercial Bank	75,000,000	-	75,000,000
Abu Dhabi Commercial Bank PJSC	75,000,000	75,000,000	-
Kenya Commercial Bank	61,209,137	61,209,137	-
Nedbank	60,000,000	60,000,000	-
ING Bank	54,772,500	-	54,772,500
African Development Bank	50,000,000	50,000,000	-
Mizuho Bank London	50,000,000	-	50,000,000
Norfund	40,000,000	40,000,000	-
Emirates NBD Group	35,000,000	-	35,000,000
BHF Bank	32,863,500	-	32,863,500
KBC Bank	27,386,250	-	27,386,250
Nouvbank	24,263,555	24,263,555	-
Africa 50 Financement de Projets	18,872,389	18,872,389	-
DZ Bank	15,158,226	-	15,158,226
Rand Merchant Bank	15,000,000	-	15,000,000
Absa Bank	15,000,000	-	15,000,000
Banque de Commerce de placement	8,495,500	-	8,495,500
African Trade Insurance Agency	5,894,365	5,894,365	-
Banque Commerciale du Burundi	3,011,406	3,011,406	-
	4,980,054,516	4,333,041,463	647,013,053
TOTAL FACILITIES			
As at 31 December 2023	9,755,499,167	7,905,436,794	1,850,062,372

Note:

Facilities utilised include outstanding letters of credit amounting to USD 39,985,074 (2022: USD 19,957,796) - Note 43.

40. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(D) FACILITIES AVAILABLE FOR LENDING (CONTINUED)

ii. As at 31 December 2022 the following facilities were available to the Group and Bank for lending:

LONG-TERM FACILITIES	GROUP AND BANK		
	FACILITIES AVAILABLE	FACILITIES UTILISED	FACILITIES UNUTILISED
	USD	USD	USD
<i>Lender:</i>			
Eurobond-II	750,000,000	750,000,000	-
Eurobond -III	650,000,000	650,000,000	-
World Bank Facility-Infrastructure Facility	400,000,000	25,560,000	374,440,000
MIGA Guaranteed Syndicated	378,847,829	378,847,829	-
Japan Bank for International Corporation	350,000,000	7,275,000	342,725,000
Agence Francaise De Development	347,520,000	95,000,000	252,520,000
European Investment Bank	300,443,200	118,120,000	182,323,200
African Development Bank -I	230,000,000	230,000,000	-
KfW -II	160,000,000	160,000,000	-
Industrial Development Corporation	100,565,184	100,565,184	-
Exim Bank India	100,000,000	75,000,000	25,000,000
KfW -I	100,000,000	-	100,000,000
Korea Export and Import Bank	100,000,000	-	100,000,000
Opec Fund for International Development	90,000,000	90,000,000	-
Development Bank of the Republic of Belarus -I	71,055,917	22,533,452	48,522,465
Arab Bank for Economic Development in Africa	65,000,000	65,000,000	-
Cassa Depositi e Prestiti	56,640,000	56,640,000	-
Finnish Export Credit -Sumitomo Mitsui Banking Corporation	56,634,521	56,634,521	-
African Development Bank -II	50,000,000	40,000,000	10,000,000
British International Investment	50,000,000	50,000,000	-
Invest International (formerly FMO)	44,400,000	-	44,400,000
Standard Chartered Bank / USAID	25,703,000	25,703,000	-
Oesterreichische Entwicklungsbank AG	25,000,000	25,000,000	-
Development Finance Institute Canada -FinDev Canada	20,000,000	20,000,000	-
World Bank Facility-Technical Assistance Facility	15,000,000	1,641,000	13,359,000
Exim Bank USA	No limit	No limit	-
	4,536,809,651	3,043,519,986	1,493,289,665

40. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(D) FACILITIES AVAILABLE FOR LENDING (CONTINUED)

ii. As at 31 December 2022 (continued)

	GROUP AND BANK		
	FACILITIES AVAILABLE	FACILITIES UTILISED	FACILITIES UNUTILISED
	USD	USD	USD
SHORT-TERM FACILITIES			
<i>Lender:</i>			
Global Syndication 2021	491,973,597	491,973,597	-
Global Syndication 2020	450,000,000	450,000,000	-
Standard Chartered Bank London	350,000,000	323,621,486	26,378,514
National Bank of Ethiopia	301,000,000	301,000,000	-
Syndicated Loan - Asia (ii)	260,000,000	260,000,000	-
Syndicated Loan - Middle First Abu Dhabi Bank PJSC	251,023,887	251,023,887	-
Sumitomo Mitsui Banking Corporation Euro	200,000,000	-	200,000,000
Mashreq Bank	200,000,000	-	200,000,000
The Bank of Tokyo Mitsubishi UFJ, Ltd	150,000,000	150,000,000	-
Samurai 2021	150,000,000	150,000,000	-
Citibank	120,000,000	119,455,019	544,981
SMBC	85,000,000	85,000,000	-
Mauritius Commercial Bank	75,000,000	-	75,000,000
ING Bank	52,417,500	-	52,417,500
British International Investment	50,000,000	50,000,000	-
African Development Bank	50,000,000	-	50,000,000
Mizuho Bank London	50,000,000	50,000,000	-
NORFUND	50,000,000	50,000,000	-
Cassa Depositi e Prestiti	47,175,750	47,175,750	-
NOUVBANK	36,695,043	36,695,043	-
Nedbank	35,000,000	-	35,000,000
Emirates NBD Group	35,000,000	-	35,000,000
Africa 50 Financement de Projets	32,266,466	32,266,466	-
BHF Bank	31,450,500	-	31,450,500
KBC Bank	26,208,750	2,055,267	24,153,483
KfW IPEX	20,000,000	-	20,000,000
DZ Bank	15,158,226	-	15,158,226
Rand Merchant Bank	15,000,000	-	15,000,000
Absa Bank	15,000,000	-	15,000,000
Banque de Commerce de placement	9,551,000	-	9,551,000
African Trade Insurance Agency	7,397,341	7,397,341	-
BANCOBU	3,000,000	3,000,000	-
	3,665,318,060	2,860,663,856	804,654,204
TOTAL FACILITIES			
As at 31 December 2022	8,202,127,711	5,904,183,842	2,297,943,869

41. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value

The Group measures financial assets such as derivative financial instruments, quoted and unquoted investments and non-financial assets such as investment property at fair value at reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

Determination of Fair Value and Fair Value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- **Level 1:** Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- **Level 2:** Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- **Level 3:** Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The following table shows an analysis of the Group's financial instruments and non-financial assets recorded at fair value of the fair value hierarchy:

	GROUP			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
AS AT 31 DECEMBER 2023	USD	USD	USD	USD
<i>Financial assets:</i>				
Derivative financial instruments	-	4,248,951	-	4,248,951
Trade Fund loan receivables	-	146,140,978	-	146,140,978
Equity investments at fair value through OCI	2,729,000	-	69,151,869	71,880,869
<i>Non-financial assets:</i>				
Investment property	-	-	8,020,916	8,020,916
	2,729,000	150,389,929	77,172,785	230,291,714

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Determination of Fair Value and Fair Value hierarchy (continued)

The following table shows an analysis of the Group's financial instruments and non-financial assets recorded at fair value of the fair value hierarchy:

	GROUP			TOTAL
	LEVEL 1	LEVEL 2	LEVEL 3	
AT 31 DECEMBER 2022 - RESTATED*	USD	USD	USD	USD
<i>Financial assets:</i>				
Trade Fund loan receivables	-	115,013,836	-	115,013,836
Equity investments at fair value through OCI	2,729,000	-	68,723,098	71,452,098
<i>Non-financial assets:</i>				
Investment property	-	-	5,009,560	5,009,560
<i>Financial liabilities:</i>				
Equity investments at fair value through OCI	-	(17,826,383)	-	(17,826,383)
	2,729,000	97,187,453	73,732,658	173,649,111

The following table shows an analysis of the Bank's financial instruments and non-financial assets recorded at fair value of the fair value hierarchy:

	BANK			TOTAL
	LEVEL 1	LEVEL 2	LEVEL 3	
AS AT 31 DECEMBER 2023	USD	USD	USD	USD
<i>Financial assets:</i>				
Net derivative financial instruments	-	4,248,951	-	4,248,951
Equity investments at fair value through OCI	2,729,000	-	69,151,869	71,880,869
<i>Non-financial assets:</i>				
Investment property	-	-	8,020,916	8,020,916
	2,729,000	4,248,951	77,172,785	84,150,736
AT 31 DECEMBER 2022 - RESTATED*				
<i>Financial assets:</i>				
Equity investments at fair value through OCI	2,729,000	-	68,723,098	71,452,098
<i>Non-financial assets:</i>				
Investment property	-	-	5,009,560	5,009,560
<i>Financial liabilities:</i>				
Derivative financial instruments	-	(17,826,383)	-	(17,826,383)
	2,729,000	(17,826,383)	73,732,658	58,635,275

There were no transfers in between fair value hierarchy levels.

*Details of restatements are disclosed in Note 45.

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Valuation Techniques for Financial Instruments Recorded at Fair Value

Quoted investments:

Level 1 is made up of the Group's equity investment in Cable and Wireless Seychelles (CWS) amounting to USD 2,729,000 CWS is listed on MERJ Exchange.

Unquoted investments valuation:

Currency swaps, interest rate swaps and currency forward contracts are derivative products valued using a valuation technique with market-observable inputs. The most frequently applied valuation technique is the swap model using present value calculations for determining fair values of financial instruments, which are included within Level 2. The valuation is done in the Treasury Management System where these instruments are managed.

The Group invests in private equity companies which are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Group contracts experts to value these investments. Valuation is done using International Private Equity Valuation Guidelines for these positions. For equity investments that are quoted in active markets, the Group has used the prevailing prices for these and have been recognised as Level 2.

For Trade Fund Receivables, a discounted cash flow method is used. This method involves forecasting future cash flows through to maturity and discounting each cash flow back to present value using an appropriate discount curve. In forecasting future cash flows, the repayment profile of each investment is considered. The inputs used for the valuation of the financial investments are obtained from external market data vendors. These have been recognised as Level 2.

For Investment Property at fair value, valuation techniques (with significant unobservable inputs) are used in estimating the fair value of the real estate properties, and have been classified as Level 3.

Comparison of Carrying Amounts and Fair Values for Assets and Liabilities not Held at Fair Value

The fair value is an estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following tables summarise the fair value, determined using Level 3 inputs, for assets and liabilities not measured at fair value on the entity's statement of financial position:

	GROUP			FAIR VALUE	CARRYING VALUE
	LEVEL 1	LEVEL 2	LEVEL 3		
AT 31 DECEMBER 2023	USD	USD	USD	USD	USD
<i>Assets:</i>					
Cash and balances held with other banks	-	-	3,023,195,837	3,023,195,837	3,023,195,837
Project and Trade finance loans	-	-	6,718,676,129	6,718,676,129	6,718,676,129
Investment in Government securities	-	-	51,867,034	51,867,034	51,867,034
Other receivables	-	-	42,333,144	42,333,144	42,333,144
Other assets	-	-	39,870,591	39,870,591	39,870,591
			9,875,942,735	9,875,942,735	9,875,942,735
<i>Liabilities:</i>					
Collection accounts	-	-	289,437,554	289,437,554	289,437,554
Short term and long term borrowings	-	-	7,345,762,149	7,345,762,149	7,345,762,149
Other payables and provisions	-	-	249,493,304	249,493,304	249,493,304
	-	-	7,884,693,007	7,884,693,007	7,884,693,007

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Comparison of Carrying Amounts and Fair Values for Assets and Liabilities not Held at Fair Value (continued)

	GROUP				
	LEVEL 1	LEVEL 2	LEVEL 3	FAIR VALUE	CARRYING VALUE
AS AT 31 DECEMBER 2022	USD	USD	USD	USD	USD
Cash and balances held with other banks	-	-	1,737,616,838	1,737,616,838	1,737,616,838
Project and Trade finance loans	-	-	6,240,737,871	6,240,737,871	6,240,737,871
Investment in Government securities	-	-	57,227,132	57,227,132	57,227,132
Other receivables	-	-	61,166,938	61,166,938	61,166,938
Other assets	-	-	35,392,090	35,392,090	35,392,090
	-	-	8,132,140,869	8,132,140,869	8,132,140,869
<i>Liabilities:</i>					
Collection accounts	-	-	123,759,079	123,759,079	123,759,079
Short term and long term borrowings	-	-	6,045,892,493	6,045,892,493	6,045,892,493
Other payables and provisions	-	-	164,568,731	164,568,731	164,568,731
	-	-	6,334,220,302	6,334,220,302	6,334,220,302

	BANK				
	LEVEL 1	LEVEL 2	LEVEL 3	FAIR VALUE	CARRYING VALUE
AS AT 31 DECEMBER 2023	USD	USD	USD	USD	USD
<i>Assets:</i>					
Cash and balances held with other banks	-	-	2,058,871,432	2,058,871,432	2,058,871,432
Project and Trade finance loans	-	-	6,715,917,508	6,715,917,508	6,715,917,508
Investment in Government securities	-	-	42,168,768	42,168,768	42,168,768
Other receivables	-	-	55,826,198	55,826,198	55,826,198
Other assets	-	-	129,349,171	129,349,171	129,349,171
	-	-	9,002,133,077	9,002,133,077	9,002,133,077
<i>Liabilities:</i>					
Collection accounts	-	-	289,437,554	289,437,554	289,437,554
Short term and long term borrowings	-	-	7,345,762,149	7,345,762,149	7,345,762,149
Other payables and provisions	-	-	190,792,048	190,792,048	190,792,048
	-	-	7,825,991,750	7,825,991,750	7,825,991,750

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Comparison of Carrying Amounts and Fair Values for Assets and Liabilities not Held at Fair Value (continued)

AS AT 31 DECEMBER 2022	BANK			FAIR VALUE	CARRYING VALUE
	LEVEL 1	LEVEL 2	LEVEL 3		
	USD	USD	USD	USD	USD
<i>Assets:</i>					
Cash and balances held with other banks	-	-	1,697,241,545	1,697,241,545	1,697,241,545
Project and Trade finance loans	-	-	6,240,737,871	6,240,737,871	6,240,737,871
Investment in Government securities	-	-	57,227,132	57,227,132	57,227,132
Other receivables	-	-	48,630,141	48,630,141	48,630,141
Other assets	-	-	120,105,931	120,105,931	120,105,931
	-	-	8,163,942,620	8,163,942,620	8,163,942,620
<i>Liabilities:</i>					
Collection accounts	-	-	123,759,079	123,759,079	123,759,079
Short term and long term borrowings	-	-	6,045,892,493	6,045,892,493	6,045,892,493
Other payables and provisions	-	-	90,291,011	90,291,011	90,291,011
	-	-	6,259,942,582	6,259,942,582	6,259,942,582

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Comparison of Carrying Amounts and Fair Values for Assets and Liabilities not Held at Fair Value (continued)

Cash and Balances Held With Other Banks:

The carrying amount of cash and balances with other banks are reasonable approximation of fair value.

Project and Trade Finance Loans:

Trade and project finance loans are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Other receivables and Other Assets:

The carrying amounts of these balances approximate their fair values.

Collection Accounts:

Due to the nature of the collection account, their carrying amount is considered to be the same as their fair value.

Short Term and Long Term Borrowings:

The fair values of short term and long term borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including the Bank's own credit risk.

Other Payables and Provisions:

The carrying amounts of other payables and provisions are reasonable approximation of fair value.

Unobservable Inputs Sensitivity Analysis

The significant unobservable valuation input used in obtaining the value of unquoted equity investments was the Enterprise Value/ Earnings Before Interest Tax Depreciation and Amortisation (EV/EBITDA Multiple) of similar companies.

For derivative financial instruments, the Group applied valuation technique is the swap model using present value calculations.

The Group used discounted cash flows method and the inputs used for the valuation of the financial investments are obtained from external market data vendors.

The significant unobservable valuation input used in obtaining the value of the investment property was annual market rentals of similar properties.

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Unobservable Inputs Sensitivity Analysis (continued)

The table below shows the impact on the fair value of the Level 2 and Level 3 financial assets should the unobservable inputs increase or decrease by 5%. The positive and negative effects are approximately the same.

GROUP	VALUATION TECHNIQUE	AS AT 31 DECEMBER 2023		AS AT 31 DECEMBER 2022	
		CARRYING AMOUNT	EFFECT OF 5% CHANGE	CARRYING AMOUNT	EFFECT OF 5% CHANGE
		USD	USD	USD	USD
Derivative financial instruments	System-built Model	4,248,951	212,448	(17,826,383)	(891,319)
Trade Fund loan receivables	Similar Companies	146,140,978	7,307,049	115,013,836	5,750,692
Equity investments at FVOCI	EV/EBITDA Multiple	69,151,869	3,457,593	68,723,098	3,436,155
Investment property	Property Rentals	8,020,916	401,046	5,009,560	250,478
		227,562,714	11,378,136	170,920,111	8,546,006
BANK					
Derivative financial instruments	System-built Model	4,248,951	212,448	(17,826,383)	(891,319)
Equity investments at FVOCI	EV/EBITDA Multiple	69,151,869	3,457,593	68,723,098	3,436,155
Investment property	Property Rentals	8,020,916	401,046	5,009,560	250,478
		81,421,736	4,071,087	55,906,275	2,795,314

Level 3 reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting year:

	GROUP AND BANK		
	EQUITY INVESTMENT	INVESTMENT PROPERTY	TOTAL
	USD	USD	USD
As at 31 December 2022:			
As at 1 January	61,078,070	-	61,078,070
Additions	2,729,000	5,009,560	7,738,560
Disposals	(782,667)	-	(782,667)
Total fair value gains and losses	8,427,695	-	8,427,695
As at 31 December	71,452,098	5,009,560	76,461,658
As at 31 December 2023:			
As at 1 January	71,452,098	5,009,560	76,461,658
Additions	-	3,011,356	3,011,356
Disposals*	194,417	-	194,417
Total fair value gains and losses	234,354	-	234,354
As at 31 December	71,880,869	8,020,916	79,901,785

*The carrying amount was negative at time of disposal. No impairment was recognised when investment went sub zero because the disposal process was in progress.

42. SEGMENT REPORTING

The Group's main business is offering loan products, which are carried out in distinct geographic coverage areas. As such, the Group has chosen to organise the Group based on the loan products offered as well as coverage areas for the segmental reporting. The main types of loan products are:

- Trade finance - Short-term and structured medium-term financing in support of trading activities such as imports and exports in various Member States.
- Project finance - Medium and long-term financing of variable and commercially oriented public and private sector projects and investments in various economic sectors or industries.

In addition to the loan products segments, the Group has other segments which it recognises as follows:

- Corporate - Non lending activities that do not fall under core products of trade finance and project finance.
- Subsidiaries - comprising the non- banking units in the Group.

The Group also has miscellaneous income like rental of office premises which cannot be directly attributed to the Group's main business. In addition, the Group participates in the investment of Government securities and other unlisted equity investments. Segment assets and liabilities comprise operating assets and liabilities, which form the majority of the statement of financial position.

There are no internal sales between regions. All other transactions between the business segments are the normal commercial terms and conditions.

The Group's main coverage areas are:

- East Africa - covering Kenya, Rwanda, Tanzania and Uganda.
- North East Africa - covering Djibouti, Egypt, Ethiopia, South Sudan and Sudan.
- Southern Africa - covering Malawi, Swaziland, Zambia and Zimbabwe.
- Franco-Lusophone Africa - covering Comoros, Mauritius, Madagascar and Seychelles.
- Congo and Prospective Africa - covering DB Congo and other countries yet to be determined.
- Multi Regional - comprising conglomerates operating across various coverage regions.
- Corporate - Non lending activities that do not fall under core products of trade finance and project finance.
The corporate segment is made up of all service departments of the Bank.
- Subsidiaries - comprising all other the non - banking units specifically entities in the Group other than the Bank.

42. SEGMENT REPORTING (CONTINUED)

STATEMENT OF COMPREHENSIVE INCOME	GROUP AND BANK				
	TRADE FINANCE	PROJECT FINANCE	CORPORATE	SUBSIDIARIES	TOTAL
<i>For the year ended 31 December 2023:</i>	USD	USD	USD	USD	USD
Gross interest income	395,581,580	214,740,530	111,568,565	1,689,732	723,580,407
Interest expense	(153,531,870)	(151,071,257)	(111,568,565)	(199,148)	(416,370,840)
Net interest income	242,049,710	63,669,273	-	1,490,584	307,209,567
Other borrowing costs	(223,005)	(3,204,923)	(82,816)	-	(3,510,744)
Fee and commission income	13,906,450	2,462,112	-	-	16,368,562
Fair value gains on financial assets -derivatives	12,347,138	-	-	-	12,347,138
Fair value gains on financial assets -ESATF loans	-	-	-	13,806,933	13,806,933
Risk mitigation costs	(27,084,893)	(8,350,914)	(9,297,885)	3,663,140	(41,070,552)
Other income	-	-	6,236,758	98,097	6,334,855
Other assets recovered	-	381,887	-	-	381,887
Other assets written-off	-	(365,579)	-	-	(365,579)
Operating expenses	(41,637,165)	(6,511,651)	-	(2,656,770)	(50,805,586)
Depreciation and amortisation	(2,203,328)	(291,833)	-	-	(2,495,161)
Impairment on assets	(15,660,127)	(9,813,064)	-	(171,272)	(25,644,463)
Impairment on off-balance sheet commitments	(2,352,857)	(435,180)	468,076	-	(2,319,961)
Foreign exchange gain	-	-	(3,244,120)	176,082	(3,068,038)
Profit for year	179,141,923	37,540,128	(5,919,987)	16,406,794	227,168,858
<i>For the year ended 31 December 2022 Restated*:</i>					
Gross interest income	308,446,256	166,475,946	82,860,163	-	557,782,365
Interest expense	(17,928,994)	(126,170,083)	(82,943,288)	-	(227,042,365)
Net interest income	290,517,262	40,305,863	(83,125)	-	330,740,000
Other borrowing costs	(278,942)	(3,980,645)	(56,789)	-	(4,316,376)
Fee and commission income	6,640,632	3,486,141	-	-	10,126,773
Fair value gains on financial assets -derivatives	9,044,686	-	-	-	9,044,686
Fair value gains on financial assets -ESATF loans	-	-	-	5,252,875	5,252,875
Risk mitigation costs	(24,688,702)	(12,756,973)	(4,838,791)	-	(42,284,466)
Other income	-	-	7,863,381	(4,210,869)	3,652,512
Other assets recovered	3,135,484	2,410,159	-	-	5,545,643
Other assets written-off	(104,038)	(3,965,917)	-	-	(4,069,955)
Operating expenses	(39,498,486)	(8,805,558)	-	(1,857,107)	(50,161,151)
Depreciation and amortisation	(2,231,245)	(175,146)	-	-	(2,406,391)
Impairment on assets	(70,571,733)	14,863,284	-	-	(55,708,449)
Impairment on off-balance sheet commitments	2,010,428	621,648	1,324,224	-	3,956,300
Foreign exchange loss	-	-	(2,053,108)	50,266	(2,002,842)
Profit for year	173,975,346	32,002,856	2,155,792	(764,835)	207,369,159

*Details of restatements are disclosed in Note 45.

42. SEGMENT REPORTING (CONTINUED)

	GROUP		BANK	
	2023	2022	2023	2022
<i>Gross Interest income from major groups:</i>	USD	USD	USD	USD
Groups contributing 10% or more of revenue	-	32,239,999	-	32,239,999
All other customers	739,948,969	535,669,138	738,259,237	535,669,138
	739,948,969	567,909,137	738,259,237	567,909,137

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023:

ASSETS

	TRADE FINANCE	PROJECT FINANCE	CORPORATE	SUBSIDIARIES	TOTAL
	USD	USD	USD	USD	USD
Cash and balances held with other banks	2,506,003	-	2,979,622,697	41,067,137	3,023,195,837
Investment in Government securities	-	-	42,168,768	9,698,266	51,867,034
Derivative financial instruments	4,248,951	-	-	-	4,248,951
Other receivables	-	-	55,826,198	(13,493,054)	42,333,144
Trade Fund loan receivables	-	-	-	146,140,978	146,140,978
Trade finance loans	4,584,822,529	-	-	2,758,621	4,587,581,150
Project loans	-	2,131,094,979	-	-	2,131,094,979
Equity investments - at fair value through OCI	-	71,880,869	-	-	71,880,869
Property and equipment	-	-	37,421,800	-	37,421,800
Investment property	-	-	8,020,916	-	8,020,916
Right of use asset	-	-	2,253,507	-	2,253,507
Intangible assets	-	-	195,284	-	195,284
Total assets	4,591,577,483	2,202,975,848	3,125,509,170	186,171,948	10,106,234,449
LIABILITIES					
Short term borrowings	4,379,401,963	-	-	-	4,379,401,963
Long term borrowings	-	2,966,360,186	-	-	2,966,360,186
Collection account deposits	289,437,554	-	-	-	289,437,554
Provision for service and leave pay	-	-	13,050,513	-	13,050,513
Non-controlling interest payables	-	-	79,064,874	-	79,064,874
Other payables	-	-	170,428,430	-	170,428,430
Total liabilities	4,668,839,517	2,966,360,186	262,543,817	-	7,897,743,520
Shareholders' funds	-	-	2,195,017,052	-	2,195,017,052
Non-controlling Interest	-	-	-	13,473,877	13,473,877
Total equity	-	-	2,195,017,052	13,473,877	2,208,490,929
Total equity and liabilities	4,668,839,517	2,966,360,186	2,457,560,868	13,473,877	10,106,234,449

42. SEGMENT REPORTING (CONTINUED)

STATEMENT OF FINANCIAL POSITION	TRADE FINANCE	PROJECT FINANCE	CORPORATE	SUBSIDIARIES	TOTAL
As at 31 December 2022 - Restated*:	USD	USD	USD	USD	USD
ASSETS					
Cash and balances held with other banks	2,828,469	-	1,694,413,076	40,375,293	1,737,616,838
Investment in Government securities	57,227,132	-	-	-	57,227,132
Other receivables	-	-	48,630,141	12,536,797	61,166,938
Trade Fund loan receivables	-	-	-	115,013,836	115,013,836
Trade finance loans	4,259,984,440	-	-	-	4,259,984,440
Project loans	-	1,980,753,431	-	-	1,980,753,431
Equity investments at fair value through OCI	-	71,452,098	-	-	71,452,098
Property and equipment	-	-	34,678,598	-	34,678,598
Investment property	-	-	5,009,560	-	5,009,560
Right of use asset	-	-	2,577,584	-	2,577,584
Intangible assets	-	-	713,492	-	713,492
Total assets	4,320,040,041	2,052,205,529	1,786,022,451	167,925,926	8,326,193,948
LIABILITIES					
Short term borrowings	3,489,331,681	-	-	-	3,489,331,681
Long term borrowings	-	2,556,560,813	-	-	2,556,560,813
Derivative financial instruments	17,826,383	-	-	-	17,826,383
Collection account deposits	123,759,079	-	-	-	123,759,079
Lease liability	-	-	244,246	-	244,246
Provision for service and leave pay	-	-	11,466,069	-	11,466,069
Non-controlling interest payables	-	-	65,246,073	-	65,246,073
Other payables	-	-	78,580,695	20,741,963	99,322,658
Total liabilities	3,630,917,143	2,556,560,813	155,537,083	20,741,963	6,363,757,002
Shareholders' funds	-	-	1,958,978,593	-	1,958,978,593
Non-controlling Interest	-	-	-	3,458,353	3,458,353
Total equity	-	-	1,958,978,593	3,458,353	1,962,436,946
Total equity and liabilities	3,630,917,143	2,556,560,813	2,114,515,676	24,200,316	8,326,193,948

*Details of restatements are disclosed in Note 45.

42. SEGMENT REPORTING (CONTINUED)

The table below analyses the breakdown of segmental assets, liabilities, income and expenses.

STATEMENT OF COMPREHENSIVE INCOME	GROUP AND BANK									
	EAST AFRICA	NORTH EAST AFRICA	SOUTHERN AFRICA	FRANCE LUSOPHONE	CONGO AND PROSPECTIVE AFRICA	MULTI-REGIONAL	TOTAL LENDING OPERATIONS	CORPORATE	SUBSIDIARIES	CONSOLIDATED/ GROUP TOTAL
<i>For the year ended 31 December 2023:</i>	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Interest income	164,847,707	215,739,375	113,213,289	51,275,571	11,544,544	53,701,625	610,322,111	111,568,564	1,689,732	723,580,407
Interest expense	(95,894,454)	(125,264,191)	(66,033,206)	(29,740,125)	(6,745,620)	(31,142,710)	(354,820,306)	(61,351,386)	(199,148)	(416,370,840)
Net interest income	68,953,253	90,475,184	47,180,083	21,535,446	4,798,924	22,558,915	255,501,805	50,217,178	1,490,584	307,209,567
Other borrowing costs	-	-	-	-	-	-	-	(3,510,744)	-	(3,510,744)
Fees and commission	6,108,710	8,460,195	416,665	668,545	714,447	-	16,368,562	-	-	16,368,562
FV gains on financial assets -derivatives	-	-	-	-	-	-	-	12,347,138	-	12,347,138
FV gains on financial assets -ESATF loans	-	-	-	-	-	-	-	-	13,806,933	13,806,933
Net trading income	75,061,963	98,935,379	47,596,748	22,203,991	5,513,371	22,558,915	271,870,367	59,053,572	15,297,517	346,221,456
Risk mitigation risk	(9,692,456)	(11,183,447)	(17,305,566)	-	-	-	(38,181,469)	(6,552,223)	3,663,140	(41,070,552)
Other income	-	-	-	-	-	-	-	6,618,645	98,097	6,716,742
Depreciation and amortisation	-	-	-	-	-	-	-	(1,976,953)	-	(1,976,953)
Operating expenses	(496,594)	(736,731)	(772,056)	(1,108,958)	(446,229)	(3,985,535)	(7,546,103)	(41,120,921)	(2,656,770)	(51,323,794)
Impairment on assets	614,410	3,596,747	(9,029,858)	(21,680,448)	(9,482,335)	(678,526)	(36,660,010)	8,866,858	(171,272)	(27,964,424)
Impairment on other assets	(164,677)	-	(90,000)	(110,902)	-	-	(365,579)	-	-	(365,579)
Foreign exchange gain	-	-	-	-	-	-	-	(3,244,120)	176,082	(3,068,038)
Profit for the year	65,322,646	90,611,948	20,399,268	(696,317)	(4,415,193)	17,894,854	189,117,206	21,644,858	16,406,794	227,168,858

42. SEGMENT REPORTING (CONTINUED)

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)	GROUP AND BANK									
	EAST AFRICA	NORTH EAST AFRICA	SOUTHERN AFRICA	FRANCE LUSOPHONE	CONGO AND PROSPECTIVE AFRICA	MULTI - REGIONAL	TOTAL LENDING OPERATIONS	CORPORATE	SUBSIDIARIES	CONSOLIDATED/ GROUP TOTAL
<i>For the year ended 31 December 2022 - Restated*:</i>	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Interest income	132,171,998	180,185,938	83,052,600	27,829,666	4,949,734	46,732,267	474,922,203	82,860,162	-	557,782,365
Interest expense	(54,840,588)	(74,522,505)	(34,781,146)	(11,557,139)	(2,057,072)	(19,231,289)	(196,989,740)	(30,052,625)	-	(227,042,365)
Net interest income	77,331,410	105,663,432	48,271,453	16,272,527	2,892,661	27,500,978	277,932,463	52,807,537	-	330,740,000
Other borrowing costs	-	-	-	-	-	-	-	(4,316,376)	-	(4,316,376)
Fees and commission income	2,692,433	4,636,696	1,723,367	675,382	398,894	-	10,126,773	-	-	10,126,773
FV gains on financial assets - derivatives	-	-	-	-	-	-	-	9,044,686	-	9,044,686
FV gains on financial assets - ESATF receivables	-	-	-	-	-	-	-	-	-	-
Net trading income	80,023,844	110,300,129	49,994,820	16,947,909	3,291,555	27,500,978	288,059,236	57,535,847	5,252,875	350,847,958
Risk mitigation risk	(12,951,596)	(12,218,046)	(11,293,170)	-	-	-	(36,462,812)	(5,821,654)	-	(42,284,466)
Other income	-	-	-	-	-	-	-	13,409,024	(4,210,869)	9,198,155
Depreciation and amortisation	-	-	-	-	-	-	-	(2,406,391)	-	(2,406,391)
Operating expenses	(703,433)	(730,858)	(577,639)	(1,118,944)	(362,998)	(4,140,443)	(7,634,315)	(40,669,729)	(1,857,107)	(50,161,151)
Impairment on assets	9,347,600	(35,435,151)	(15,995,265)	(494,416)	(334,184)	(10,206,479)	(53,117,895)	1,365,746	-	(51,752,149)
Impairment on other assets	(4,069,955)	-	-	-	-	-	(4,069,955)	-	-	(4,069,955)
Foreign exchange gain	-	-	-	-	-	-	-	(2,053,108)	50,266	(2,002,842)
Profit for the year	71,646,460	61,916,074	22,128,746	15,334,549	2,594,373	13,154,056	186,774,259	21,359,735	(764,835)	207,369,159

*Details of restatements are disclosed in Note 45.

43. CONTINGENCIES AND COMMITMENTS

	GROUP AND BANK	
	2023	2022
A) APPROVED CAPITAL EXPENDITURE	USD	USD
Approved but not contracted	4,148,256	45,694,368
Approved and contracted	38,936,134	7,967,662

	GROUP AND BANK	
	2023	2022
B) LOANS COMMITTED BUT NOT DISBURSED	USD	USD
Project finance loans	131,334,919	101,339,795
Trade finance loans	371,187,288	332,074,941
	502,522,207	433,414,736

	GROUP AND BANK	
	2023	2022
C) LETTERS OF CREDIT AND GUARANTEES	USD	USD
<i>Letters of credit:</i>		
Project finance loans	12,376,445	67,600
Trade finance loans	27,608,629	19,890,196
	39,985,074	19,957,796
Guarantees	10,000,000	2,000,000
	49,985,074	21,957,796

In line with normal banking operations, the Group conducts business involving acceptances, guarantees and performances. The majority of these facilities are offset by corresponding obligations of third parties.

D) PENDING LITIGATION

Litigation is a common occurrence in the banking industry due to the nature of the business. The Group has controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Group makes provisions to cater for any adverse effects which the claims may have on its financial standing.

As at 31 December 2023, there were no material legal proceedings involving the Group (2022: NIL). No provision has been made as, in the opinion of the Directors and the Group's lawyers, it is unlikely that any significant loss will crystallise.

44. RELATED PARTY TRANSACTIONS

A) MEMBERSHIP AND GOVERNANCE

As a supranational development financial institution with comprising. Class A Shareholders: Twenty two COMESA /African States (the "Member States") three non COMESA States, two non-African States and one institutional member ; - Class B Shareholders: one non-African State and Seventeen institutional members; - Class C Shareholders: five institutional members - subscription to the capital of the Group is made by all its Members. All the powers of the Group are vested in the Board of Governors, which consists of the Governors appointed by each Member the power of the appointing Member. The Board of Directors, which is composed Nineteen (19) Directors elected by the Members is responsible for the conduct of the general operation of the Group, and for this purpose, exercise all the powers delegated to it by the Board of Governors. The Group makes loans to some of its Member States. The Group also borrows funds some of its Members. Such loans granted to Member States are approved by the Board of Directors.

The following are the details of the transactions and balances with related parties:

	GROUP AND BANK	
	2023	2022
B) LOANS WITH MEMBER STATES	USD	USD
Outstanding loans at 1 January	2,536,814,966	2,529,070,520
Loans disbursed during the year	1,217,503,023	755,434,033
Loan repaid during the year	(133,627,532)	(747,689,587)
Outstanding loan balances at end of year	3,620,690,457	2,536,814,966
ECL Provisions	83,209,371	87,769,544

Loans to related parties are subject to commercial negotiations on the terms and conditions of varying interest rates and terms. Outstanding balances at period/year-end are secured by cash security deposits, sovereign undertakings/guarantees and insurance. The loans are granted for an average period of one year.

	GROUP AND BANK	
	2023	2022
C) BORROWINGS FROM MEMBER STATES	USD	USD
Outstanding borrowings at 1 January	226,250,000	162,500,000
Borrowings received during the year	228,044	90,450,007
Borrowings repaid during the year	(26,478,044)	(26,700,007)
Outstanding loan balances at end of year	200,000,000	226,250,000

Borrowings from related parties are subject to commercial negotiations on the terms and conditions. The outstanding balances as at year-end are unsecured and there has been no guarantee provided by the Bank for any borrowings from members. The borrowings are for an average period of ten years.

	GROUP AND BANK	
	2023	2022
D) INCOME AND EXPENSES	USD	USD
• Interest income from loans to members earned during the period	288,599,221	268,607,264
• Interest expense on borrowings from members incurred during the period	(15,610,528)	(11,293,113)
• Fees and commissions	24,237,862	33,435,006

44. RELATED PARTY TRANSACTIONS (CONTINUED)

The remuneration of members of key management staff during the year was as follows:

	GROUP AND BANK	
	2023	2022
E) OTHER RELATED PARTIES	USD	USD
Salaries and other short-term benefits	4,568,203	4,110,188
Defined contribution provident fund	682,353	610,843
Board of Directors' and Board of Governors' allowances	404,429	361,787
Post-employment benefits: Other long term employee benefits	270,775	242,398
	5,925,760	5,325,216

	GROUP AND BANK	
	2023	2022
F) SUBSIDIARIES	USD	USD
Payable to subsidiaries	6,694,994	7,821,359
Receivable from related subsidiaries	15,086,616	8,468,284
Income from related parties	1,925,146	1,255,395
Expenses for related parties	4,783,138	3,766,186

These relate to the Bank's balances with subsidiaries.

The balances have been eliminated on consolidation at Group level.

G) OTHER RELATED PARTIES

During the period, Class 'C' shares with a value of USD 5,340,345 (December 2022 Class 'B': USD 3,413,650) were issued to the TDB Staff Provident Fund and to TDB Directors and Select Stakeholder Provident Fund while Class 'C' shares with a value of USD 3,948,591 (December 2022: USD 784,278) matured and were retired.

45. PRIOR YEAR ADJUSTMENTS

A. Voluntary change in accounting policy

i. Valuation of the Bujumbura land and building - investment property

The Bujumbura Property comprises of 62.54% lettable space out of which 38.05% is leased out. The property was previously carried using the cost model under property and equipment. The property was fair valued as at December 2021, 2022 and 2023 in accordance with IAS 40-Investment Property following a voluntary change in policy. The loss on in valuation of USD 2,839,695 was recognised in the opening balances for 2022 (i.e December 2021) and a restatement to the building made.

In 2023, the old carrying value of the Bujumbura property was derecognised, and the components of leasehold land, investment property and building for own use were separately recognised. The effect of the revaluation is applied retrospectively to the 1 January 2022 opening reserves.

B. Correction of prior period errors

i. Recognition of fee and commission income under IFRS 9, previously under IFRS 15

In the previous years, some items of fees which are integral to the loan contracts were recognised using IFRS 15 under fee and commission income. The correction has now been made in the 2022 and 2023 financial statements and these fees are now recognised as interest income as per IFRS 9.

45. PRIOR YEAR ADJUSTMENTS (CONTINUED)

B. Correction of prior period errors (continued)

ii. *Recognition of interest expense integral to borrowings from other borrowing costs*

There was reclassification of costs which are integral to borrowings from 'Other Borrowing Costs' to 'Interest Expenses' in 2023 and 2022 restated. This is in compliance with IFRS 9 reporting requirements, recognised as interest income as per IFRS 9 reporting requirements.

iii. *Disclosure of interest received and interest paid within the statement of cash flows*

TDB prepares its cash flow statement using the indirect method. Among items that are adjusted from profit for the year are 'Interest Received' and 'Interest Paid'. Previously, the cash element of the Interest Received and Interest Paid was not shown separately in the cash flow statement. This has been corrected in the 2022 and appropriately disclosed in the 2023 statement of cash flows.

iv. *Correction of cash and cash equivalents in the statement of cash flows*

In the previous year, the Group cash and cash equivalents at the beginning of the period (i.e. 2021) in the statement of cash flows for 2022 was shown as USD 1,971,937,461 instead of USD 1,981,029,910 (Now split into amounts maturing within 90 days USD 1,410,388,880, and amounts maturing over 90 days - USD 570,641,030) and for the Bank was shown as USD 1,970,882,704 instead of USD 829,600,644 (Now split into amounts maturing within 90 days USD 1,400,241,674, and amounts maturing over 90 days - USD 570,641,030) as per Note 16 and 2021 statement of financial position). Cash and cash equivalents relating to ESATF of USD 9,092,451 had also been erroneously classified as 'other receivables' for the year 2022. This has been corrected in the 2022 opening balance of statement of cash flows.

v. *LC discounting and forfeiting deferred income*

In the previous year, deferred income relating to LC discounting and forfeiting was carried on-balance sheet as part of 'Other Payables', with the contra entries being recognised in trade finance loan assets. This resulted in overstatement of both assets and liabilities by USD 60,282,704 (2021: USD 16,284,287). A restatement has been made to correctly recognise this deferred income.

vi. *Presenting cash and balances with other banks - less than 90 days and more than 90 days*

In the previous year, cash and balances with other banks was presented in the statement of financial position as one line item. A restatement has been made to correctly present cash and balances with other banks, those with maturity less than 90 days and those with maturity of more than 90 days as separate line items in the statement of financial position.

vii. *Recognition trade fund loan receivables to be carried at fair value through profit or loss from amortised cost*

TDB has subsidiary – ESATF whose principal activity is to invest in trade finance transactions. It has fair value business model. In 2022, ESATF had loans receivables which were classified at amortised cost instead of fair value as the business model was fair value. Due to this, in the consolidated financial statements of the Group, loans receivables were also classified and disclosed at amortised cost. A restatement has been passed to correct this error.

45. PRIOR YEAR ADJUSTMENTS (CONTINUED)

IMPACT OF ADJUSTMENTS ON GROUP ACCOUNTS	NOTE 45	BALANCE AS PREVIOUSLY STATED	ADJUSTMENT FOR RESTATEMENT	RESTATED
EFFECT ON STATEMENT OF FINANCIAL POSITION		USD	USD	USD
As at 31 December 2021				
<i>Group:</i>				
Cash and balances with other banks - less than 90 days	B (vi)	1,981,029,910	(570,641,030)	1,410,388,880
Cash and balances with other banks - more than 90 days	B (vi)	-	570,641,030	570,641,030
Trade fund loan receivable	B (vii)	143,451,976	(99,777,845)	43,674,131
Other receivable	B (vii)	-	99,777,845	99,777,845
Property and equipment	A (i)	35,562,919	(7,849,255)	27,713,664
Investment property	A (i)	-	5,009,560	5,009,560
Group retained earnings	A (i)	(915,153,426)	2,839,695	(912,313,731)
Trade finance loans	B (v)	3,579,041,684	(16,284,287)	3,562,757,397
Other payables	B (v)	(103,152,269)	16,284,287	(86,867,979)
<i>Bank:</i>				
Cash and balances with other banks - less than 90 days	B (vi)	1,970,882,704	(570,641,030)	1,400,241,674
Cash and balances with other banks - more than 90 days	B (vi)	-	570,641,030	570,641,030
Property and equipment	A (i)	35,562,919	(7,849,255)	27,713,664
Investment property	A (i)	-	5,009,560	5,009,560
Bank retained earnings	A (i)	(913,709,461)	2,839,695	(910,869,766)
Trade finance loans	B (v)	3,579,041,684	(16,284,287)	3,562,757,397
Other payables	B (v)	(95,108,410)	16,284,287	(78,824,118)
As at 31 December 2022				
<i>Group:</i>				
Cash and balances with other banks - less than 90 days	B (vi)	1,737,616,838	(716,288,869)	1,021,327,969
Cash and balances with other banks - more than 90 days	B (vi)	-	716,288,869	716,288,869
Trade fund loan receivable	B (vii)	178,610,702	(115,420,879)	63,189,823
Other receivable	B (vii)	-	115,013,836	115,013,836
Property and equipment	A (i)	42,527,853	(7,849,255)	34,678,598
Investment property	A (i)	-	5,009,560	5,009,560
Group retained earnings	A (i)	(1,068,367,493)	2,839,695	(1,065,527,798)
Trade finance loans	B (v)	4,320,267,145	(60,282,704)	4,259,984,440
Other payables	B (v)	(159,605,368)	60,282,704	(99,322,659)
<i>Bank:</i>				
Cash and balances with other banks - less than 90 days	B (vi)	1,697,241,545	(716,288,869)	980,952,676
Cash and balances with other banks - more than 90 days	B (vi)	-	716,288,869	716,288,869
Property and equipment	A (i)	42,527,853	(7,849,255)	34,678,598
Investment property	A (i)	-	5,009,560	5,009,560
Bank retained earnings	A (i)	(1,069,594,284)	2,839,695	(1,066,754,589)
Trade finance loans	B (v)	4,320,267,145	(60,282,704)	4,259,984,440
Other payables	B (v)	(138,863,405)	60,282,704	78,580,695

45. PRIOR YEAR ADJUSTMENTS (CONTINUED)

IMPACT OF ADJUSTMENTS ON GROUP ACCOUNTS (CONTINUED)	NOTE 45	BALANCE AS PREVIOUSLY STATED	ADJUSTMENT FOR RESTATEMENT	RESTATED
EFFECT ON PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		USD	USD	USD
As at 31 December 2022				
<i>Group:</i>				
Interest income	B (i),(vii)	525,046,694	32,735,671	557,782,365
Fee and commission income	B (i)	50,545,247	(40,418,474)	10,126,773
Interest expense	B (ii)	220,652,803	6,389,562	227,042,365
Other borrowing costs	B (ii)	10,705,938	(6,389,562)	4,316,376
Gains on FVTPL - Trade Fund loan assets	B (vii)	-	5,252,875	5,252,875
<i>Bank:</i>				
Interest income	B (i)	517,363,891	40,418,474	557,782,365
Fee and commission income	B (i)	50,545,247	(40,418,474)	10,126,773
Interest expense	B (ii)	220,652,803	6,389,562	227,042,365
Other borrowing costs	B (ii)	10,705,938	(6,389,562)	4,316,376
EFFECT ON STATEMENT ON CASH FLOWS				
As at 31 December 2022				
<i>Group:</i>				
Profit for the year	B (vii)	209,799,087	(2,429,928)	207,369,159
Interest income	B (i)	(276,724,628)	(281,108,755)	(557,833,383)
Interest expense	B (ii)	195,983,371	31,058,994	227,042,365
Increase in trade finance loans	B (i),(v)	(811,797,194)	293,227,460	(518,569,734)
Decrease in project loans	B (v)	86,999,320	55,846,802	142,846,122
Net increase in borrowings	B (ii)	10,499,982	(31,058,994)	(20,559,012)
Other payables	B (v)	86,553,773	(60,282,704)	26,271,069
Other receivables	B (iv)	(51,674,410)	(14,345,325)	(66,019,735)
Bank balances with more than 90 days to maturity	B (vi)	-	(145,647,839)	(145,647,839)
Cash and cash equivalents at the beginning of year	B (iv)	1,971,937,461	(561,548,581)	1,410,388,880
Cash and cash equivalents at the end of year	B (vi)	(1,737,616,838)	716,288,869	(1,021,327,969)
<i>Bank:</i>				
Interest income	B (i)	(269,041,825)	(288,740,540)	(557,782,365)
Interest expense	B (ii)	189,034,246	38,008,119	227,042,365
Increase in trade finance loans	B (i),(v)	(811,797,194)	309,460,729	(502,336,465)
Decrease in project loans	B (v)	86,999,320	55,846,802	142,846,122
Net increase in borrowings	B (ii)	8,333,583	(38,008,119)	(29,674,536)
Other payables	B (v)	41,466,184	(76,566,991)	(35,100,807)
Bank balances with more than 90 days to maturity	B (vi)	-	(145,647,839)	(145,647,839)
Cash and cash equivalents at the beginning of year	B (iv)	1,970,882,704	(570,641,030)	1,400,241,674
Cash and cash equivalents at the end of year	B (vi)	(1,697,241,545)	716,288,869	(980,952,676)

The effects of the changes in the consolidated and separate financial statements arise from the outlined changes above have been reflected in the primary statements. In addition, consequential amendments arising from the adjustments have been made in the respective notes in the financial statements.

46. CURRENCY

The financial statements are presented in United States Dollars (USD). At the reporting date, the conversion rates between one USD and certain other currencies were as analysed below:

	GROUP AND BANK	
	2023	2022
British Pound	0.7914	0.8285
Euro	0.9129	0.9379
United Arab Emirates Dirham	3.6727	3.6727
Zambian Kwacha	25.7550	18.0921
South Africa Rand	18.5296	16.9459
Mauritian Rupee	44.3352	44.3134
Ethiopian Birr	56.0000	53.5634
Kenya Shilling	157.1850	123.4050
Japanese Yen	141.9350	131.8600
Sudanese Pound	647.8102	573.9552
Malawi Kwacha	1,676.2981	1,029.0000
Tanzania Shilling	2,515.5000	2,329.9050
Burundi Franc	2,847.5298	2,046.0000
Uganda Shilling	3,792.5100	3,117.7700
Zimbabwe Dollar	6,166.7154	660.4462

47. FINANCIAL RISK MANAGEMENT

The financial risk management objective and policies are as outlined below:

A. Introduction

Risk is inherent in the group's activities, but is managed through a process of ongoing identification measurement monitoring and reporting, subject to risk limits and other governance controls. This process of risk management is critical to the group's sustainability and each individual within the Group is accountable for the risk exposure relating to his or her responsibilities. The Group is exposed to credit risk, Liquidity risk and market risk (non-trading risks) it is also subject to country risk Management structure.

Risk management structure

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk appetite Statement and risk management framework. As part of its governance structure, the board of directors has embedded a comprehensive Risk appetite statement and risk management framework for measuring monitoring controlling and mitigation of the Group's risk, the policies are integrated in the overall management information.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures aims to develop a disciplined and constructive control environment, in which all employees and other stakeholders understand their roles and obligations.

The Bank-Wide integrated Risk Management Committee (BIRMC) is responsible for monitoring compliance with the Group's management policies and procedures and review of the adequacy of the risk management framework in relation to the risks faced by the group, BIRMC undertakes both regular and adhoc reviews management controls and procedures, the result of which are reported to the Board.

Risk measurement and reporting systems

The Group's risks are measured using a method that reflects both expected loss likely to arise in normal circumstance and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economics environment, the Group also runs worst-case scenarios that would arise if extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks are primarily performed based on prudential limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept. In addition, the Group's policy is to measure and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

The notes below provide detailed information on each of the above risks and the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

B. Credit risk

The Group defines credit risk as the risk that adverse changes in the credit quality of borrowers will negatively affect the Group's financial performance and financial condition. Credit risk arises from both client-specific risks and country risks. The Group, through its lending operations to private sector and public sector entities in its Member Countries, and to a lesser extent, treasury operations is exposed to credit risk.

Credit risk appetite

The Group adheres to a defined credit risk appetite which considers the maximum credit losses the Group is prepared to absorb from its lending activities in pursuit of corporate objectives.

All limits were within approved risk appetite thresholds as at 31 December 2023.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

Risk management policies and processes

The Group manages credit risk through an integrated risk management policy framework and processes which place great emphasis on rigorous screening of borrowers at loan origination.

The risk management policies and processes are designed to identify, measure, manage and control credit risk throughout the credit cycle. The lending process follows a formalised system of strict procedures and processes and committee-based decision-making processes. There is segregation of duties in the various decision-making processes distinct from the deal teams to enhance the independence of due diligence.

Client specific risk

The Group uses credit assessment and risk profiling systems, including borrower and facility risk rating models to evaluate the credit risk of the investment proposals both at loan origination and during the life of the loan.

The Group seeks to mitigate credit risk in its lending operations and calls for risk mitigating measures such as security in the form of tangible collateral, personal and corporate guarantees, and other acceptable credit enhancements. Such collateral is re-valued every three years or earlier should there be any evidence of diminution in value.

Country risk

The Group considers country-specific political, social and economic events and factors which may have an adverse impact on the credit quality of its borrowers. To mitigate such risks, the Group uses prudent country exposure limit management policies. In addition, the Group considers the economic, social and political profile of the country in which the investment project is domiciled before approval is granted. The investment proposal is also loaded with the risk premium that reflects the risk rating of the host country.

Notes 51 and 52 of the Financial Statements contain further country exposure analysis.

Credit-related commitment risks

The Group makes guarantees available to its customers that may require that the Group makes payments on their behalf. The group also enters into commitments to extend credit lines to secure the customers' liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Group to make payments on behalf of customers in the event of a specific act, by the same control processes and policies. These are further disclosed under Note 43(b).

Credit quality

The following tables sets out information about the credit quality and credit risk exposure of financial assets measured at amortised cost and loans and receivables. Unless specifically indicated, the amounts in the table represent gross carrying amounts. For loan commitments the amounts in the table represent the undrawn portion of amounts committed. Loan commitments are undisbursed facilities including letters of credit. Explanation of the terms Stage 1', Stage 2', Stage 3', and purchased originated credit impaired (POCI) assets is including in Note 2 (m).

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

Credit quality (continued)

	GROUP AND BANK							
	AS AT 31 DECEMBER 2023				AS AT 31 DECEMBER 2022 - Restated*			
	STAGE 1	STAGE 2	STAGE 3	TOTAL	STAGE 1	STAGE 2	STAGE 3	TOTAL
	USD	USD	USD	USD	USD	USD	USD	USD
<i>Project finance loans:</i>								
Pass/acceptable	1,632,500,529	-	-	1,632,500,529	1,565,485,181	-	-	1,565,485,181
Special mention	-	408,796,185	-	408,796,185	-	376,991,614	-	376,991,614
Substandard, doubtful & loss	-	-	127,563,249	127,563,249	-	-	68,997,525	68,997,525
Gross Amount	1,632,500,529	408,796,185	127,563,249	2,168,859,963	1,565,485,181	376,991,614	68,997,525	2,011,474,320
Loss allowance	(8,043,478)	(13,219,181)	(16,502,325)	(37,764,984)	(5,387,170)	(15,217,693)	(10,116,026)	(30,720,889)
Net carrying amount	1,624,457,051	395,577,004	111,060,924	2,131,094,979	1,560,098,011	361,773,921	58,881,499	1,980,753,431
<i>Trade finance loans:</i>								
Pass/acceptable**	2,270,212,083	-	-	2,270,212,083	4,223,005,759	-	-	4,223,005,759
Special mention	-	2,384,039,262	-	2,384,039,262	-	92,645,080	-	92,645,080
Substandard, doubtful & loss	-	-	122,715,655	122,715,655	-	-	118,796,034	118,796,034
Gross amount	2,270,212,083	2,384,039,262	122,715,655	4,776,967,000	4,223,005,759	92,645,080	118,796,034	4,434,446,873
Loss allowance**	(11,138,168)	(92,132,060)	(86,115,622)	(189,385,850)	(98,800,281)	(853,013)	(74,809,139)	(174,462,433)
Net Carrying Amount**	2,259,073,915	2,291,907,202	36,600,033	4,587,581,150	4,124,205,478	91,792,067	43,986,895	4,259,984,440

*Details of restatements are disclosed in Note 45.

Included in trade finance gross loans in Stage 1 is USD 2,929,893 relating to TDF loans. The impairment allowance is USD 171,272 and the net loan amount is USD 2,758,621 (2022: Nil).

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

Credit quality (continued)

	GROUP AND BANK							
	AS AT 31 DECEMBER 2023				AS AT 31 DECEMBER 2022			
	STAGE 1	STAGE 2	STAGE 3	TOTAL	STAGE 1	STAGE 2	STAGE 3	TOTAL
	USD	USD	USD	USD	USD	USD	USD	USD
<i>Undisbursed commitments and guarantees:</i>								
Pass/acceptable	512,522,207	-	-	512,522,207	435,414,736	-	-	435,414,736
Loss allowance	(4,969,239)	-	-	(4,969,239)	(2,491,757)	-	-	(2,491,757)
Carrying amount	507,552,968	-	-	507,552,968	432,922,979	-	-	432,922,979
<i>Letters of credit:</i>								
Pass/acceptable	39,985,074	-	-	39,985,074	19,957,796	-	-	19,957,796
Loss allowance	(407,274)	-	-	(407,274)	(140,318)	-	-	(140,318)
	39,577,800	-	-	39,577,800	19,817,478	-	-	19,817,478
<i>Total off-balance sheet items:</i>								
Gross amount	552,507,281	-	-	552,507,281	455,372,532	-	-	455,372,532
Loss allowance	(5,376,513)	-	-	(5,376,513)	(2,632,075)	-	-	(2,632,075)
	547,130,768	-	-	547,130,768	452,740,457	-	-	452,740,457

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

Maximum exposure to credit risk before collateral held

	GROUP			
	2023		2022	
	USD	%	RESTATED*	%
<i>On – statement of financial position items:</i>				
Cash and balances held with other banks	2,099,938,569	22.60%	1,021,327,969	13.26%
Investment in government securities	51,867,034	0.56%	57,227,132	0.74%
Derivative financial Instruments	4,248,951	0.05%	-	-
Other receivable	42,333,144	0.46%	61,166,938	0.79%
Trade Fund loan receivables	146,140,978	1.57%	115,013,836	1.49%
Loans and advances*	6,945,826,963	74.76%	6,445,921,193	83.71%
- Trade finance loans*	4,776,967,000	51.42%	4,434,446,873	57.59%
- Project loans	2,168,859,963	23.35%	2,011,474,320	26.12%
Sub Total	9,290,355,639	100.00%	7,700,657,069	100.00%

	BANK			
	2023		2022	
	USD	%	USD	%
<i>On - Statement of financial position items:</i>				
Cash and balances held with other banks	2,058,871,432	22.61%	980,952,676	13.02%
Investment in government securities	42,168,768	0.46%	57,227,132	0.76%
Derivative financial Instruments	4,248,951	0.05%	-	0.00%
Other receivable	55,826,198	0.61%	48,630,141	0.65%
Loans and advances*	6,945,826,963	76.27%	6,445,921,193	85.57%
- Trade finance loans*	4,776,967,000	52.45%	4,434,446,873	58.87%
- Project loans	2,168,859,963	23.82%	2,011,474,320	26.70%
Sub Total	9,106,944,335	100.00%	7,532,733,165	100.00%

	GROUP AND BANK			
	2023		2022	
	USD	%	USD	%
<i>Off - Statement of financial position items:</i>				
Letter of credit	39,985,074	7.24%	19,957,796	4.38%
Loan commitments not disbursed	502,522,207	90.95%	433,414,736	95.18%
Guarantees and performance bonds	10,000,000	1.81%	2,000,000	0.44%
	552,507,281	100.00%	455,372,532	100.00%
Total credit exposure - Group	9,842,862,920		8,156,029,601	
Total credit exposure - Bank	9,659,451,616		7,988,105,698	

The above figures represent the worst-case scenario of credit exposure for the two years without taking into account any collateral held or other credit enhancements. Loan and advances and off-statement of financial position items for the Group took up 69.65% in December 2023 (2022: 77.82%) of the total maximum credit exposure. For the Bank, these were 60.41% in December 2023 (2022: 68.82%).

*Details of restatements are disclosed in Note 45.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

Maximum exposure to credit risk before collateral held (continued)

Other than cash and bank balances, Investment in government securities, Trade Fund loan receivables, and derivative financial instruments, all other credit risk exposures are secured by collateral in the form of cash liens, mortgages on land and buildings, securities charged over plant and machinery and third-party guarantees.

As at 31 December 2023, the fair value of collateral held for impaired loans and advances was USD 262,596,091 (December 2022: USD 190,957,194) and the gross impaired loans exposure was USD 249,088,216 (December 2022: USD 187,793,559).

Collateral held

In addition to its rigorous credit risk assessments, the Group seeks to protect its interests in the event of unpredictable and extreme factors that negatively affect the borrower's capacity to service the Group's loan by calling for credit enhancement arrangements in need. In this regard, the Group calls for security such as mortgage interest on property, registered securities over financed or third-party assets and guarantees as well as credit insurance in need. The security cover required is, at least, one and a third times the loan amount that is disbursed. Such security is subject to regular reviews and, if necessary, revaluation every three years.

The Group does not hold security over deposits placed with other banks or financial institutions and government securities. However, the Group places deposits with well-vetted and financially sound counterparties. In addition, the Group places limits on counter-party exposures which are set, monitored, and reviewed by the bank wide Integrated Risk Management Committee.

	GROUP AND BANK	
	2023	2022
	USD	USD
(I) TOTAL PORTFOLIO		
Insurance and Guarantees	2,640,840,678	2,766,052,637
Cash security deposits	528,325,997	1,468,694,174
Fixed charge on plant and equipment	687,204,087	667,824,742
Other floating all asset debenture	477,842,850	553,550,500
Mortgages on properties	313,137,177	292,039,905
Sovereign undertakings	227,711,818	356,351,885
Total security cover	4,875,062,607	6,104,513,843
Gross portfolio	(6,945,826,963)	(6,445,921,193)
Net (gap)/cover	(2,070,764,356)	(341,407,350)
(II) LOANS NOT IMPAIRED		
Insurance and Guarantees	2,562,029,660	2,715,082,027
Cash security deposits	527,939,928	1,468,156,114
Fixed charge on plant and equipment	595,829,976	612,716,956
Other floating all asset debenture	475,542,850	553,550,500
Mortgages on properties	223,412,284	209,199,166
Sovereign undertakings	227,711,818	354,851,885
Total security cover	4,612,466,516	5,913,556,648
Gross portfolio	(6,696,738,747)	(6,258,127,634)
Net (gap)/cover	(2,084,272,231)	(344,570,986)

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

Collateral held for loan portfolio (continued)

	GROUP AND BANK	
	2022	2022
(III) IMPAIRED LOANS	USD	USD
Insurance and Guarantees	78,811,018	50,970,610
Cash security deposits	386,069	538,060
Fixed charge on plant and equipment	91,374,111	55,107,786
Other floating all asset debenture	2,300,000	-
Mortgages on properties	89,724,893	82,840,738
Sovereign undertakings	-	1,500,000
Total security cover	262,596,091	190,957,194
Gross portfolio	(249,088,216)	(187,793,559)
Net cover	13,507,875	3,163,635

Inputs, assumptions, and techniques used for estimating impairment

Significant Increase in Credit Risk

When determining whether the credit risk [i.e. 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 or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience, expert credit assessment and forward-looking information.

The Group uses the following criteria for determining whether there has been a significant increase in credit risk:

- Quantitative factors;
- Qualitative indicators;

Qualitative indicators

- Project finance and Trade Finance loans rated LCC 3 and 4; and
- A backstop of 30 days past due
 - more than 90 days past due on any material credit obligation to the Group for corporate borrowers
 - more than 180 days past due on any material credit obligation to the group for sovereign borrowers, and as approved by the Board of Directors.

Quantitative factors

- LCC1-LCC2: Stage 1 loans
- LCC3-LCC4: Stage 2 loans
- LCC5-LCC7: Stage 3 loans

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

Inputs, assumptions, and techniques used for estimating impairment (continued)

Credit risk classification

The Group allocates each exposure to a credit risk classification based on the exposures' risk attributes and their fair values accurately determined and reflected in the Group's books as well as applying experienced credit judgement.

The Group uses these classifications in identifying significant increases in credit risk under IFRS 9. The risk classifications are defined using days past due, qualitative and quantitative factors that are indicative of the risk of default. These factors may vary depending on the nature of the exposure and the type of borrower. The Group goes through a credit appraisal process and determines the credit quality of each exposure on initial recognition based on available information about the borrower. Exposures are subject to on-going monitoring, which may result in an exposure being moved to a different credit risk classification.

The table below provides an indicative mapping of how the Group's internal credit grades relate to PD.

Trade Finance loans

	12-MONTH WEIGHTED AVERAGE PD
GRADING	
Very Low risk	2.37%
Low risk	
Moderate risk	23.86%
High risk	
Substandard	100%
Bad & Doubtful	
Loss	

Project Finance loans

	12-MONTH WEIGHTED AVERAGE PD
GRADING	
Very Low risk	4.91%
Low risk	
Moderate risk	21.45%
High risk	
Substandard	100%
Bad & Doubtful	
Loss	

Determining whether credit risk has increased significantly

The Group assesses whether credit risk has increased significantly since initial recognition at each reporting date.

The Group has established a framework that incorporates both quantitative and qualitative information to determine whether the credit risk on a particular financial instrument has increased significantly since initial recognition. The framework aligns with the Group's internal credit risk management process. The criteria for determining whether credit risk has increased significantly varies by product and includes a backstop based on delinquency.

Currently, the Group will deem the credit risk of a particular exposure to have increased significantly since initial recognition based on a loan being rated as LCC3 and LCC4 or being in arrears for a year of 31 to 89 days for corporates and up to 179 days for sovereigns.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

Determining whether credit risk has increased significantly (continued)

The Group has developed an internal rating model going forward and the movement in the probability of default (PD) between the reporting year and initial recognition date/ the date of initial application of IFRS 9 of the loan will form the basis of significant increase in credit risk. In certain instances, using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk if particular qualitative factors linked to the Group's risk management processes indicate so and those indicators may not be fully captured by its quantitative analysis on a timely basis. As a backstop, and as required by IFRS 9, the Group presumptively considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. The Group determines days past-due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

(PO) between the reporting year and initial recognition date/ the date of initial application of IFRS 9 of the 9 of the loan will form the basis of significant increase in credit risk. In certain instances, using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk if particular qualitative factors linked to the Group's risk management processes indicate so and those indicators may not be fully captured by its quantitative analysis on a timely basis. As a backstop, and as required by IFRS9, the Group presumptively considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. The Group determines days past-due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

Definition of Default

The Group will consider a financial asset to be credit impaired when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- the borrower has a risk classification of LCC 5,6 and 7; or
- the borrower is:
 - more than 90 days past due on any material credit obligation to the Group for corporate borrowers
 - more than 180 days past due on any material credit obligation to the group for sovereign borrowers, and as approved by the Board of Directors.

In assessing whether a borrower is in default, the Group will consider indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status, material deterioration of PD and cash flow coverage since origination, and non-payment of another obligation of the same issuer to the Group; and
- based on empirical data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking Information

The Group incorporates forward-looking information in its measurement of ECL. The Group formulates three scenarios: a base case, which is the median scenario assigned a 50% probability of occurring, and two less likely scenarios, one upside and one downside, assigned a 20% and 30% probability of occurring respectively. The base case represents a most-likely outcome and is aligned with information used by the Group for determining country lending limits as well as strategic planning. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the various jurisdictions in which the Group operates supranational organisations such as the World Bank and the International Monetary Fund and selected private sector and academic forecasters.

The Group formulates a 'base case' view of the future direction of relevant economic variables in the various jurisdictions in which it operates, and a representative range of other possible forecast scenarios based on advice from the Group's Risk Management Committee and economic experts and consideration of a variety of external actual and forecast information.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

Incorporation of forward-looking Information (Continued)

The macroeconomic variables applied are those used as part of determining the country risk ratings for different jurisdictions in which the Group lends. Using forecasted macroeconomic information, the country risk ratings are forecasted for a year of three (3) years and the aggregated changes in country risk ratings, year-on-year, starting with the base year (financial reporting year-end) are applied as the forward-looking information.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

These key drivers include Political risk, Economic strength and performance, Transfer and currency risk, Governance, Debt sustainability vs Fiscal strength and Group experience. Country risk ratings have been developed based on analysing these factors and the aggregate predicted changes in these ratings considered as the predictor of the future default rate. The economic scenarios used are approved by the Group's Credit Committee.

Governance, Debt sustainability vs Fiscal strength and Group experience. Country risk ratings have been developed based on analysing these factors and the aggregate predicted changes in these ratings considered as the predictor of the future default rate. The economic scenarios used are approved by the Group's credit committee.

Restructured and modified loans

The contractual terms of a loan may be restructured or modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value. When the terms of a financial asset are modified, and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of the borrower's initial credit risk assessment and the current assessment at the point of modification.

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time). For a modification to qualify for derecognition, a 10% test has to be performed and met.

The Group renegotiates loans to customers in financial difficulties (referred to as 'restructuring') to maximise collection opportunities and minimise the risk of default. Under the Group's restructuring policy, loan restructuring is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms. The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. The Group's Credit Committee regularly reviews reports on restructuring activities.

For financial assets modified as part of the Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the group's previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, restructuring is a qualitative indicator of default and credit impairment and expectations of restructuring are relevant to assessing whether there is a significant increase in credit risk. Following restructuring, a customer needs to demonstrate consistently good payment behavior over a year of time before the exposure is no longer considered to be in default/credit-impaired or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12 - month ECLs.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

Restructured and modified loans (Continued)

Restructured

Originates from a distress situation increased credit risk affecting cashflow generation. Main features of restructure include, extension of tenor by 12 months or longer, unchanged interest rate for most of the facilities, moratorium of capital for 12 months or longer.

Modified

Modifications relate to roll-overs and maturity extensions not exceeding six months in the normal course of business- without necessarily changing the underlying facility structure and material terms and conditions of the facility. Main features of modifications include, roll-overs of maturing obligations for 3 to 6 months in normal course of business; unchanged pricing, for long term loans- moratorium of 3 to 6 months of capital or in some cases both capital and interest; loan reprofiling through extension of tenor of 3 to 6 months or in some cases no extension of tenor and financial covenant waivers as appropriate on a case by case basis.

Due to Covid-19 disruptions, Borrowers were pro-active to approach the Bank to negotiate reprofiling of payments in order to avert default and to manage their cash flows and address liquidity constraints. Payment delays due to temporary systemic factors affecting all borrowers are not considered as a reason for automatic classification in default, forbore or unlikeliness to pay; unlikeliness to pay has been considered on a case-by-case. Modifications are generally done to address short term cash flow challenges where the fundamentals of the project remain sound.

The Following tables refer to restructured financial assets during the year where the restructuring or modification does not result in de-recognition:

	GROUP AND BANK	
	2023	2022
	USD	USD
Gross carrying amount before restructuring	11,790,283	22,479,802
Loss allowances before restructuring	250,898	33,409
Net amortised cost before restructuring	12,041,181	22,513,211
Net restructuring loss	(1,813)	(122,114)
Net amortised cost after restructuring	12,039,368	22,391,097
<i>Analysis of gross amounts by sector:</i>		
Manufacturing	7,290,262	6,776,979
Agribusiness	-	5,268,396
Hospitality	4,500,021	5,434,427
Energy	-	5,000,000
	11,790,283	22,479,802
Project finance loans	7,290,262	15,702,823
Trade finance loans	4,500,021	6,776,979
	11,790,283	22,479,802

The Group has continued to accrue interest on the existing restructured and modified facilities.

As at reporting date, there were no restructured loans or modifications that resulted in derecognition and recognition of new financial assets.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

Inputs into Measurement of ECLs

The key inputs into the measurement of ECLs are the term structures of the following variables:

- Probability of Default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

These parameters are derived from internally developed statistical models and other historical data that leverage regulatory models. They are adjusted to reflect the rating of the support provider and the nature of support as applicable as well forward-looking information as described above.

PD estimates for loans and advances are estimates at a certain date, which are calculated based on statistical migration matrices that model the chance of an exposure transitioning to default over time and are assessed at portfolio level for portfolios of assets that have similar characteristics. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, external market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between ratings classes, then this leads to a change in the estimate of the associated PD. Lifetime PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The Group PD estimates for other exposures are estimates at a certain date, which are estimated based on external credit rating information and assessed using rating tools tailored to the various categories of counterparties and exposures.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on collateral available against exposures, Preferred Creditor Status consideration and the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral quality, seniority of the claim, counter-party industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are calibrated for different collateral types by applying haircuts to adjust the market value of collateral to best reflect the amounts recoverable. The collateral values to consider are calculated on a discounted cash flow basis using the effective interest.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is the gross carrying amount at default. For lending commitments and non-financial guarantees, the EAD considers the amount drawn, as well as potential future amounts that may be drawn or repaid under the contract, which is estimated based on historical observations and forward-looking forecasts.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECLs considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee. For overdrafts, guarantee facilities and other revolving facilities that include both a loan and an undrawn commitment component, the Group measures ECLs over a period of one year unless the expected life of the exposure can be reasonably determined.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

ECL sensitivity analysis

If the loans categorised as stage 2 were to increase by 5% as of 31 December 2023, the ECL would increase by USD 3,448,148 which is 5.68 % (2022: USD 4,399,833 which is 2.17%).

If all loans that have been renegotiated were deemed to have suffered a significant increase in credit risk and were moved from stage 1 to stage 2 the ECL would increase by 0.16% (2022: 0.62%).

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

Amounts arising from ECL

Loss allowance

The following tables show reconciliation's from the opening to the closing balance of the loss allowances by segment.

AS AT 31 DECEMBER 2023	STAGE 1	STAGE 2	STAGE 3	TOTAL
	USD	USD	USD	USD
PROJECT FINANCE LOANS				
Balance at 1 January	5,387,176	15,217,692	10,116,021	30,720,889
Transfer to 12 months ECL	5,609,768	(5,609,768)	-	-
Transfer to lifetime ECL not credit impaired	(6,363)	6,363	-	-
Transfer to lifetime ECL credit impaired	-	(2,329,040)	2,329,040	-
Net re-measurement of loss allowance	(6,330,531)	3,002,372	11,673,852	8,345,693
Net financial assets originated	3,499,795	3,395,473	2,392,731	9,287,999
Financial assets derecognised*	(116,367)	(463,911)	(10,009,319)	(10,589,597)
Balance at 31 December	8,043,478	13,219,181	16,502,325	37,764,984
TRADE FINANCE LOANS**				
Balance at 1 January	98,800,281	853,012	74,819,139	174,472,432
Transfer to 12 months ECL	12,402,037	(182,037)	(12,220,000)	-
Transfer to Lifetime ECL not credit impaired	(17,894,245)	17,894,245	-	-
Transfer to Lifetime ECL credit impaired	(6,661)	(4,934,104)	4,940,765	-
Net of financial assets originated	(85,691,349)	70,581,913	58,030,262	42,920,826
Net remeasurement of loss allowance	3,581,694	8,144,901	-	11,726,595
Financial assets derecognised*	(53,587)	(225,872)	(39,454,544)	(39,734,003)
Balance at 31 December	11,138,170	92,132,058	86,115,622	189,385,850
UNDISBURSED COMMITMENTS				
Balance at 1 January	2,491,757	-	-	2,491,757
Net remeasurement of loss allowance	4,969,239	-	-	4,969,239
Financial assets derecognised*	(2,491,757)	-	-	(2,491,757)
Balance at 31 December	4,969,239	-	-	4,969,239
LETTERS OF CREDIT				
Balance at 1 January	140,318	-	-	140,318
Net remeasurement of loss allowance	407,274	-	-	407,274
Financial assets derecognised**	(140,318)	-	-	(140,318)
Balance at 31 December	407,274	-	-	407,274

*During the year ended 31 December 2023 Project and Infrastructure Finance loans amounting to USD 2,768,970 and Trade Finance Loans amounting to USD 3,677,733 were written off (2022: Nil).

**Included in trade finance is an impairment allowance is USD 171,272 (2022: Nil).

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

Loss allowance (continued)

AS AT 31 DECEMBER 2022	STAGE 1	STAGE 2	STAGE 3	TOTAL
PROJECT FINANCE LOANS	USD	USD	USD	USD
Balance at 1 January	9,880,506	27,165,615	9,159,700	46,205,821
Transfer to 12 months ECL	5,026,784	(5,026,784)	-	-
Transfer to lifetime ECL not credit impaired	(78,637)	78,637	-	-
Transfer to lifetime ECL credit impaired	(325)	(253,903)	254,228	-
Net re-measurement of loss allowance	(11,813,586)	(6,745,873)	7,035,662	(11,523,797)
Net financial assets originated	2,523,710	-	-	2,523,710
Financial assets derecognised*	(151,276)	-	(6,333,569)	(6,484,845)
Balance at 31 December	5,387,176	15,217,692	10,116,021	30,720,889
TRADE FINANCE LOANS				
Balance at 1 January	35,534,554	8,626,034	61,740,539	105,901,127
Transfer to 12 months ECL	12,402,037	(182,037)	(12,220,000)	-
Transfer to Lifetime ECL not credit impaired	(17,894,245)	17,894,245	-	-
Transfer to Lifetime ECL credit impaired	-	(5,169,976)	5,169,976	-
Net of financial assets originated	7,810,013	-	-	7,810,013
Net re-measurement of loss allowance	60,990,344	(20,325,253)	59,583,168	100,248,259
Financial assets derecognised*	(42,422)	-	(39,454,544)	(39,496,966)
Balance at 31 December	98,800,281	843,013	74,819,139	174,462,433
UNDISBURSED COMMITMENTS				
Balance at 1 January	5,159,480	-	-	5,159,480
Net re-measurement of loss allowance	2,491,757	-	-	2,491,757
Financial assets derecognised*	(5,159,480)	-	-	(5,159,480)
Balance at 31 December	2,491,757	-	-	2,491,757
LETTERS OF CREDIT				
Balance at 1 January	85,240	-	-	85,240
Net re-measurement of loss allowance	140,318	-	-	140,318
Financial assets derecognised*	(85,240)	-	-	(85,240)
Balance at year end	140,318	-	-	140,318

*During the year ended 31 December 2023 Project and Infrastructure Finance loans amounting to USD 2,768,970 and Trade Finance Loans amounting to USD 3,677,733 were written off (2022: Nil).

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit Risk (continued)

Loss allowance (continued)

The ECL on cash and balance with other banks, trade and project finance loans and loan commitments are presented in cash and balances with other banks, Trade and Project Finance loans and other liabilities respectively in the statement of financial position.

	31 DECEMBER 2023				31 DECEMBER 2022 - RESTATED*			
	STAGE 1	STAGE 2	STAGE 3	TOTAL	STAGE 1	STAGE 2	STAGE 3	TOTAL
PROJECT FINANCE LOANS	USD	USD	USD	USD	USD	USD	USD	USD
Balance at 1 January	1,565,485,182	376,991,613	68,997,525	2,011,474,320	1,650,513,792	381,841,372	66,740,124	2,099,095,288
Transfer to 12 months ECL	9,333,761	(15,447,540)	6,113,779	-	15,447,540	(15,447,540)	-	-
Transfer to Lifetime ECL not credit impaired	(63,688,618)	63,688,618	-	-	(53,842,372)	53,842,372	-	-
Transfer to Lifetime ECL credit impaired	(637,176)	(58,386,638)	59,023,814	-	(637,175)	(7,613,942)	8,251,117	-
Net remeasurement of loss allowance	(148,044,691)	22,427,821	3,684,911	(121,931,959)	(136,630,478)	(35,630,649)	339,853	(171,921,274)
New financial assets originated	389,939,349	19,522,314	6,771,630	416,233,293	192,168,405	-	-	192,168,405
Financial assets derecognised**	(119,887,281)	-	(17,028,410)	(136,915,691)	(101,534,530)	-	(6,333,569)	(107,868,099)
As at 31 December	1,632,500,526	408,796,188	127,563,249	2,168,859,963	1,565,485,182	376,991,613	68,997,525	2,011,474,320
TRADE FINANCE LOANS***								
Balance at 1 January	4,283,038,622	92,934,923	118,756,033	4,494,729,578	3,449,260,035	132,664,318	103,018,459	3,684,942,812
Transfer to 12 months ECL	21,089,860	(6,481,943)	(14,607,917)	-	23,144,771	(6,481,943)	(16,662,828)	-
Transfer to Lifetime ECL not credit impaired	(2,034,845,867)	2,034,845,867	-	-	(635,998,953)	635,998,953	-	-
Transfer to Lifetime ECL credit impaired	(8,859,982)	(83,429,792)	92,289,774	-	-	(88,006,752)	88,006,752	-
Net remeasurement of loss allowance	(540,569,568)	276,897,810	(34,357,691)	(298,029,449)	744,179,965	(28,173,107)	(16,151,807)	699,855,051
Net financial assets originated	645,945,493	73,849,359	-	719,794,852	722,665,509	(553,066,546)	-	169,598,963
Financial assets derecognised**	(95,496,477)	(4,576,960)	(39,454,544)	(139,527,981)	(80,495,410)	-	(39,454,543)	(119,949,953)
As at 31 December	2,270,302,081	2,384,039,264	122,625,655	4,776,967,000	4,222,755,917	92,934,923	118,756,033	4,434,446,873

*Details of restatements are disclosed in Note 45.

** During the year ended 31 December 2023 Project loans amounting to USD 2,768,970 and Trade Finance loans amounting to USD 3,677,733 were written off (2022: Nil).

*** Included in trade finance gross loans in Stage 1 is USD 2,929,893 relating to TDF loans. The impairment allowance is USD 171,272 and the net loan amount is USD 2,758,621 (2022: Nil).

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

Loss allowance (continued)

The ECL on cash and balance with other banks, trade and project finance loans and loan commitments are presented in cash and balances with other banks, Trade and Project Finance loans and other liabilities respectively in the statement of financial position.

	31 DECEMBER 2023				31 DECEMBER 2022			
	STAGE 1	STAGE 2	STAGE 3	TOTAL	STAGE 1	STAGE 2	STAGE 3	TOTAL
	USD	USD	USD	USD	USD	USD	USD	USD
UNDISBURSED COMMITMENTS								
Balance at 1 January	424,414,736	-	-	424,414,736	651,950,533	-	-	651,950,533
Transfer to Lifetime ECL not credit impaired	-	-	-	-	-	-	-	-
Net financial assets originated or purchased	512,522,207	-	-	512,522,207	435,414,736	-	-	435,414,736
Net remeasurement of loss allowance	-	-	-	-	-	-	-	-
Financial assets derecognised	(424,414,736)	-	-	(424,414,736)	(651,950,533)	-	-	(651,950,533)
As at 31 December	512,522,207	-	-	512,522,207	435,414,736	-	-	435,414,736
LETTERS OF CREDIT								
Balance at 1 January	160,069,758	-	-	160,069,758	180,069,758	-	-	180,069,758
Net financial assets originated or purchased	39,985,074	-	-	39,985,074	19,957,796	-	-	19,957,796
Net remeasurement of loss allowance	-	-	-	-	-	-	-	-
Financial assets derecognised	(160,069,758)	-	-	(160,069,758)	(180,069,758)	-	-	(180,069,758)
As at 31 December	39,985,074	-	-	39,985,074	19,957,796	-	-	19,957,796
Total	552,507,281	-	-	552,507,281	455,372,532	-	-	455,372,532

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

Concentration of risk by sector

	ON-STATEMENT OF FINANCIAL POSITION *	GROSS EXPOSURE	OFF-STATEMENT OF FINANCIAL POSITION **		CASH COLLATERAL/ IN TRANSIT	INSURANCE	OTHER MITIGATIONS	AGGREGATE EXPOSURE	
AS AT 31 DECEMBER 2023	USD	%	USD	%	USD	USD	USD	USD	%
Agri-business	1,535,186,086	22.1	115,968,262	21.0	(98,998,261)	(452,976,000)	(79,849,385)	1,019,330,702	19.2
Banking and Financial Services	1,271,752,357	18.3	198,357,035	35.9	(35,611,209)	(200,000,000)	-	1,234,498,183	23.3
Construction	41,492,495	0.6	-	-	(45,747)	-	-	41,446,748	0.8
Energy	230,430,696	3.3	69,725,256	12.6	-	-	-	300,155,952	5.7
Health services	29,141,377	0.4	2,006,792	0.4	-	-	-	31,148,169	0.6
Hospitality	42,315,943	0.6	5,000,000	0.9	-	-	-	47,315,943	0.9
ICT	197,397,798	2.8	-	-	(40,303,986)	-	-	157,093,812	3.0
Infrastructure	1,141,812,668	16.4	29,470,102	5.3	(852,365)	(359,535,114)	-	810,895,291	15.3
Manufacturing and heavy industries	192,923,909	2.8	67,600	-	-	-	-	192,991,509	3.6
Mining and quarrying	73,849,359	1.1	-	-	-	-	-	73,849,359	1.4
Oil and gas	1,880,365,496	27.1	36,157,885	6.5	(353,822,990)	(491,476,273)	(50,000,000)	1,021,224,118	19.3
Other	6,034,694	0.1	-	-	-	-	-	6,034,694	0.1
Real estate	108,283,345	1.6	20,524,509	3.7	-	-	-	128,807,854	2.4
Transport	71,975,383	1.0	-	-	-	(33,115,486)	(542,271)	38,317,626	0.7
Wholesale commodities	122,865,357	1.8	75,229,840	13.6	-	-	-	198,095,197	3.7
Balance at year end	6,945,826,963	100	552,507,281	100	(529,634,558)	(1,537,102,873)	(130,391,656)	5,301,205,157	100

* Included in the gross on statement of financial position exposure is an amount of USD 2,929,893 relating to TDF Trade Finance exposures in Banking & Financial Services (USD 1,292,745), Energy (USD 803,697) and Other (USD 833,451) sectors.

** Off-statement of financial position items include loans approved but not disbursed, outstanding letters of credit and guarantees and performance bonds where applicable.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

Concentration of risk by sector (continued)

	ON-STATEMENT OF FINANCIAL POSITION	GROSS EXPOSURE	OFF-STATEMENT OF FINANCIAL POSITION		CASH COLLATERAL/ IN TRANSIT	INSURANCE	OTHER MITIGATIONS	AGGREGATE EXPOSURE	
AS AT 31 DECEMBER 2022 - RESTATED*	USD	%	USD	%	USD	USD	USD	USD	%
Agri-business	1,296,694,554	20.1	137,884,078	30.3	(81,095,815)	(473,082,500)	(79,665,696)	800,734,621	21.8
Banking and financial services	1,300,720,528	20.2	219,674,767	48.2	(337,009,767)	(288,597,857)	-	894,787,671	24.4
Construction	49,034,991	0.8	-	-	-	-	-	49,034,991	1.3
Energy	291,718,070	4.5	10,714,459	2.4	-	-	-	302,432,529	8.3
Health services	21,159,226	0.3	3,932,079	0.9	-	-	-	25,091,305	0.7
Hospitality	37,572,102	0.6	10,749,731	2.4	-	-	-	48,321,833	1.3
ICT	188,244,220	2.9	-	-	(40,303,986)	-	-	147,940,234	4.0
Infrastructure	1,120,608,851	17.4	34,688,581	7.6	-	(521,458,334)	-	633,839,098	17.3
Manufacturing and heavy industries	223,984,952	3.5	6,893,666	1.5	-	-	-	230,878,618	6.3
Mining and quarrying	65,103,957	1.0	26,428,880	5.8	-	-	-	91,532,837	2.5
Oil and gas	1,625,584,388	25.2	-	-	(913,123,076)	(407,676,233)	(50,000,000)	254,785,079	7.0
Other	5,152,830	0.1	-	-	-	-	-	5,152,830	0.1
Real estate	10,056,951	0.2	-	-	-	-	-	10,056,951	0.3
Transport	62,424,572	1.0	-	-	-	(43,164,299)	(542,271)	18,718,002	0.5
Wholesale commodities	147,861,001	2.3	4,406,292	1.0	-	-	-	152,267,293	4.2
Balance at year end	6,445,921,193	100	455,372,533	100	(1,371,532,644)	(1,733,979,223)	(130,207,967)	3,665,573,892	100

*Details of restatements are disclosed in Note 45.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

Concentration of risk by country

	ON-STATEMENT OF FINANCIAL POSITION *	GROSS EXPOSURE	OFF-STATEMENT OF FINANCIAL POSITION **		CASH COLLATERAL/ IN TRANSIT	INSURANCE	OTHER MITIGATIONS	AGGREGATE EXPOSURE	
AS AT 31 DECEMBER 2023	USD	%	USD	%	USD	USD	USD	USD	%
Burundi	32,431,856	0.5	15,907,528	2.9	(2,475,219)	-	-	45,864,165	0.9
Comoros	18,376,249	0.3	1,564,034	0.3	-	-	-	19,940,283	0.4
Congo DRC	244,173,265	3.5	34,298,061	6.2	-	-	-	278,471,326	5.3
Djibouti	24,219,478	0.3	13,352,818	2.4	-	-	-	37,572,296	0.7
Egypt	174,517,350	2.5	75,325,292	13.6	-	-	-	249,842,642	4.7
eSwatini	46,594,118	0.7	4,953,235	0.9	-	-	-	51,547,353	1.0
Ethiopia	756,914,295	10.9	25,110,930	4.5	(929,271)	(200,000,000)	(542,271)	580,553,683	11.0
Ghana	12,209,291	0.2	1,937,500	0.4	-	-	-	14,146,791	0.3
Kenya	656,773,100	9.5	137,563,622	24.9	-	(234,660,224)	-	559,676,498	10.6
Madagascar	11,667,288	0.2	442,758	0.1	-	-	-	12,110,046	0.2
Malawi	487,983,639	7.0	79,283,037	14.3	(91,394,935)	(240,866,000)	(79,849,385)	155,156,356	2.9
Mauritius	406,822,282	5.9	-	-	(40,303,986)	-	-	366,518,296	6.9
Mozambique	148,892,376	2.1	11,762,647	2.1	(2,450,129)	-	-	158,204,894	3.0
Rwanda	568,431,237	8.2	30,745,820	5.6	-	(33,115,486)	-	566,061,571	10.7
Seychelles	21,029,511	0.3	-	-	-	-	-	21,029,511	0.4
South Sudan	192,428,635	2.8	8,141,909	1.5	-	(60,000,000)	(50,000,000)	90,570,544	1.7
Sudan	1,032,568,538	14.9	-	-	(356,138,176)	(212,110,000)	-	464,320,362	8.8
Tanzania	488,094,508	7.0	93,923,041	17.0	(50,534)	(124,874,890)	-	457,092,125	8.6
Uganda	348,969,240	5.0	3,871,247	0.7	(898,112)	-	-	351,942,375	6.6
Zambia	702,175,972	10.1	11,392,981	2.1	(33,981,639)	(347,676,233)	-	331,911,081	6.3
Zimbabwe	570,554,735	8.2	2,930,821	0.5	(1,012,557)	(83,800,040)	-	488,672,959	9.2
Balance at year end	6,945,826,963	100	552,507,281	100	(529,634,558)	(1,537,102,873)	(130,391,656)	5,301,205,157	100

* Included in the gross on statement of financial position exposure is an amount of USD 2,929,893 relating to iDF Trade Finance exposures in Burundi (USD 384), Kenya (USD 833,451), Zambia (USD 2,093,696) and Zimbabwe (USD 2,371).

** Off-statement of financial position items include loans approved but not disbursed, outstanding letters of credit and guarantees and performance bonds where applicable.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

Concentration of risk by country (continued)

	ON-STATEMENT OF FINANCIAL POSITION	GROSS EXPOSURE	OFF-STATEMENT OF FINANCIAL POSITION		CASH COLLATERAL/ IN TRANSIT	INSURANCE	OTHER MITIGATIONS	AGGREGATE EXPOSURE	
AS AT 31 DECEMBER 2022 - RESTATED*	USD	%	USD	%	USD	USD	USD	USD	%
Burundi	21,190,235	0.3	15,000,000	3.3	(1,034,698)	-	-	35,155,537	0.9
Comoros	17,426,653	0.3	3,932,079	0.9	-	-	-	21,358,732	0.6
Congo DRC	123,502,834	1.9	26,496,480	5.8	-	-	-	149,999,314	4.1
Djibouti	14,292,158	0.2	-	0.0	-	-	-	14,292,158	0.4
Egypt	147,861,001	2.3	4,406,292	1.0	-	-	-	152,267,293	4.1
eSwatini	46,052,215	0.7	5,000,000	1.1	-	-	-	51,052,215	1.4
Ethiopia	1,008,638,408	15.6	76,954,928	16.9	(165,105,129)	(200,000,000)	(542,271)	719,945,936	19.5
Kenya	517,387,491	8.0	-	0.0	-	(380,000,000)	-	137,387,491	3.7
Madagascar	10,604,228	0.2	920,855	0.2	-	-	-	11,525,083	0.3
Malawi	449,031,532	7.0	60,535,598	13.3	(77,286,589)	(259,832,500)	(79,665,696)	92,782,345	2.5
Mauritius	306,282,909	4.8	6,930,818	1.5	(40,303,986)	-	-	272,909,741	7.4
Mozambique	150,923,264	2.3	100,000	0.0	-	-	-	151,023,264	4.1
Rwanda	414,441,538	6.4	19,746,573	4.3	(150,000,000)	(43,164,299)	-	241,023,812	6.5
Seychelles	48,070,613	0.7	749,731	0.2	-	-	-	48,820,344	1.3
South Sudan	113,007,060	1.8	-	0.0	-	(60,000,000)	(50,000,000)	3,007,060	0.1
Sudan	931,435,763	14.5	-	0.0	(315,807,449)	(213,250,000)	-	402,378,314	10.9
Tanzania	537,849,492	8.3	97,654,313	21.4	-	(141,458,334)	-	494,045,471	13.3
Uganda	387,002,653	6.0	7,834,435	1.7	-	-	-	394,837,088	10.7
Zambia	697,630,119	10.8	129,110,431	28.4	(171,895,831)	(347,676,233)	-	307,168,486	8.3
Zimbabwe	503,291,027	7.8	-	0.0	(450,098,962)	(88,597,857)	-	-	-
	6,445,921,193	100	455,372,533	100	(1,371,532,644)	(1,733,979,223)	(130,207,967)	3,700,979,684	100

*Details of restatements are disclosed in Note 45.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

C. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from financial liabilities.

The Group's liquidity policy ensures that it has resources to meet its net disbursement and debt service obligations and allows it flexibility in deciding the appropriate time to access capital markets.

The Group holds sufficient liquid assets to enable it to continue normal operations even in the unlikely event that it is unable to obtain fresh resources from its lending partners and the capital markets for an extended period of time.

To achieve this objective, the Group operates on a prudential minimum level of liquidity, which is based on projected net cash requirements

The prudential minimum level of liquidity is updated quarterly.

The liquidity position statement is presented under the most prudent consideration of maturity dates. Liabilities are classified according to the earliest possible repayment date, while assets are classified according to the latest possible repayment date.

The Bank wide Integrated Risk Management Committee (BIRMC) is tasked with the responsibility of ensuring that all foreseeable funding commitments can be met when due, and that the Group will not encounter difficulty in meeting obligations from its financial liabilities as they occur.

BIRMC relies substantially on the Treasury Department to coordinate and ensure discipline, certify adequacy of liquidity under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

C. Liquidity risk (continued)

Maturities of financial assets and financial liabilities are as follows:

AS AT 31 DECEMBER 2023	GROUP						TOTAL
	UP TO 1 MONTH	2 TO 3 MONTHS	4 TO 6 MONTHS	6 TO 12 MONTHS	1 TO 5 YEARS	OVER 5 YEARS	
	USD	USD	USD	USD	USD	USD	USD
ASSETS							
Cash and balances with other banks	1,540,097,147	559,841,422	225,946,808	5,853,355	691,457,105	-	3,023,195,837
Investment in government securities	-	-	-	14,563,500	14,723,285	22,580,249	51,867,034
Other receivables	702,655	463,748	667,880	1,261,899	7,785,277	11,937,302	22,818,761
Trade Fund loan receivables	-	-	-	146,140,978	-	-	146,140,978
Derivative financial instruments	(400,415)	31,051	4,618,315	-	-	-	4,248,951
Trade finance loans	199,614,505	309,760,265	368,091,089	2,715,218,233	1,935,762,134	-	5,528,446,226
Project loans	104,845,338	325,426,203	123,829,636	378,849,179	1,549,029,542	297,613,512	2,779,593,410
Equity investment at fair value through OCI	-	-	-	-	71,880,869	-	71,880,869
Total assets	1,844,859,230	1,195,522,689	723,153,728	3,261,887,144	4,270,638,212	332,131,063	11,628,192,066
LIABILITIES							
Short term borrowings	124,786,230	181,083,560	971,532	653,895,629	3,418,665,012	-	4,379,401,963
Long term borrowings	33,904,253	769,816,067	21,622,892	41,955,344	1,627,919,250	471,142,380	2,966,360,186
Collection account	289,437,554	-	-	-	-	-	289,437,554
NCI Redeemable participating shares payable	-	-	-	-	79,064,874	-	79,064,874
Other payables	37,168,011	47,824,423	23,418,757	-	12,911,887	49,022,487	170,345,565
OFF BALANCE SHEET LIABILITIES	485,296,048	998,724,050	46,013,181	695,850,973	5,138,561,023	520,164,867	7,884,610,142
Guarantees	-	-	-	10,000,000	-	-	10,000,000
Letters of credit	3,998,507	7,997,015	11,995,522	15,994,030	-	-	39,985,074
Loan commitments	50,252,221	100,504,441	150,756,662	201,008,883	-	-	502,522,207
Total liabilities	539,546,776	1,107,225,506	208,765,365	922,853,885	5,138,561,023	520,164,867	8,437,117,423
Net liquidity gap	1,305,312,454	88,297,183	514,388,363	2,339,033,259	(867,922,811)	(188,033,804)	3,191,074,643
Cumulative gap	1,305,312,454	1,393,609,637	1,907,997,999	4,247,031,258	3,379,108,447	3,191,074,643	3,191,074,643

The above table analyses financial assets and financial liabilities of the group into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Excluded from 'other receivables' are non-financial assets particularly prepayments and other receivables in Note 23. Excluded from 'other payables' are non-financial liabilities particularly prepaid rent in Note 35.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

C. Liquidity risk (continued)

Maturities of financial assets and financial liabilities are as follows:

AS AT 31 DECEMBER 2023	BANK						TOTAL
	UP TO 1 MONTH	2 TO 3 MONTHS	4 TO 6 MONTHS	6 TO 12 MONTHS	1 TO 5 YEARS	OVER 5 YEARS	
ASSETS	USD	USD	USD	USD	USD	USD	USD
Cash and balances with other banks	1,499,050,003	559,821,429	225,946,808	5,853,355	691,457,105	-	2,982,128,700
Investment in government securities	-	-	-	4,865,234	14,723,285	22,580,249	42,168,768
Other receivables	702,655	463,748	667,880	1,261,899	7,785,277	11,937,302	22,818,761
Derivative financial instruments	(400,415)	31,051	4,618,315	-	-	-	4,248,951
Trade finance loans	197,585,190	308,024,511	366,723,177	2,709,941,398	1,852,033,178	-	5,434,307,454
Project loans	104,845,338	325,426,203	123,829,636	378,849,179	1,549,029,542	297,613,512	2,779,593,410
Equity investment at fair value through OCI	-	-	-	-	71,880,869	-	71,880,869
Total assets	1,801,782,771	1,193,766,942	721,785,816	3,100,771,065	4,186,909,256	332,131,063	11,337,146,913
LIABILITIES							
Short term borrowings	124,786,230	181,083,560	971,532	653,895,629	3,418,665,012	-	4,379,401,963
Long term borrowings	33,904,253	769,816,067	21,622,892	41,955,344	1,627,919,250	471,142,380	2,966,360,186
Collection Account	289,437,554	-	-	-	-	-	289,437,554
Other payables	44,619,741	47,824,423	23,418,757	-	12,911,887	49,022,487	177,797,295
	492,747,778	998,724,050	46,013,181	695,850,973	5,059,496,149	520,164,867	7,812,996,998
OFF BALANCE SHEET LIABILITIES							
Guarantees	-	-	-	10,000,000	-	-	10,000,000
Letters of credit	3,998,507	7,997,015	11,995,522	15,994,030	-	-	39,985,074
Loan commitments	50,252,221	100,504,441	150,756,662	201,008,883	-	-	502,522,207
Total liabilities	546,998,506	1,107,225,506	208,765,365	922,853,885	5,059,496,149	520,164,867	8,365,504,279
Net liquidity gap	1,254,784,265	86,541,436	513,020,451	2,177,917,180	(872,586,893)	(188,033,804)	2,971,642,634
Cumulative gap	1,254,784,265	1,341,325,701	1,854,346,151	4,032,263,331	3,159,676,438	2,971,642,634	2,971,642,634

The above table analyses financial assets and financial liabilities of the group into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Excluded from 'other receivables' are non-financial assets particularly prepayments and other receivables in Note 23.

Excluded from 'other payables' are non-financial liabilities particularly prepaid rent in Note 35.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

C. Liquidity risk (continued)

Maturities of financial assets and financial liabilities are as follows:

AS AT 31 DECEMBER 2022	GROUP						TOTAL
	UP TO 1 MONTH	2 TO 3 MONTHS	4 TO 6 MONTHS	6 TO 12 MONTHS	1 TO 5 YEARS	OVER 5 YEARS	
ASSETS	USD	USD	USD	USD	USD	USD	USD
Cash and balances with other banks	621,327,969	400,000,000	100,000,000	-	616,288,869	-	1,737,616,838
Investment in government securities	-	-	6,015,681	10,059,667	41,151,784	-	57,227,132
Other receivables	475,032	397,143	585,336	1,108,868	5,108,253	12,013,789	19,688,421
Trade Fund loan receivables	-	-	-	-	115,013,836	-	115,013,836
Trade finance loans*	505,765,124	323,319,008	1,016,468,225	887,986,659	2,162,268,074	4,746,940	4,900,554,030
Project loans	190,336,799	84,598,837	109,720,766	294,637,318	1,574,686,829	409,446,595	2,663,427,144
Equity investment at fair value through OCI	-	-	-	-	71,452,098	-	71,452,098
Total assets	1,317,904,924	808,314,988	1,232,790,008	1,193,792,512	4,585,969,743	426,207,324	9,564,979,499
LIABILITIES							
Short term borrowings	316,283,182	280,418,748	222,060,704	494,599,550	2,175,969,496	-	3,489,331,680
Long term borrowings	31,259,161	18,643,886	25,232,046	57,357,038	1,326,941,384	1,097,127,297	2,556,560,812
Derivative financial instruments	9,443,060	11,156,223	(2,772,900)	-	-	-	17,826,383
Collection account	123,759,079	-	-	-	-	-	123,759,079
NCI Redeemable participating shares payable	-	-	-	-	65,246,073	-	65,246,073
Other payables*	61,278,594	-	-	-	-	37,949,595	99,228,189
	542,023,076	310,218,857	244,519,850	551,956,588	3,568,156,953	1,135,076,892	6,351,952,216
OFF BALANCE SHEET LIABILITIES							
Guarantees	-	-	-	10,000,000	-	-	10,000,000
Letters of credit	3,998,507	7,997,015	11,995,522	15,994,030	-	-	39,985,074
Loan commitments	50,252,221	100,504,441	150,756,662	201,008,883	-	-	502,522,207
Total liabilities	596,273,804	418,720,313	407,272,034	778,959,500	3,568,156,953	1,135,076,892	6,904,459,497
Net liquidity gap	721,631,120	389,594,675	825,517,974	414,833,012	1,017,812,790	(708,869,568)	2,971,642,634
Cumulative gap	721,631,120	1,111,225,795	1,936,743,768	2,351,576,780	3,369,389,570	2,660,520,002	2,660,520,002

*Details of restatements are disclosed in Note 45.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

C. Liquidity risk (continued)

Maturities of financial assets and financial liabilities are as follows:

AS AT 31 DECEMBER 2022	BANK						TOTAL
	UP TO 1 MONTH	2 TO 3 MONTHS	4 TO 6 MONTHS	6 TO 12 MONTHS	1 TO 5 YEARS	OVER 5 YEARS	
ASSETS	USD	USD	USD	USD	USD	USD	USD
Cash and balances with other banks	580,952,676	400,000,000	100,000,000	-	616,288,869	-	1,697,241,545
Investment in government securities	-	-	6,015,681	10,059,667	41,151,784	-	57,227,132
Other receivables	475,032	397,143	585,336	1,108,868	7,131,138	13,121,244	22,818,761
Trade finance loans*	505,765,124	323,319,008	1,016,468,225	887,986,659	2,162,268,074	4,746,940	4,900,554,030
Project loans	190,336,799	84,598,837	109,720,766	294,637,318	1,574,686,829	409,446,595	2,663,427,144
Equity investment at fair value through OCI	-	-	-	-	71,452,098	-	71,452,098
Total assets	1,277,529,631	808,314,988	1,232,790,008	1,193,792,512	4,472,978,792	427,314,779	9,412,720,710
LIABILITIES							
Short term borrowings	316,283,182	280,418,748	222,060,704	494,599,550	2,175,969,497	-	3,489,331,681
Long term borrowings	31,259,161	18,643,886	25,232,046	57,357,038	1,326,941,385	1,097,127,297	2,556,560,813
Derivative financial instruments	9,443,060	11,156,223	(2,772,900)	-	-	-	17,826,383
Collection account	123,759,079	-	-	-	-	-	123,759,079
Other payables*	29,140,500	-	-	-	11,396,131	37,949,595	78,486,226
	509,884,982	310,218,857	244,519,850	551,956,588	3,514,307,013	1,135,076,892	6,265,964,182
OFF BALANCE SHEET LIABILITIES							
Guarantees	-	-	-	2,000,000	-	-	2,000,000
Letters of credit	10,134,950	7,732,486	-	2,090,360	-	-	19,957,796
Loan commitments	43,341,474	86,682,947	130,024,421	173,365,894	-	-	433,414,736
Total liabilities	563,361,406	404,634,290	374,544,271	729,412,842	3,514,307,013	1,135,076,892	6,721,336,714
Net liquidity gap	714,168,225	403,680,698	858,245,737	464,379,670	958,671,779	(707,762,113)	2,691,383,996
Cumulative gap	714,168,225	1,117,848,923	1,976,094,660	2,440,474,330	3,399,146,109	2,691,383,996	2,691,383,996

*Details of restatements are disclosed in Note 45.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

C. Liquidity risk (continued)

i. Liquidity and funding management

The Group's liquidity and funding policies require:

- Entering into lending contracts subject to availability of funds,
- Projecting cash flows by major currency and considering the level of liquid assets necessary in relation thereto,
- Maintaining a diverse range of funding sources with back-up facilities,
- Investment in short term liquid instruments which can easily be sold in the market when the need arises,
- Investments in property and equipment are properly budgeted for and done when the Group has sufficient cash flows,
- The above table analyses financial assets and financial liabilities of the group into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

ii. Contingency Plans

The Group carries out contingency funding planning at the beginning of the year. This details the following measures to combat liquidity crisis:

- Unutilised lines of credit, including standby facilities, from different counter-parties.
- Term deposits with counter-parties and prospects of withdrawal and rollovers.
- Investment portfolio and its defeasance period.
- Amount of short-term resources with a time year, required to raise such resources.
- Amount which can be raised from other counter parties based on the Group's past relationships.

D. Market risk

The objective of the Group's market risk management process is to manage and control market risk exposures in order to optimise return on risk. Market risk is the risk that movement in market factors, including interest rates and foreign currency exchange rates, will reduce income or value of portfolio.

Overall responsibility for management of market risk rests with BIRMC. The Treasury Department is responsible for the development of detailed market risk management policies and for the day-to-day implementation of those policies.

The management of market risk is supplemented by the monitoring of sensitivity analysis of the key market risk variables. The Group normally uses simulation models to measure the impact of changes in interest rates on net interest income. The key assumptions used in these models include loan volumes and pricing and changes in market conditions. Those assumptions are based on the best estimates of actual positions. The models cannot precisely predict the actual impact of changes in interest rates on income because these assumptions are highly uncertain.

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The extent of exposure to interest rate risk is largely determined by the length of time for which the rate of interest is fixed for a financial instrument. The Group's principal interest rate risk management objective is to generate a suitable overall net interest margin by matching the interest rate characteristic and re-pricing profile of assets with those of the underlying borrowings and equity sources respectively.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

D. Market risk (continued)

i. Interest rate risk (continued)

The table below summarises the Group's exposure to interest rate risk.

AS AT 31 DECEMBER 2023	GROUP						FIXED INTEREST RATE	NON-INTEREST BEARING	TOTAL
	UP TO 1 MONTH	2 TO 3 MONTHS	4 TO 6 MONTHS	6 TO 12 MONTHS	1 TO 5 YEARS				
ASSETS	USD	USD	USD	USD	USD	USD	USD	USD	
Cash and balances with other banks	1,537,591,144	559,821,429	225,946,808	5,853,355	-	691,477,098	2,506,003	3,023,195,837	
Investment in government securities	-	-	-	-	-	51,867,034	-	51,867,034	
Other receivables	-	-	-	-	-	-	22,818,761	22,818,761	
Trade Fund loan receivables	-	-	146,140,978	-	-	-	-	146,140,978	
Derivative financial instruments	-	-	-	-	-	-	4,248,951	4,248,951	
Trade finance loans	-	84,065,739	1,766,722,205	381,653,147	-	2,234,372,384	120,767,675	4,587,581,150	
Project loans	95,159,719	224,161,699	1,418,422,093	-	-	309,573,016	83,778,452	2,131,094,979	
Equity investment at fair value through OCI	-	-	-	-	-	-	71,880,869	71,880,869	
Total financial assets	1,632,750,863	868,048,867	3,557,232,084	387,506,502	-	3,287,289,532	306,000,711	10,038,828,559	
FINANCIAL LIABILITIES									
Short term borrowings	165,708,572	3,124,213,278	209,459,500	-	-	880,020,613	-	4,379,401,963	
Long term borrowings	116,847,625	533,991,405	989,022,669	-	-	1,326,498,487	-	2,966,360,186	
Collection account	-	-	-	-	-	-	-	-	
Other payables	-	-	-	-	-	-	289,437,554	289,437,554	
Total financial liabilities	282,556,197	3,658,204,683	1,198,482,169	-	-	2,255,541,587	410,760,632	7,805,545,268	
Net Interest rate exposure	1,350,194,666	(2,790,155,816)	2,358,749,915	387,506,502	-	1,031,747,945	(104,759,921)	2,233,283,291	
Cumulative interest rate exposure	1,350,194,666	(1,439,961,150)	918,788,765	1,306,295,267	1,306,295,267	2,338,043,212	2,233,283,291	2,233,283,291	

Fixed interest and non-interest bearing items are stated at amortised cost or their carrying amounts which approximate their fair values.

Excluded from 'other receivables' are non-financial assets particularly prepayments and other receivables in Note 23.

Excluded from 'other payables' are non-financial liabilities particularly prepaid rent in Note 35.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

D. Market risk (continued)

i. Interest rate risk (continued)

The table below summarises the Group's exposure to interest rate risk.

AS AT 31 DECEMBER 2023	BANK					FIXED INTEREST RATE	NON-INTEREST BEARING	TOTAL
	UP TO 1 MONTH	2 TO 3 MONTHS	4 TO 6 MONTHS	6 TO 12 MONTHS	1 TO 5 YEARS			
ASSETS	USD	USD	USD	USD	USD	USD	USD	USD
Cash and balances with other banks	1,496,524,007	559,821,429	225,946,808	5,853,355	-	691,477,098	2,506,003	2,982,128,700
Investment in government securities	-	-	-	-	-	42,168,768	-	42,168,768
Other receivables	-	-	-	-	-	-	22,818,761	22,818,761
Derivative financial instruments	-	-	-	-	-	-	4,248,951	4,248,951
Trade finance loans	-	81,234,116	1,770,490,863	381,653,147	-	2,316,851,849	34,592,554	4,584,822,529
Project loans	95,159,719	224,161,699	1,418,422,093	-	-	309,573,016	83,778,452	2,131,094,979
Equity investment at fair value through OCI	-	-	-	-	-	-	71,880,869	71,880,869
Total financial assets	1,591,683,726	865,217,244	3,414,859,764	387,506,502	-	3,360,070,731	219,825,590	9,839,163,557
FINANCIAL LIABILITIES								
Short term borrowings	165,708,572	3,124,213,278	209,459,500	-	-	880,020,613	-	4,379,401,963
Long term borrowings	116,847,625	533,991,405	989,022,669	-	-	1,326,498,487	-	2,966,360,186
Collection account	-	-	-	-	-	-	289,437,554	289,437,554
Other payables	-	-	-	-	-	49,022,487	128,774,808	177,797,295
Total financial liabilities	282,556,197	3,658,204,683	1,198,482,169	-	-	2,255,541,587	418,212,362	7,812,996,998
Net Interest rate exposure	1,309,127,529	(2,792,987,439)	2,216,377,595	387,506,502	-	1,104,529,144	(198,386,772)	2,026,166,559
Cumulative interest rate exposure	1,309,127,529	(1,483,859,910)	732,517,685	1,120,024,187	1,120,024,187	2,224,553,331	2,026,166,559	2,026,166,559

Fixed interest and non-interest bearing items are stated at amortised cost or their carrying amounts which approximate their fair values.

Excluded from 'other receivables' are non-financial assets particularly prepayments and other receivables in Note 23.

Excluded from 'other payables' are non-financial liabilities particularly prepaid rent in Note 35.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

D. Market risk (continued)

i. Interest rate risk (continued)

The table below summarises the Group's exposure to interest rate risk.

AS AT 31 DECEMBER 2022 - RESTATED*	GROUP							
	UP TO 1 MONTH	2 TO 3 MONTHS	4 TO 6 MONTHS	6 TO 12 MONTHS	1 TO 5 YEARS	FIXED INTEREST RATE	NON-INTEREST BEARING	TOTAL
ASSETS	USD	USD	USD	USD	USD	USD	USD	USD
Cash and balances with other banks	618,499,506	400,000,000	100,000,000	-	-	616,288,863	2,828,469	1,737,616,838
Investment in government securities	-	-	-	-	-	57,227,132	-	57,227,132
Other receivables	-	-	-	-	-	480,808	19,207,613	19,688,421
Trade Fund loan receivables	-	-	115,013,836	-	-	-	-	115,013,836
Trade finance loans*	-	74,607,384	1,971,811,460	233,506,676	-	1,861,262,885	118,796,035	4,259,984,440
Project loans	71,917,716	290,980,369	1,213,738,481	-	-	335,119,340	68,997,525	1,980,753,431
Equity investment at fair value through OCI	-	-	-	-	-	-	71,452,098	71,452,098
Total financial assets	690,417,222	765,587,753	3,400,563,777	233,506,676	-	2,870,379,028	281,281,740	8,241,736,196
FINANCIAL LIABILITIES								
Short term borrowings	356,813,669	2,679,474,496	-	-	-	453,043,516	-	3,489,331,681
Long term borrowings	221,288,778	306,903,144	704,596,663	-	-	1,323,772,228	-	2,556,560,813
Derivative financial instruments	-	-	-	-	-	-	17,826,383	17,826,383
Collection account	-	-	-	-	-	-	123,759,079	123,759,079
Other payables*	-	-	-	-	-	37,949,593	61,278,596	99,228,189
Total financial liabilities	578,102,447	2,986,377,640	704,596,663	-	-	1,814,765,337	202,864,058	6,286,706,145
Net Interest rate exposure	112,314,775	(2,220,789,887)	2,695,967,114	233,506,676	-	1,055,613,691	78,417,682	1,955,030,051
Cumulative interest rate exposure	112,314,775	(2,108,475,112)	587,492,002	820,998,678	820,998,678	1,876,612,369	1,955,030,051	1,955,030,051

*Details of restatements are disclosed in Note 45.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

D. Market risk (continued)

i. Interest rate risk (continued)

The table below summarises the Bank's exposure to interest rate risk.

AS AT 31 DECEMBER 2022 - RESTATED*	BANK							
	UP TO 1 MONTH	2 TO 3 MONTHS	4 TO 6 MONTHS	6 TO 12 MONTHS	1 TO 5 YEARS	FIXED INTEREST RATE	NON-INTEREST BEARING	TOTAL
	USD	USD	USD	USD	USD	USD	USD	USD
ASSETS								
Cash and balances with other banks	578,124,213	400,000,000	100,000,000	-	-	616,288,863	2,828,469	1,697,241,545
Investment in government securities	-	-	-	-	-	57,227,132	-	57,227,132
Other receivables	-	-	-	-	-	480,808	22,337,953	22,818,761
Trade finance loans*	-	74,607,384	1,971,811,460	233,506,676	-	1,861,262,885	118,796,035	4,259,984,440
Project loans	71,917,716	290,980,369	1,213,738,481	-	-	335,119,340	68,997,525	1,980,753,431
Equity investment at fair value through OCI	-	-	-	-	-	-	71,452,098	71,452,098
Total financial assets	650,041,929	765,587,753	3,285,549,941	233,506,676	-	2,870,379,028	284,412,080	8,089,477,407
FINANCIAL LIABILITIES								
Short term borrowings	356,813,669	2,679,474,496	-	-	-	453,043,516	-	3,489,331,681
Long term borrowings	221,288,778	306,903,144	704,596,663	-	-	1,323,772,228	-	2,556,560,813
Derivative financial instruments	-	-	-	-	-	-	17,826,383	17,826,383
Collection account	-	-	-	-	-	-	123,759,079	123,759,079
Other payables*	-	-	-	-	-	37,949,593	40,536,633	78,486,226
Total financial liabilities	578,102,447	2,986,377,640	704,596,663	-	-	1,814,765,337	182,122,095	6,265,964,182
Net Interest rate exposure	71,939,482	(2,220,789,887)	2,580,953,278	233,506,676	-	1,055,613,691	102,289,985	1,823,513,225
Cumulative interest rate exposure	71,939,482	(2,148,850,405)	432,102,873	665,609,549	665,609,549	1,721,223,240	1,823,513,225	1,823,513,225

*Details of restatements are disclosed in Note 45.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

D. Market risk (continued)

i. Interest rate risk - (continued)

Interest rate risk - Sensitivity analysis

The Group monitors the impact that an immediate hypothetical increase or decrease in interest rates of 100 basis points applied at the beginning of the year would have on net interest income.

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at year end. The analysis was prepared using the following assumptions:

- Interest-bearing assets and liabilities outstanding as at 31 December 2023 were outstanding at those levels for the whole period
- Interest-bearing assets and liabilities denominated in currencies other than USD experienced similar movements in interest rates, and

If interest rates had been 100 basis points higher or lower with the above assumptions applying, the Group's net profit for the year ended 31 December 2023 of USD 227,168,858 (2022: USD 207,369,159) would increase or decrease by USD 13,949,551 (2022: USD 14,911,504) as follows:

Effect on the Group's Net Profit

The profit for the year ended 31 December 2022 would increase to USD 224,710,591 (December 2021: USD 188,532,743) or decrease to USD 194,887,583 (December 2021: USD 163,842,079).

The potential change is 7.1 % (December 2021: 7.0%) of the year's profit.

ii. Currency risk

Currency risk is defined as the potential loss that could result from adverse changes in foreign exchange rates. Currency risks are minimised and, where possible, eliminated by requiring assets to be funded by liabilities that have matching currency characteristics.

Foreign currency positions are monitored on a quarterly basis. The single currency exposure, irrespective of short or long positions should not exceed the limit of 10% of the Group's net worth.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

D. Market risk (continued)

ii. Currency risk (Continued)

The Group's currency position.

AS AT 31 DECEMBER 2023	GROUP												TOTAL
	USD	GBP	EURO	KES	SDG	UGX	AED	MWK	TZSH	ZMW	JPY	OTHER	
ASSETS													
Cash and balances with other banks	2,221,807,404	16,966	639,853,241	154,494	2,506,003	5,891,425	19,909,676	88,272,364	4,712,574	29,130,129	1,080	10,940,481	3,023,195,837
Investment in government securities	9,698,265	-	-	-	-	-	-	-	-	42,168,769	-	-	51,867,034
Other receivables	22,818,761	-	-	-	-	-	-	-	-	-	-	-	22,818,761
Trade Fund loan receivables	146,140,978	-	-	-	-	-	-	-	-	-	-	-	146,140,978
Derivative financial instruments	1,273,327,775		(1,269,078,824)	-	-	-	-	-	-	-	-	-	4,248,951
Trade finance loans	2,946,366,938	-	1,641,214,212	-	-	-	-	-	-	-	-	-	4,587,581,150
Project finance loans	1,875,875,174	-	244,306,356	10,913,449	-	-	-	-	-	-	-	-	2,131,094,979
Equity investment at fair value through OCI	71,880,869	-	-	-	-	-	-	-	-	-	-	-	71,880,869
Total financial assets	8,567,916,164	16,966	1,256,294,985	11,067,943	2,506,003	5,891,425	19,909,676	88,272,364	4,712,574	71,298,898	1,080	10,940,481	10,038,828,559
FINANCIAL LIABILITIES													
Short term borrowings	4,012,538,207	-	366,863,756	-	-	-	-	-	-	-	-	-	4,379,401,963
Long term borrowings	2,130,047,304	-	836,312,882	-	-	-	-	-	-	-	-	-	2,966,360,186
Collection account	166,492,802	-	171	-	2,459,694	-	-	88,266,788	-	31,833,944	-	384,155	289,437,554
Other payables	170,307,034	-	-	38,086	-	-	-	-	-	-	-	445	170,345,565
Total financial liabilities	6,479,385,347	-	1,203,176,809	38,086	2,459,694	-	-	88,266,788	-	31,833,944	-	384,600	7,805,545,268
Net position	2,088,530,817	16,966	53,118,176	11,029,857	46,309	5,891,425	19,909,676	5,576	4,712,574	39,464,954	1,080	10,555,881	2,233,283,291

Excluded from 'other receivables' are non-financial assets particularly prepayments and other receivables in Note 23.

Excluded from 'other payables' are non-financial liabilities particularly prepaid rent in Note 35.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

D. Market risk (continued)

ii. Currency risk (Continued)

The Bank's currency position.

AS AT 31 DECEMBER 2023	BANK												TOTAL
	USD	GBP	EURO	KES	SDG	UGX	AED	MWK	TZSH	ZMW	JPY	OTHER	
FINANCIAL ASSETS													
Cash and balances with other banks	2,180,740,267	16,966	639,853,241	154,494	2,506,003	5,891,425	19,909,676	88,272,364	4,712,574	29,130,129	1,080	10,940,481	2,982,128,700
Investment in Government securities	-	-	-	-	-	-	-	-	-	42,168,768	-	-	42,168,768
Other receivables	22,818,761	-	-	-	-	-	-	-	-	-	-	-	22,818,761
Trade finance loans*	1,273,327,775	-	(1,269,078,824)	-	-	-	-	-	-	-	-	-	4,248,951
Project finance loans	2,943,608,317	-	1,641,214,212	-	-	-	-	-	-	-	-	-	4,584,822,529
Equity investment at fair value through OCI	1,875,875,174	-	244,306,356	10,913,449	-	-	-	-	-	-	-	-	2,131,094,979
Total financial assets	8,368,251,163	16,966	1,256,294,985	11,067,943	2,506,003	5,891,425	19,909,676	88,272,364	4,712,574	71,298,897	1,080	10,940,481	9,839,163,557
FINANCIAL LIABILITIES													
Short term borrowings	4,012,538,207	-	366,863,756	-	-	-	-	-	-	-	-	-	4,379,401,963
Long term borrowings	2,130,047,304	-	836,312,882	-	-	-	-	-	-	-	-	-	2,966,360,186
Collection account	166,492,802	-	171	-	2,459,694	-	-	88,266,788	-	31,833,944	-	384,155	289,437,554
Other payables*	177,758,764	-	-	38,086	-	-	-	-	-	-	-	445	177,797,295
Total financial liabilities	6,486,837,077	-	1,203,176,809	38,086	2,459,694	-	-	88,266,788	-	31,833,944	-	384,600	7,812,996,998
NET POSITION	1,881,414,086	16,966	53,118,176	11,029,857	46,309	5,891,425	19,909,676	5,576	4,712,574	39,464,953	1,080	10,555,881	2,026,166,559

Excluded from 'other receivables' are non-financial assets particularly prepayments and other receivables in Note 23.

Excluded from 'other payables' are non-financial liabilities particularly prepaid rent in Note 35.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

D. Market risk (continued)

ii. Currency risk (Continued)

The Bank's currency position.

AS AT 31 DECEMBER 2022 - RESTATED*	GROUP												TOTAL
	USD	GBP	EURO	KES	SDG	UGX	AED	MWK	TZSH	ZMW	JPY	OTHER	
FINANCIAL ASSETS													
Cash and balances with other banks	1,602,763,206	9,750	40,397,698	236,368	2,828,469	5,974,826	8,192	75,753,718	5,062,069	3,620,996	1,168	960,378	1,737,616,838
Investment in Government securities	-	-	-	-	-	-	-	-	-	57,227,132	-	-	57,227,132
Other receivables	19,688,421	-	-	-	-	-	-	-	-	-	-	-	19,688,421
Trade finance loans*	115,013,836	-	-	-	-	-	-	-	-	-	-	-	115,013,836
Project finance loans	2,773,909,905	-	1,486,074,535	-	-	-	-	-	-	-	-	-	4,259,984,440
Equity investment at fair value through OCI	1,685,536,000	-	295,217,431	-	-	-	-	-	-	-	-	-	1,980,753,431
Total financial assets	6,268,363,466	9,750	1,821,689,664	236,368	2,828,469	5,974,826	8,192	75,753,718	5,062,069	60,848,128	1,168	960,378	8,241,736,196
FINANCIAL LIABILITIES													
Short term borrowings	3,260,236,285	-	229,095,396	-	-	-	-	-	-	-	-	-	3,489,331,681
Long term borrowings	2,152,524,882	-	404,035,931	-	-	-	-	-	-	-	-	-	2,556,560,813
Derivative financial instruments	(1,241,947,992)	-	1,259,774,375	-	-	-	-	-	-	-	-	-	17,826,383
Collection account	44,076,600	-	29,049	-	2,776,201	-	-	75,748,496	-	594,035	-	534,698	123,759,079
Other payables*	99,143,270	-	-	60,192	-	-	-	-	-	-	-	24,727	99,228,189
Total financial liabilities	4,314,033,045	-	1,892,934,751	60,192	2,776,201	-	-	75,748,496	-	594,035	-	559,425	6,286,706,145
Net position	1,954,330,421	9,750	(71,245,087)	176,176	52,268	5,974,826	8,192	5,222	5,062,069	60,254,093	1,168	400,953	1,955,030,051

*Details of restatements are disclosed in Note 45.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

D. Market risk (continued)

ii. Currency risk (Continued)

The Bank's currency position

AS AT 31 DECEMBER 2022 - RESTATED*	BANK												TOTAL
	USD	GBP	EURO	KES	SDG	UGX	AED	MWK	TZSH	ZMW	JPY	OTHER	
FINANCIAL ASSETS													
Cash and balances with other banks	1,562,387,913	9,750	40,397,698	236,368	2,828,469	5,974,826	8,192	75,753,718	5,062,069	3,620,996	1,168	960,378	1,697,241,545
Investment in Government securities	-	-	-	-	-	-	-	-	-	57,227,132	-	-	57,227,132
Other receivables	22,818,761	-	-	-	-	-	-	-	-	-	-	-	22,818,761
Trade finance loans*	2,773,909,905	-	1,486,074,535	-	-	-	-	-	-	-	-	-	4,259,984,440
Project finance loans	1,685,536,000	-	295,217,431	-	-	-	-	-	-	-	-	-	1,980,753,431
Equity investment at fair value through OCI	71,452,098	-	-	-	-	-	-	-	-	-	-	-	71,452,098
Total financial assets	6,116,104,677	9,750	1,821,689,664	236,368	2,828,469	5,974,826	8,192	75,753,718	5,062,069	60,848,128	1,168	960,378	8,089,477,407
FINANCIAL LIABILITIES													
Short term borrowings	3,260,236,285	-	229,095,396	-	-	-	-	-	-	-	-	-	3,489,331,681
Long term borrowings	2,152,524,882	-	404,035,931	-	-	-	-	-	-	-	-	-	2,556,560,813
Derivative financial instruments	(1,241,947,992)	-	1,259,774,375	-	-	-	-	-	-	-	-	-	17,826,383
Collection account	44,076,600	-	29,049	-	2,776,201	-	-	75,748,496	-	594,035	-	534,698	123,759,079
Other payables*	78,401,307	-	-	60,192	-	-	-	-	-	-	-	24,727	78,486,226
Total financial liabilities	4,293,291,082	-	1,892,934,751	60,192	2,776,201	-	-	75,748,496	-	594,035	-	559,425	6,265,964,182
Net position	1,822,813,595	9,750	(71,245,087)	176,176	52,268	5,974,826	8,192	5,222	5,062,069	60,254,093	1,168	400,953	1,823,513,225

*Details of restatements are disclosed in Note 45.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

D. MARKET RISK (CONTINUED)

ii. Currency risk (Continued)

Currency risk - Sensitivity Analysis

The Group is mainly exposed to Euros, Pound Sterling, Kenya Shillings, Tanzania Shillings, Sudanese Pounds, and Uganda Shilling. The Group has operations in and lends to customers in Zimbabwe, but all the transactions are made in USD. The following analysis details the Group's sensitivity to a 10% increase and decrease in the value of the USD against the other currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes cash and term deposits, securities, loans and borrowings in currencies other than United States Dollars. A positive number below indicates a decrease in profit and reserves when the USD strengthens by 10% against the other currencies in which the Group has a net asset position. For a 10% weakening of the USD against the relevant currencies, there would be an equal opposite impact on the net profit.

	GBP	EURO	KES	TSH	AED	UGX	ZMW	JPY
December 2023	1,515	4,875,217	126,955	187	153,229	(14,425)	542,422	(493)
December 2022	776	(7,468,107)	7,880	217	380	(26,527)	355,567	(501)

48. CAPITAL MANAGEMENT

The Group, being a supranational financial institution, is not subject to any regulatory supervision by a national body. The conduct of operations is vested with the Board of Directors which closely monitors directly or through its Audit Committee the Group's performance, risk profile and capital adequacy.

Based on the need to protect against increased credit risks associated with projects and infrastructure financing in developing African economies, the Group's capital management policy aims to maintain a capital adequacy ratio of at least 30 per cent. This ratio is computed in line with recommendations of the paper prepared by the Basel Committee on Banking Supervision entitled "International Convergence of Capital Measurement and Capital Standards" dated July 1988 as amended from time to time (Basel I paper) and the paper prepared by the Basel Committee entitled "International Convergence of Capital Measurement and Standards: A Revised Framework" dated June 2004 as amended from time to time (Basel II Paper).

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To have sufficient capital to support its development mandate
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits to Member States and other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy is monitored monthly by the Group's management, employing techniques based on the guidelines developed by the Basel Committee. Currently, the Group's capital is entirely Tier 1 capital which is: Paid-up share capital, retained earnings and other reserves.

48. CAPITAL MANAGEMENT (CONTINUED)

Risk-weighted assets are measured by means of a hierarchy of seven risk weights classified to reflect an estimate of credit, market and other risks associated with each asset and counter-party, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-statement of financial position exposure, with some adjustments to reflect the more contingent nature of the potential losses.

A summary of the Group's capital adequacy computations is provided below.

	GROUP		BANK	
	2023	2022	2023	2022
	USD	USD	USD	USD
RISK WEIGHTED ASSETS				
On-Statement of financial position assets	6,215,491,829	4,996,780,303	6,029,319,881	4,827,487,375
Off-Statement of financial position assets	100,009,374	31,516,285	100,009,374	31,516,285
Total risk weighted assets	6,315,501,203	5,028,296,588	6,129,329,255	4,859,003,660
CAPITAL				
Paid up capital	603,081,183	580,439,034	603,081,183	580,439,034
Retained earnings and reserves	1,591,935,869	1,378,539,559	1,580,468,148	1,382,196,278
Total capital	2,195,017,052	1,958,978,593	2,183,549,331	1,962,635,312
CAPITAL ADEQUACY RATIO	34.76%	38.96%	35.62%	40.39%

In addition to its paid-up capital, the Group has access to additional capital in the form of callable capital. During the years, the Group complied with its capital adequacy requirements. There were no events after the reporting date.

49. EVENTS AFTER REPORTING DATE

There are no material events after the reporting date that would require disclosure in, or adjustment to these financial statements.

50. FINANCIAL INSTRUMENTS CATEGORIES

The table below sets out the Group's analysis of financial instruments categories.

AS AT 31 DECEMBER 2023	GROUP			
	AMORTISED COST	AT FAIR VALUE THROUGH PROFIT OR LOSS*	AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	TOTAL CARRYING AMOUNT
	USD	USD	USD	USD
FINANCIAL ASSETS				
Cash and balances held with other banks - less than 90 days	2,099,938,569	-	-	2,099,938,569
Cash and balances held with other banks - over 90 days	923,257,268	-	-	923,257,268
Derivative financial instruments	-	4,248,951	-	4,248,951
Trade finance loans	4,587,581,150	-	-	4,587,581,150
Project finance loans	2,131,094,979	-	-	2,131,094,979
Investment in Government securities	51,867,034	-	-	51,867,034
Trade Fund loan receivables	-	146,140,978	-	146,140,978
Other receivables	22,818,761	-	-	22,818,761
Equity investments at fair value	-	2,729,000	69,151,869	71,880,869
Investment property	-	8,020,916	-	8,020,916
Total financial assets	9,816,557,761	161,139,846	69,151,869	10,046,849,476
FINANCIAL LIABILITIES				
Collection account deposits	289,437,554	-	-	289,437,554
Short term borrowings	4,379,401,963	-	-	4,379,401,963
Non-controlling interest payables	79,064,874	-	-	79,064,874
Other payables	170,345,565	-	-	170,345,565
Long term borrowings	2,966,360,186	-	-	2,966,360,186
Total financial liabilities	7,884,610,142	-	-	7,884,610,142
AS AT 31 DECEMBER 2022 - RESTATED*				
FINANCIAL ASSETS				
Cash and balances held with other banks - less than 90 days	980,952,676	-	-	980,952,676
Cash and balances held with other banks - over 90 days	716,288,869	-	-	716,288,869
Investment in Government securities	-	57,227,132	-	57,227,132
Other receivables	19,688,421	-	-	19,688,421
Trade Fund loan receivables	-	115,013,836	-	115,013,836
Trade finance loans	4,259,984,440	-	-	4,259,984,440
Project finance loans	1,980,753,431	-	-	1,980,753,431
Equity investments at fair value	-	2,729,000	68,723,098	71,452,098
Investment property	-	5,009,560	-	5,009,560
Total financial assets	7,998,043,130	179,979,528	68,723,098	8,246,745,756
FINANCIAL LIABILITIES				
Collection account deposits	123,759,079	-	-	123,759,079
Derivative financial instruments	-	17,826,383	-	17,826,383
Short term borrowings	3,489,331,681	-	-	3,489,331,681
Long term borrowings	2,556,560,813	-	-	2,556,560,813
Non-controlling interest payables	65,246,073	-	-	65,246,073
Total financial liabilities	6,334,125,835	17,826,383	-	6,351,952,218

*Details of restatements are disclosed in Note 45.

50. FINANCIAL INSTRUMENTS CATEGORIES (CONTINUED)

The table below sets out the Bank's analysis of financial instruments categories.

AS AT 31 DECEMBER 2023	BANK			TOTAL CARRYING AMOUNT
	AMORTISED COST	AT FAIR VALUE THROUGH PROFIT OR LOSS*	AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	
	USD	USD	USD	USD
FINANCIAL ASSETS				
Cash and balances held with other banks - less than 90 days	2,058,871,432	-	-	2,058,871,432
Cash and balances held with other banks - over 90 days	923,257,268	-	-	923,257,268
Derivative financial instruments	-	4,248,951	-	4,248,951
Trade finance loans	4,584,822,529	-	-	4,584,822,529
Project finance loans	2,131,094,979	-	-	2,131,094,979
Investment in Government securities	42,168,768	-	-	42,168,768
Other receivables	19,688,421	-	-	19,688,421
Equity investments at fair value	-	2,729,000	68,723,098	71,452,098
Total financial assets	9,759,903,398	6,977,952	68,723,098	9,835,604,447
FINANCIAL LIABILITIES				
Collection account deposits	289,437,554	-	-	289,437,554
Short term borrowings	4,379,401,963	-	-	4,379,401,963
Other payables	177,797,295	-	-	177,797,295
Long term borrowings	2,966,360,186	-	-	2,966,360,186
Total financial liabilities	7,812,996,998	-	-	7,812,996,998
AS AT 31 DECEMBER 2022 - RESTATED*				
FINANCIAL ASSETS				
Cash and balances held with other banks - less than 90 days	980,952,676	-	-	980,952,676
Cash and balances held with other banks - over 90 days	716,288,869	-	-	716,288,869
Trade finance loans	4,259,984,440	-	-	4,259,984,440
Project finance loans	1,980,753,431	-	-	1,980,753,431
Investment in Government securities	-	57,227,132	-	57,227,132
Other receivables	22,818,761	-	-	22,818,761
Equity investments at fair value	-	2,729,000	68,723,098	71,452,098
Total financial assets	7,960,798,177	59,956,132	68,723,098	8,089,477,407
FINANCIAL LIABILITIES				
Collection account deposits	123,759,079	-	-	123,759,079
Derivative financial instruments	-	17,826,383	-	17,826,383
Short term borrowings	3,489,331,681	-	-	3,489,331,681
Other payables	78,486,226	-	-	78,486,226
Long term borrowings	2,556,560,813	-	-	2,556,560,813
Total financial liabilities	6,248,137,799	17,826,383	-	6,265,964,182

*Details of restatements are disclosed in Note 45.

51. TRADE FINANCE LOAN PORTFOLIO

COUNTRY	AS AT 31 DECEMBER 2023			AS AT 31 DECEMBER 2022		
	BALANCE OUTSTANDING	AMOUNTS DUE WITHIN ONE YEAR	AMOUNTS DUE AFTER ONE YEAR	BALANCE OUTSTANDING	AMOUNTS DUE WITHIN ONE YEAR	AMOUNTS DUE AFTER ONE YEAR
	USD	USD	USD	USD	USD	USD
Burundi	19,092,856	6,425,805	12,667,051	7,588,365	5,088,365	2,500,000
Congo DRC	-	-	-	1,945,344	1,945,344	-
Djibouti	21,176,176	20,348,487	827,689	11,415,848	5,622,027	5,793,821
Egypt	174,517,350	174,517,350	-	147,861,001	41,177,380	106,683,621
eSwatini	46,594,118	46,594,118	-	46,052,215	46,052,215	-
Ethiopia	669,675,617	640,885,771	28,789,846	886,624,968	445,386,535	441,238,433
Ghana	12,209,291	12,209,291	-	-	-	-
Kenya	29,218,208	1,172,256	28,045,952	27,506,563	294,063	27,212,500
Madagascar	4,801,691	788,731.00	4,012,960	4,370,657	4,370,657	-
Malawi	487,983,639	106,395,535	381,588,104	449,031,532	348,022,226	101,009,306
Mauritius	209,786,225	209,786,225	-	133,458,745	25,172,444	108,286,301
Mozambique	34,064,474	12,279,516	21,784,958	21,784,958	21,784,958	-
Rwanda	433,968,130	58,693,898	375,274,232	302,538,192	2,442,833	300,095,359
South Sudan	192,428,635	192,428,635	-	78,191,879	113,007,060	-34,815,181
Sudan	979,824,211	949,839,290	29,984,921	882,654,515	139,448,246	743,206,269
Tanzania	160,691,537	97,195,433	63,496,104	195,614,016	168,918,876	26,695,140
Uganda	43,507,406	20,453,410	23,053,996	51,049,901	2,014,911	49,034,990
Zambia	691,117,677	69,849,656	621,268,021	686,571,822	364,298,131	322,273,691
Zimbabwe	566,309,759	555,793,649	10,516,110	500,186,352	7,901,885	492,284,467
Gross Loans	4,776,967,000	3,175,657,056	1,601,309,944	4,434,446,873	1,742,948,156	2,691,498,717
Impairment on trade finance loans (Note 20)	(189,385,850)	-	(189,385,850)	(174,462,433)	-	(174,462,433)
Net loans	4,587,581,150	3,175,657,056	1,411,924,094	4,259,984,440	1,742,948,156	2,517,036,284

*Included in trade finance gross loans is USD 2,929,893 relating to TDF loans. The impairment allowance is USD 171,272 and the net loan amount is USD 2,758,621 (2022: Nil). The exposure is to Burundi (USD 384), Kenya (USD 833,451), Zambia (USD 2,093,696) and Zimbabwe (USD 2,361).

52. PROJECT LOAN PORTFOLIO

COUNTRY	AS AT 31 DECEMBER 2023				AS AT 31 DECEMBER 2022					
	AMOUNTS DISBURSED	INTEREST CAPITALISED	AMOUNTS REPAID	INTEREST RECEIVABLE	BALANCE OUTSTANDING	DUE WITHIN ONE YEAR	DUE AFTER ONE YEAR	BALANCE OUTSTANDING	WITHIN ONE YEAR	DUE AFTER ONE YEAR
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Burundi	26,176,875	2,074,720	(14,912,596)	-	13,338,999	-	13,338,999	13,601,869	12,030,441	1,571,428
Comoros	26,848,466	-	(8,635,132)	162,914	18,376,248	3,421,868	14,954,380	17,426,653	2,796,944	14,629,709
Congo DRC	242,969,614	11,737,356	(14,748,581)	4,214,876	244,173,265	55,570,323	188,602,942	121,557,491	8,617,969	112,939,522
Djibouti	3,086,487	-	(122,384)	79,198	3,043,301	-	3,043,301	2,876,310	1,002,371	1,873,939
Eritrea	403,652	-	(403,652)	-	-	-	-	-	-	-
Ethiopia	168,547,220	32,983,318	(114,691,101)	399,241	87,238,678	24,078,890	63,159,788	122,013,439	39,844,190	82,169,249
Kenya	1,682,882,754	1,532,900	(1,078,480,526)	21,619,764	627,554,892	92,451,265	535,103,627	489,880,928	108,668,795	381,212,133
Madagascar	6,847,504	-	(231,839)	249,932	6,865,597	-	6,865,597	6,233,571	648,461	5,585,110
Malawi	60,793,337	2,920	(60,796,257)	-	-	-	-	-	-	-
Mauritius	168,481,894	42,501,622	(28,918,206)	14,970,747	197,036,057	178,702,724	18,333,333	172,824,165	9,682,636	163,141,529
Mozambique	143,704,500	5,041,349	(34,471,870)	553,923	114,827,902	12,570,324	102,257,578	129,138,306	14,867,868	114,270,438
Rwanda	450,975,279	13,506,296	(337,075,078)	7,056,609	134,463,106	45,518,861	88,944,245	146,718,527	37,241,834	109,476,693
Seychelles	107,155,554	-	(86,523,039)	396,997	21,029,512	19,088,523	1,940,989	48,070,613	10,802,217	37,268,396
Sudan	45,106,624	17,056,064	(25,392,904)	15,974,542	52,744,326	52,744,326	-	48,781,247	48,781,247	-
Tanzania	767,519,934	682,910	(442,499,711)	1,699,839	327,402,972	148,134,657	179,268,315	342,235,476	89,719,918	252,515,558
Uganda	601,036,159	14,734,444	(320,965,649)	10,656,880	305,461,834	69,870,335	235,591,499	335,952,752	85,719,235	250,233,517
Zambia	131,225,914	25,086,069	(145,253,686)	-	11,058,297	-	11,058,297	11,058,297	11,058,297	-
Zimbabwe	332,950,309	709,653	(329,403,523)	(11,462)	4,244,977	3,388,746	856,231	3,104,676	3,104,676	-
Gross loans	4,966,712,076	167,649,621	(3,043,525,734)	78,024,000	2,168,859,963	705,540,842	1,463,319,121	2,011,474,320	484,587,099	1,526,887,221
Impairment on project loans (Note 20)					(37,764,984)	-	(37,764,984)	(30,720,889)	-	(30,720,889)
Net loans	4,966,712,076	167,649,621	(3,043,525,734)	78,024,000	2,131,094,979	705,540,842	1,425,554,137	1,980,753,431	484,587,099	1,496,166,332

53. STATEMENT OF SUBSCRIPTIONS TO THE CAPITAL STOCK (CONTINUED)

AS AT 31 DECEMBER 2023	GROUP AND BANK								
	SHARES SUBSCRIBED	PERCENTAGE OF TOTAL	VALUE	CALLABLE CAPITAL	PAYABLE CAPITAL	INSTALMENTS DUE AS AT 31.12.2023	INSTALMENTS PAID AS AT 31.12.2023	PREMIUM PAID AS AT 31.12.2023	TOTAL PAID AS AT 31.12.2023
CLASS 'A' SHARES			USD	USD	USD	USD	USD	USD	USD
Belarus	1,900	1.48%	43,067,300	34,453,840	8,613,460	6,183,558	6,183,558	1,379,816	7,563,374
Botswana	145	0.11%	3,286,715	2,629,372	657,343	657,343	657,343	1,350,327	2,007,670
Burundi	2,538	1.98%	57,528,846	46,023,077	11,505,769	8,690,528	8,690,528	2,623,265	11,313,793
China	5,369	4.18%	121,699,123	97,359,298	24,339,825	24,339,825	24,339,825	7,794,171	32,133,996
Comoros	274	0.21%	6,210,758	4,968,606	1,242,152	879,480	879,480	167,836	1,047,316
Djibouti	601	0.47%	13,622,867	10,898,294	2,724,573	1,863,227	1,863,227	231,218	2,094,445
Democratic Republic of Congo	8,877	6.92%	201,214,959	160,971,967	40,242,992	28,995,626	28,995,627	6,753,852	35,749,479
Egypt	11,030	8.60%	250,017,010	200,013,608	50,003,402	37,749,622	37,749,622	11,374,306	49,123,928
Eritrea	370	0.29%	8,386,790	6,709,432	1,677,358	1,110,683	1,110,683	54,088	1,164,771
eSwatini	689	0.54%	15,617,563	12,494,050	3,123,513	2,194,166	2,194,166	362,307	2,556,473
Ethiopia	12,133	9.45%	275,018,711	220,014,969	55,003,742	42,949,432	41,949,363	11,801,973	53,751,336
Ghana	77	0.06%	1,745,359	1,396,287	349,072	353,605	353,605	657,972	1,011,577
Kenya	11,556	9.00%	261,939,852	209,551,882	52,387,970	40,401,476	40,401,476	15,982,279	56,383,755
Madagascar	683	0.53%	15,481,561	12,385,249	3,096,312	2,139,765	2,139,765	281,570	2,421,335
Malawi	2,726	2.12%	61,790,242	49,432,194	12,358,048	9,098,534	9,098,534	2,267,283	11,365,817
Mauritius	5,216	4.06%	118,231,072	94,584,858	23,646,214	17,639,460	17,639,460	5,012,879	22,652,339
Mozambique	3,511	2.74%	79,583,837	63,667,070	15,916,767	11,215,632	11,215,632	1,989,602	13,205,234
Rwanda	5,307	4.14%	120,293,769	96,235,015	24,058,754	20,835,506	18,835,190	3,723,282	22,558,472
Senegal	72	0.06%	1,632,024	1,305,619	326,405	130,562	65,281	131,043	196,324
Seychelles	557	0.43%	12,625,519	10,100,415	2,525,104	1,904,027	1,904,027	573,315	2,477,342
Somalia	490	0.38%	11,106,830	8,885,464	2,221,366	1,473,355	1,473,355	75,723	1,549,078

53. STATEMENT OF SUBSCRIPTIONS TO THE CAPITAL STOCK (CONTINUED)

AS AT 31 DECEMBER 2023 (CONTINUED)	GROUP AND BANK								
	SHARES SUBSCRIBED	PERCENTAGE OF TOTAL	VALUE	CALLABLE CAPITAL	PAYABLE CAPITAL	INSTALMENTS DUE AS AT 31.12.2023	INSTALMENTS PAID AS AT 31.12.2023	PREMIUM PAID AS AT 31.12.2023	TOTAL PAID AS AT 31.12.2023
CLASS 'A' SHARES (CONT'D)			USD	USD	USD	USD	USD	USD	USD
South Sudan	3,500	2.73%	79,334,500	63,467,600	15,866,900	11,360,700	11,360,700	2,551,319	13,912,019
Sudan	8,136	6.34%	184,418,712	147,534,970	36,883,742	23,922,752	23,922,752	-	23,922,752
Tanzania	10,418	8.12%	236,144,806	188,915,845	47,228,961	35,319,719	35,319,719	9,067,308	44,387,027
Uganda	8,150	6.35%	184,736,050	147,788,840	36,947,210	27,350,002	27,350,002	7,442,097	34,792,099
Zambia	9,488	7.39%	215,064,496	172,051,595	43,012,901	28,601,219	28,601,221	2,446,097	31,047,316
Zimbabwe	9,771	7.61%	221,479,257	177,183,406	44,295,851	28,728,156	28,728,156	-	28,728,156
African Development Bank	4,746	3.70%	107,577,582	86,062,066	21,515,516	21,515,516	21,515,516	6,947,537	28,463,053
	128,330	100%	2,908,856,110	2,327,084,888	581,771,222	437,603,476	434,537,811	103,042,465	537,580,276

53. STATEMENT OF SUBSCRIPTIONS TO THE CAPITAL STOCK (CONTINUED)

AS AT 31 DECEMBER 2022	GROUP AND BANK								
	SHARES SUBSCRIBED	PERCENTAGE OF TOTAL	VALUE	CALLABLE CAPITAL	PAYABLE CAPITAL	INSTALMENTS DUE AS AT 31.12.2022	INSTALMENTS PAID AS AT 31.12.2022	PREMIUM PAID AS AT 31.12.2022	TOTAL PAID AS AT 31.12.2022
CLASS 'A' SHARES			USD	USD	USD	USD	USD	USD	USD
Belarus	1,900	1.48%	43,067,300	34,453,840	8,613,460	6,033,955	6,033,955	1,022,836	7,056,791
Botswana	145	0.11%	3,286,715	2,629,372	657,343	-	-	-	-
Burundi	2,538	1.98%	57,528,846	46,023,077	11,505,769	8,491,058	8,491,058	2,147,291	10,638,349
China	5,237	4.09%	118,707,079	94,965,663	23,741,416	23,741,416	23,741,416	6,366,248	30,107,664
Comoros	274	0.21%	6,210,758	4,968,606	1,242,152	879,480	879,480	167,837	1,047,317
Djibouti	601	0.47%	13,622,867	10,898,294	2,724,573	1,863,227	1,863,227	231,218	2,094,445
Democratic Republic of Congo	8,877	6.93%	201,214,959	160,971,967	40,242,992	28,320,150	28,320,150	5,142,030	33,462,180
Egypt	11,030	8.61%	250,017,010	200,013,608	50,003,402	36,870,142	36,870,142	9,275,692	46,145,834
Eritrea	370	0.29%	8,386,790	6,709,432	1,677,358	1,088,016	1,088,016	-	1,088,016
eSwatini	689	0.54%	15,617,563	12,494,050	3,123,513	2,144,298	2,144,298	243,313	2,387,611
Ethiopia	12,133	9.47%	275,018,711	220,014,969	55,003,742	40,979,216	40,979,216	9,487,006	50,466,222
Ghana	77	0.06%	1,745,359	1,396,287	349,072	349,072	349,072	647,154	996,226
Kenya	11,556	9.02%	261,939,852	209,551,882	52,387,970	38,132,221	35,904,508	7,770,547	43,675,055
Madagascar	683	0.53%	15,481,561	12,385,249	3,096,312	2,089,897	2,089,897	162,576	2,252,473
Malawi	2,726	2.13%	61,790,242	49,432,194	12,358,048	9,098,534	9,098,534	2,267,284	11,365,818
Mauritius	5,216	4.07%	118,231,072	94,584,858	23,646,214	17,226,920	17,226,920	4,028,478	21,255,398
Mozambique	3,511	2.74%	79,583,837	63,667,070	15,916,767	10,957,228	10,957,228	1,372,999	12,330,227
Rwanda	5,307	4.14%	120,293,769	96,235,015	24,058,754	18,440,964	16,440,828	2,782,151	19,222,979
Senegal	72	0.06%	1,632,024	1,305,619	326,405	-	-	-	-
Seychelles	557	0.43%	12,625,519	10,100,415	2,525,104	1,863,227	1,863,227	475,956	2,339,183
Somalia	490	0.38%	11,106,830	8,885,464	2,221,366	1,441,621	1,441,621	-	1,441,621

53. STATEMENT OF SUBSCRIPTIONS TO THE CAPITAL STOCK (CONTINUED)

AS AT 31 DECEMBER 2022 (CONTINUED)	GROUP AND BANK								
	SHARES SUBSCRIBED	PERCENTAGE OF TOTAL	VALUE	CALLABLE CAPITAL	PAYABLE CAPITAL	INSTALMENTS DUE AS AT 31.12.2022	INSTALMENTS PAID AS AT 31.12.2022	PREMIUM PAID AS AT 31.12.2022	TOTAL PAID AS AT 31.12.2022
CLASS 'A' SHARES (CONT'D)			USD	USD	USD	USD	USD	USD	USD
South Sudan	3,500	2.73%	79,334,500	63,467,600	15,866,900	11,097,763	11,097,763	1,923,897	13,021,660
Sudan	8,136	6.35%	184,418,712	147,534,970	36,883,742	23,922,752	23,922,752	-	23,922,752
Tanzania	10,418	8.13%	236,144,806	188,915,845	47,228,961	34,494,641	34,494,641	7,098,504	41,593,145
Uganda	8,150	6.36%	184,736,050	147,788,840	36,947,210	26,710,793	26,710,793	5,916,815	32,627,608
Zambia	9,488	7.41%	215,064,496	172,051,595	43,012,901	28,601,221	28,601,221	2,446,097	31,047,318
Zimbabwe	9,771	7.63%	221,479,257	177,183,406	44,295,851	28,728,156	28,728,156	-	28,728,156
African Development Bank	4,630	3.61%	104,948,210	83,958,568	20,989,642	20,989,661	20,989,661	5,692,695	26,682,356
	128,082	100%	2,903,234,694	2,322,587,755	580,646,939	424,555,629	420,327,780	76,668,624	496,996,404

53. STATEMENT OF SUBSCRIPTIONS TO THE CAPITAL STOCK (CONTINUED)

AS AT 31 DECEMBER 2023	NUMBER OF SHARES	PERCENTAGE OF TOTAL	SHARE VALUE	PAYABLE CAPITAL	PAID UP CAPITAL	SHARE PREMIUM	TOTAL PAID
	USD	USD	USD	USD	USD	USD	USD
CLASS 'B' SHARES							
African Development Bank	5,895	17.87%	26,724,428	26,724,428	26,724,428	20,251,504	46,975,932
African Economic Research Consortium	187	0.57%	847,781	847,781	847,781	1,326,784	2,174,565
African Reinsurance Corporation	878	2.66%	3,980,360	3,980,360	3,980,360	2,697,001	6,677,361
AGDF Corporate Trust Ltd (Rwanda)	588	1.78%	2,665,674	2,665,674	2,665,674	5,475,814	8,141,488
Arab Bank for Economic Development in Africa	1,109	3.36%	5,027,575	5,027,575	5,027,575	6,935,993	11,963,568
Banco Nacional de Investimento	931	2.82%	4,220,630	4,220,630	4,220,630	1,817,144	6,037,774
Board of Trustees of the National Social Security Fund Tanzania	806	2.44%	3,653,955	3,653,955	3,653,955	7,514,951	11,168,906
Caisse Nationale de la Sécurité Sociale (Djibouti)	1,150	3.49%	5,213,445	5,213,445	5,213,445	10,212,555	15,426,000
Eagle Insurance Limited	-	-	-	-	-	(2,564,945)	(2,564,945)
Investment Fund for Developing Countries	3,383	10.26%	15,336,527	15,336,527	15,336,527	24,359,350	39,695,877
National Pensions Fund Mauritius	2,118	6.42%	9,601,776	9,601,776	9,601,776	5,788,893	15,390,669
National Social Security Fund Uganda	3,443	10.44%	15,608,531	15,608,531	15,608,531	16,300,539	31,909,070
OPEC Fund for International Development	2,875	8.72%	13,033,560	13,033,560	13,033,560	18,168,362	31,201,922
People's Republic of China	3,915	11.87%	17,748,296	17,748,296	17,748,296	9,174,851	26,923,147
Rwanda Social Security Board	3,649	11.06%	16,542,411	16,542,411	16,542,411	12,039,545	28,581,956
Seychelles Pension Fund	1,078	3.27%	4,887,040	4,887,040	4,887,040	2,718,791	7,605,831
SICOM Global Fund Limited	144	0.44%	652,845	652,845	652,845	1,340,979	1,993,824
PTA Reinsurance Company	834	2.53%	3,780,890	3,780,890	3,780,890	1,223,110	5,004,000
	32,983	100%	149,525,724	149,525,724	149,525,724	144,781,221	294,306,945
CLASS 'C' SHARES							
African Development Bank	977	23.29%	4,429,132	4,429,132	4,429,132	10,568,795	14,997,927
Eagle Insurance Company Limited	213	5.08%	965,614	965,614	965,614	2,304,149	3,269,763
Eastern and Southern African Trade and Development Bank Provident Fund	2,781	66.29%	12,607,420	12,607,420	12,607,420	(5,842,547)	6,764,873
Sacos Group Limited	112	2.67%	507,741	507,741	507,741	665,867	1,173,608
Sacos Life Assurance Limited Company	112	2.67%	507,741	507,741	507,741	665,867	1,173,608
	4,195	100%	19,017,648	19,017,648	19,017,648	8,362,131	27,379,779

53. STATEMENT OF SUBSCRIPTIONS TO THE CAPITAL STOCK (CONTINUED)

AS AT 31 DECEMBER 2022	NUMBER OF SHARES	PERCENTAGE OF TOTAL	SHARE VALUE	PAYABLE CAPITAL	PAID UP CAPITAL	SHARE PREMIUM	TOTAL PAID
	USD	USD	USD	USD	USD	USD	USD
CLASS 'B' SHARES							
African Development Bank	5,895	18.07%	26,724,426	26,724,426	26,724,426	20,251,505	46,975,931
African Economic Research Consortium	183	0.56%	829,645	829,645	829,645	1,283,516	2,113,161
African Reinsurance Corporation	857	2.63%	3,885,157	3,885,157	3,885,157	2,469,833	6,354,990
AGDF Corporate Trust Ltd (Rwanda)	588	1.80%	2,665,672	2,665,672	2,665,672	5,475,816	8,141,488
Arab Bank for Economic Development in Africa	1,082	3.32%	4,905,172	4,905,172	4,905,172	6,643,919	11,549,091
Banco Nacional de Investimento	931	2.85%	4,220,629	4,220,629	4,220,629	1,817,145	6,037,774
Board of Trustees of the National Social Security Fund Tanzania	800	2.45%	3,626,753	3,626,753	3,626,753	7,450,047	11,076,800
Caisse Nationale de la Sécurité Sociale (Djibouti)	800	2.45%	3,626,753	3,626,753	3,626,753	6,426,397	10,053,150
Investment Fund for Developing Countries	3,383	10.37%	15,336,525	15,336,525	15,336,525	24,359,352	39,695,877
Eagle Insurance Limited	283	0.87%	1,282,985	1,282,985	1,282,985	496,409	1,779,394
National Pensions Fund Mauritius	2,067	6.34%	9,370,571	9,370,571	9,370,571	5,237,197	14,607,768
National Social Security Fund Uganda	3,359	10.29%	15,227,724	15,227,724	15,227,724	15,391,862	30,619,586
OPEC Fund for International Development	2,875	8.81%	13,033,558	13,033,558	13,033,558	18,168,364	31,201,922
People's Republic of China	3,820	11.71%	17,317,621	17,317,621	17,317,621	8,147,181	25,464,802
Rwanda Social Security Board	3,649	11.18%	16,542,410	16,542,410	16,542,410	12,039,546	28,581,956
Seychelles Pension Fund	1,078	3.30%	4,887,038	4,887,038	4,887,038	2,718,793	7,605,831
SICOM Global Fund Limited	144	0.44%	652,845	652,845	652,845	1,340,979	1,993,824
PTA Reinsurance Company	834	2.56%	3,780,889	3,780,889	3,780,889	1,223,111	5,004,000
	32,628	100%	147,916,373	147,916,373	147,916,373	140,940,972	288,857,345
CLASS 'C' SHARES							
Eastern and Southern African Trade and Development Bank Provident Fund	2,474	91.97%	11,215,667	11,215,667	11,215,667	(1,723,301)	9,492,366
Sacos Group Limited	108	4.01%	489,607	489,607	489,607	622,596	1,112,203
Sacos Life Assurance Limited Company	108	4.01%	489,607	489,607	489,607	622,596	1,112,203
	2,690	1	12,194,881	12,194,881	12,194,881	(478,109)	11,716,772

Class 'B' shares were first issued in 2013 following an approval by the Board of Governors in December 2012 to increase the Bank's authorised capital from USD 2.0 billion to USD 3.0 billion. This increase was achieved through the creation of 220,584 new Class B shares of a par value of US\$ 4,533.420375 each. Class 'C' shares were first issued in 2022 and have a par value of USD 4,533.42 each. Class 'C' shares do not have voting rights. Both Class 'B' and Class 'C' shares do not have a callable portion and are paid at once.

