

EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

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INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023**

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

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

Board of Trustees of the National Social Security Fund of Tanzania

Eagle Nationale de la Securite Sociale (CNSS Djibouti)

Investment Fund for Developing Countries (IFU)

National Pension Fund - Mauritius

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

SACOS Group Limited

SICOM Global Fund Limited

Seychelles Pension Fund

TDB Directors and select Stakeholders provident Fund)

TDB Staff provident Fund

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CORPORATE INFORMATION (continued)

DIRECTORS

Ms. Busisiwe Alice Dlamini Nsibande	Non-Executive Tanzania Director for Djibouti, Egypt, Eswatini, South Sudan and Tanzania, and chairperson, Board of Directors
Mr. Veenay Rambarassah	Non-Executive of Directors for all other shareholders.
Mr. George T. Guvamatanga	Non-Executive Director for Eritrea, Mauritius, Rwanda, and Zimbabwe
Mr. Adele Tura Halake	Non-Executive Director for Kenya, Mozambique, Somalia, Zambia and Senegal
Mr. Gerald Kasaato	Non-Executive Director for Comoros, DRC, Sudan and Uganda
Mr. Solomon Quaynor	Non-Executive Director for African Institutions
Mr. Solomon Asamoah	Non-Executive Seychelles Director for Burundi, Ethiopia, Malawi, Madagascar and Seychelles
Mr. Juste Rwamabuga	Non-Executive Independent Director
Dr. Abdel-Rahman Taha	Non-Executive Independent Director
Ms. Shuo Zhou	Non-Executive Director for Non-African States
Mr. Admassu Tadesse	President Emeritus and Group MD
TBC	Alternate Non-Executive Director for Eritrea, Mauritius, Rwanda, and Zimbabwe
Mr. Said Mhamadi	Alternate Non-Executive Director for Comoros, DRC, Sudan, and Uganda
Dr. Natu Mwamba	Alternate Non-Executive Director for Djibouti, Egypt, Eswatini, South Sudan and Tanzania
Ms. Nnenna Nwabuo	Alternate Non-Executive Director for African Institutions
Ms. Isabel Sumar	Alternate Non-Executive Director for Kenya, Mozambique, Somalia and Zambia
Mr. Liu Wenzhong	Alternate Non-Executive Director for Non-African States
Mr. Peter Simbani	Alternate Non-Executive Director for Burundi, Ethiopia, Malawi, Madagascar and Seychelles
TBC	Alternate Non-Executive Director for all other shareholders

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CORPORATE INFORMATION (continued)

INDEPENDENT AUDITORS	<p>Deloitte & Touche LLP Certified Public Accounts (Kenya) Deloitte Place, Waiyaki Way, Muthangari P. O. Box 40092-00100 Nairobi, Kenya</p>
HEADQUARTERS	<p>Principal Office Africa FI place Lot 13, Wall street, Ebene, Cybercity P.O. Box 43, Reduit, Mauritius Email : Official@tdgroup.org</p> <p>Principal Office Chaussee, Prince Louis, Rwagasore P.O. Box 1750, Bujumbura, Burundi Email : Official@tdgroup.org</p>
OTHER OFFICES	<p>TDB Nairobi Operations Hub: East Africa TDB Tower 184 Lenana Road P.O. Box 48596-00100 Nairobi, Kenya</p> <p>TDB Harare Regional Office: Southern Africa 70 Enterprise Road Harere, Zimbabwe</p> <p>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</p> <p>TDB Kinshasa Regional Office Crown Tower 2nd Floor off No.301 Avenue Batetela and Boulevard du 30 Juin Gombe Commune, Kinshasa Democratic Republic of Congo</p>

**EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)
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REPORT OF THE DIRECTORS

The directors have pleasure in presenting their Interim Report and Financial Statements of the Eastern And Southern African Trade Development Bank and its subsidiaries (TDB Group) for the six month period ended 30 June 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 chapter 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 Southern African States (COMESA).

2 FINANCIAL RESULTS

The results for the year are set out on pages 7 to 9.

3 DIVIDENDS

The Board does not recommend a dividend in respect of the six-month period ended 30 June 2023 (USD 385.42 per share in respect of the financial year ended 31 December 2022).

4 BOARD OF GOVERNORS

The current shareholders are shown on page 1.

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 2.


In accordance with the Bank's Charter, and subject to re-appointment by the Board of Directors, 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 willingness to continue in office in accordance with Article 26 (2) of the Charter of the Bank.

BY ORDER OF THE BOARD

Chairman

 2023
28th September

EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)
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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Bank's Charter requires the directors to prepare financial statements for each financial period 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 period and of the operating results of the Group and of the Bank for that period. 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.

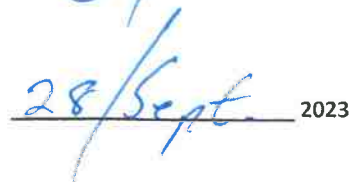
The directors accept responsibility for the preparation and presentation of these interim financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Bank's Charter. The directors are of the opinion that the interim 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' abilities 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.

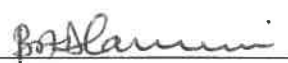
The directors acknowledge that independent audit of the financial statements does not relieve them of their responsibilities.



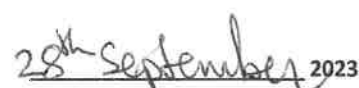
DIRECTOR



28/Sept. 2023



DIRECTOR



28th September 2023

REPORT ON REVIEW OF THE INTERIM FINANCIAL STATEMENTS TO THE MEMBERS OF EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)

Introduction

We have reviewed the accompanying interim financial statements of the Eastern and Southern African Trade and Development Bank (TDB), set out on pages 7 to 134, comprising the consolidated and separate statements of financial position as at 30 June 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Responsibilities of the Directors and the Auditors

The directors are responsible for the preparation and fair presentation of the interim financial statements in accordance with International Financial Reporting Standards and the requirements of the Bank's Charter.

Our responsibility is to express a conclusion on the interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the consolidated and separate financial position of Eastern and Southern African Trade and Development Bank (TDB) as at 30 June 2023, its consolidated and separate financial performance and its consolidated and separate cash flows for the six-month period then ended in accordance with International Financial Reporting Standards and the requirements of the Bank's Charter.

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:

29 September

2023



EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	JUNE 2023 USD	JUNE 2022 USD
INCOME			
Interest income	4	332,007,613	225,523,230
Interest expense	5	(202,920,434)	(88,147,355)
Other borrowing costs	6	(2,547,454)	(4,475,586)
Interest and similar expense		(205,467,888)	(92,622,941)
Net Interest income		126,539,725	132,900,289
Fees and commission income	7	19,013,941	25,011,193
Gain on derivatives designated at fair value through profit or loss	17	8,282,871	9,266,818
Trading income		153,836,537	167,178,300
Risk mitigating costs	8	(20,253,105)	(18,315,514)
Other income	9	8,227,884	5,127,706
Operating Income		141,811,316	153,990,492
EXPENDITURE			
Operating expenses	10 (a)	(26,616,573)	(21,857,029)
Impairment on Project and Trade Finance loans	20	(19,050,241)	(40,083,000)
Net foreign exchange losses	13	(2,513,448)	(1,863,517)
Impairment allowance on other financial assets	12	(37,677)	(215,617)
TOTAL EXPENDITURE		(48,217,939)	(64,019,163)
PROFIT FOR THE PERIOD		93,593,377	89,971,329
OTHER COMPREHENSIVE INCOME			
Items that will not be subsequently reclassified to profit and loss:			
Fair value gain through other comprehensive income - equity investments	21	273,000	9,423,110
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		93,866,377	99,394,439
		=====	=====

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

	JUNE 2023 USD	JUNE 2022 USD
Profit for the period is attributable to:		
Owners of the Bank	91,038,830	89,971,329
Non-controlling interest	2,554,547	-
	<hr/>	<hr/>
	93,593,377	89,971,329
	=====	=====
Total comprehensive income for the period is attributable to:		
Owners of the Bank	91,311,830	99,394,439
Non-controlling interest	2,554,547	-
	<hr/>	<hr/>
	93,866,377	99,394,439
	=====	=====
 EARNING PER SHARE:		
Basic	15 703	729
	=====	=====
Diluted	15 556	560
	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)
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FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	JUNE 2023 USD	JUNE 2022 USD
INCOME			
Interest income	4	325,663,594	225,523,230
Interest expense	5	(202,920,434)	(88,147,355)
Other borrowing costs	6	(2,547,454)	(4,475,586)
Interest and similar expense		(205,467,888)	(92,622,941)
Net Interest income		120,195,706	132,900,289
Fees and commission income	7	19,006,252	25,011,193
Gain on derivatives designated at fair value through profit or loss	17	8,282,871	9,266,818
Trading income		147,484,829	167,178,300
Risk mitigating costs	8	(20,253,105)	(18,315,514)
Other income	9	5,863,273	3,192,960
Operating Income		133,094,997	152,055,746
EXPENDITURE			
Operating expenses	10 (a)	(23,579,350)	(21,302,253)
Impairment allowance on loans	20	(19,050,241)	(40,083,000)
Net foreign exchange losses	13	(2,571,644)	(1,863,517)
Impairment allowance on other financial assets	12	(37,677)	(215,617)
TOTAL EXPENDITURE		(45,238,912)	(63,464,387)
PROFIT FOR THE PERIOD		87,856,085	88,591,359
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	21	273,000	9,423,110
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS		88,129,085	98,014,469
EARNING PER SHARE:			
Basic	15	679	718
Diluted	15	537	552

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	JUNE 2023 USD	DECEMBER 2022 USD
ASSETS			
Cash and balances held with other banks	16	1,727,919,130	1,737,616,838
Derivative financial instruments	17	6,110,937	-
Trade finance loans	18	4,609,499,452	4,320,267,145
Project loans	19	1,875,464,574	1,980,753,431
Equity investments - at fair value through other comprehensive income	21	71,919,515	71,452,098
Investment in Government securities	23	51,535,245	57,227,132
Other receivables	24	169,520,029	178,610,702
Property and equipment	25	44,093,039	42,527,853
Investment property	26	2,721,558	-
Right-of-use assets	27	2,265,919	2,577,584
Intangible assets	28	350,335	713,493
TOTAL ASSETS		8,561,399,734	8,391,746,276
LIABILITIES AND EQUITY			
LIABILITIES			
Collection account deposits	29	192,684,949	123,759,079
Derivative financial instruments	17	-	17,826,383
Lease Liabilities	30	-	244,246
Short term borrowings	31	3,444,656,292	3,489,331,681
Long term borrowings	32	2,588,180,534	2,556,560,813
Non controlling interest payables-redeemable shares	33 (a)	68,470,648	65,246,073
Other payables	33 (b)	188,922,718	159,605,368
Provision for service and leave pay	34	12,507,486	11,466,069
TOTAL LIABILITIES		6,495,422,627	6,424,039,712
EQUITY			
Share capital	35	584,463,780	580,439,034
Share premium	35	217,510,903	217,131,484
Retained earnings		1,158,062,436	1,068,367,493
Proposed dividend	35	49,431,823	49,431,823
Fair value reserve		29,308,466	29,035,466
Management reserve	36	19,842,911	19,842,911
Equity attributable to owners of the bank		2,058,620,319	1,964,248,211
Non Controlling interest		7,356,787	3,458,353
		2,065,977,106	1,967,706,564
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		8,561,399,733	8,391,746,276

The notes on page 16 to 134 are an integral part of these financial statements.

The financial statements were approved by the board of directors on 28th September 2023 and were signed on its behalf by:


President Emeritus & Group MD/Director


Director

EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

SEPARATE STATEMENT OF FINANCIAL POSITION

	Note	JUNE 2023 USD	DECEMBER 2022 USD
ASSETS			
Cash and balances held with other banks	16	1,677,492,860	1,697,241,545
Derivative financial instruments	17	6,110,937	-
Trade finance loans	18	4,609,499,452	4,320,267,145
Project loans	19	1,875,464,574	1,980,753,431
Equity investments - at fair value through other comprehensive income	21	71,919,515	71,452,098
Investment in subsidiaries	22	90,705,634	82,136,257
Investment in government securities	23	51,535,245	57,227,132
Other receivables	24	52,567,455	48,630,140
Property and equipment	25	44,093,039	42,527,853
Investment property	26	2,721,558	-
Right-of-use assets	27	2,265,919	2,577,584
Intangible assets	28	350,335	713,492
TOTAL ASSETS		8,484,726,523	8,303,526,677
LIABILITIES AND EQUITY			
LIABILITIES			
Collection account deposits	29	192,684,949	123,759,079
Derivative financial instruments	17	-	17,826,383
Lease liabilities	30	-	244,246
Short term borrowings	31	3,444,656,292	3,489,331,681
Long term borrowings	32	2,588,180,534	2,556,560,813
Other payables	33 (b)	188,689,011	138,863,405
Provision for service and leave pay	34	12,507,486	11,466,069
TOTAL LIABILITIES		6,426,718,272	6,338,051,676
EQUITY			
Share capital	35	584,463,780	580,439,034
Share premium	35	217,510,903	217,131,484
Retained earnings		1,157,450,368	1,069,594,283
Proposed dividend	35	49,431,823	49,431,823
Management reserve	36	19,842,911	19,842,911
Fair value reserve		29,308,466	29,035,466
TOTAL EQUITY		2,058,008,251	1,965,475,001
TOTAL LIABILITIES AND EQUITY		8,484,726,523	8,303,526,677

The notes on page 16 to 134 are an integral part of these financial statements.

The financial statements were approved by the board of directors on 28th September 2023 and were signed on its behalf by:


President Emeritus & Group MD/Director


Director

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	Share capital USD	Share premium USD	Retained earnings USD	Proposed dividend USD	Fair value reserve USD	Management reserve USD	Total equity USD	Non-controlling Interest USD	TOTAL USD
As at 1 January 2023	580,439,034	217,131,484	1,068,367,493	49,431,823	29,035,466	19,842,911	1,964,248,211	3,458,353	1,967,706,564
Capital subscription	4,024,746	-	-	-	-	-	4,024,746	-	4,024,746
Share premium	-	379,419	-	-	-	-	379,419	-	379,419
Other comprehensive income	-	-	-	-	273,000	-	273,000	-	273,000
NCI on ceding 13.56% in TDF	-	-	(1,343,887)	-	-	-	(1,343,887)	1,343,887	-
Total comprehensive income for the year	-	-	91,038,830	-	-	-	91,038,830	2,554,547	93,593,377
As at 30 June 2023	584,463,780	217,510,903	1,158,062,436	49,431,823	29,308,466	19,842,911	2,058,620,319	7,356,787	2,065,977,106

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital USD	Share premium USD	Retained earnings USD	Proposed dividend USD	Management reserve USD	Fair Value reserve USD	Total equity USD	Non-controlling Interest USD	TOTAL USD
As at 1 January 2022	555,868,667	176,188,495	913,251,791	41,403,979	19,842,911	25,228,266	1,731,784,109	762,766	1,732,546,875
Capital subscription	5,732,821	-	-	-	-	-	5,732,821	-	5,732,821
Share premium	-	2,584,351	-	-	-	-	2,584,351	-	2,584,351
Acquisition of 100% stake in ESATAL	-	-	(526,712)	-	-	-	(526,712)	(762,766)	(1,289,478)
Other comprehensive income	-	-	-	-	-	9,423,110	9,423,110	-	9,423,110
Total comprehensive income for the year	-	-	89,971,329	-	-	-	89,971,329	-	89,971,329
As at 30 June 2022	561,601,488	178,772,846	1,002,696,408	41,403,979	19,842,911	34,651,376	1,838,969,008	-	1,838,969,008

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SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital USD	Share premium USD	Retained earnings USD	Proposed dividend USD	Management reserve USD	Fair value reserve USD	Total equity USD
As at 1 January 2023	580,439,034	217,131,484	1,069,594,283	49,431,823	19,842,911	29,035,466	1,965,475,001
Capital subscription	4,024,746	-	-	-	-	-	4,024,746
Share Premium	-	379,419	-	-	-	-	379,419
Other comprehensive income	-	-	-	-	-	273,000	273,000
Total comprehensive income for the year	-	-	87,856,085	-	-	-	87,856,085
As at 30 June 2023	584,463,780	217,510,903	1,157,450,368	49,431,823	19,842,911	29,308,466	2,058,008,251
As at 1 January 2022	555,868,667	176,188,495	913,709,461	41,403,979	19,842,911	25,228,266	1,732,241,779
Capital subscriptions	5,732,821	-	-	-	-	-	5,732,821
Share Premium	-	2,584,351	-	-	-	-	2,584,351
Other comprehensive income	-	-	-	-	-	9,423,110	9,423,110
Total comprehensive income for the year	-	-	88,591,359	-	-	-	88,591,359
As at 30 June 2022	561,601,488	178,772,846	1,002,300,820	41,403,979	19,842,911	34,651,376	1,838,573,420

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CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

		GROUP		BANK	
	Note	JUNE 2023 USD	JUNE 2022 USD	JUNE 2023 USD	JUNE 2022 USD
OPERATING ACTIVITIES					
Cash generated from/(used in) operations	37 (a)	17,021,040	(678,895,484)	7,028,259	(675,078,763)
Interest received		171,404,264	125,150,223	171,404,264	125,150,223
Interest paid		(201,830,806)	(89,417,888)	(201,830,806)	(89,417,888)
Net cash used in operating activities		(13,405,502)	(643,163,149)	(23,398,283)	(639,346,428)
INVESTING ACTIVITIES					
Purchase of property and equipment	25	(4,874,118)	(4,766,263)	(4,874,118)	(4,766,263)
Investment in subsidiaries	22	-	-	-	(6,452,636)
Disposal of equity investments	21	(194,417)	-	(194,417)	-
Redemption of government securities	23	5,691,887	14,767,288	5,691,887	14,767,288
Net cash generated from investing activities		623,352	10,001,025	623,352	3,548,389
FINANCING ACTIVITIES					
Proceeds from capital subscriptions	35	4,024,746	5,732,821	4,024,746	5,732,821
Proceeds from share premium	35	379,419	2,584,351	379,419	2,584,351
Payment of lease liability	30	(268,065)	(301,321)	(268,065)	(301,321)
Net cash generated from financing activities		4,136,100	8,015,851	4,136,100	8,015,851
DECREASE IN CASH AND CASH EQUIVALENTS		(8,646,050)	(625,146,273)	(18,638,831)	(627,782,188)
Foreign exchange losses on cash and cash equivalents	13	(1,051,658)	(3,727,847)	(1,109,854)	(3,727,847)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,737,616,838	1,971,937,461	1,697,241,545	1,970,882,704
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	16	1,727,919,130	1,343,063,341	1,677,492,860	1,339,372,669
		=====	=====	=====	=====

**EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

1 CORPORATE INFORMATION

Eastern and Southern African Trade and Development Bank ("the Bank") 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 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 SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) 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).

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.

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 holders
- 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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

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.

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.

In the process of applying the Group's 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.

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 38.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(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(l).

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.

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) 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.

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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(iv) 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 Bank applies the judgements on these forward-looking information as reflected in final assigned PD, LGD and

- 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 company and
- 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.

(d) Revenue recognition

i. Interest income from loans and investment

Interest income including interest on financial instruments 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:

- i) The gross carrying amount of the financial asset; or
- ii) 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. 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. Interest on arrears of payable capital is taken to revenue when received.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue recognition (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

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any

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 year reestimation 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 facility fees, drawdown fees, and restructuring fees, 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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue recognition (continued)

ii) Fees and commissions (continued)

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.

iii) Insurance premium

Premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of

(e) 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.

(f) 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 taken to profit or loss. All differences arising from non-trading activities are taken to other operating income in 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.

(g) Property and equipment

All categories of property and equipment are stated at historical cost and subsequently stated at cost less depreciation. 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 other 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 installments over their expected useful lives.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property and equipment (continued)

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

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.

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).

(h) 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 initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and any accumulated impairment losses.

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.

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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) 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 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.

(j) Taxation

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

(k) Share capital

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

Earnings per share

The Group presents a basic and diluted EPS data on its class A and B Shares which have equal rights to earnings. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of shares in issue. The weighted average number of shares in issue is calculated based on the capital installments due at the end of the year. Diluted earnings per share take into account the dilutive effect of the Class A shares issued but not paid up. Class B shares are all paid up on issue and therefore have no dilutive effect.

(l) 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 marketplace.

Initial recognition and measurement

Except for trade receivables that do not have a significant financing component, 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. Trade receivables that do not have a significant financing component are measured at their transaction price.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Financial instruments (continued)

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 (SPPI) 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.

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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial instruments (continued)

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

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
- features that modify consideration for the time value of money - e-g periodic reset of interest rates

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
- 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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Financial instruments (continued)

Business model assessment (Continued)

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.

Financial liabilities

Initial measurement of financial liabilities

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings 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 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 canceled, or expire.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Financial instruments (continued)

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 maximize 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.

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 recognizes 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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Financial instruments (continued)

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.

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.

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, capitalization, earnings, cash flow, management, and capacity to repay. Facilities are fully collateralized by cash or physical assets or standby Letters of Credit or guarantees from banks with investment grade ratings from internationally recognized 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>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial instruments (continued)

Classification	Explanation of Stage
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 44. 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 three hundred and sixty (360) days or more.</p> <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> <p>The Group has made an assessment that this classification and explanation is consistent with the requirements of IFRS 9.</p>

Derivative financial instruments

As part of its asset and liability management, the Group uses derivatives for hedging purposes 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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Employee entitlements

Employee entitlements to service pay and annual leave are recognized 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.

(n) 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.

(o) 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.

(p) 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 repayable within three months from the date of the advance.

(q) 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:

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2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Leases (continued)

- 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.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the year in which the event or condition that triggers those payments occurs and are included in the statement of the profit or loss.

(r) 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.

(s) 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 amortized cost. They are derecognized when the underlying assets are discharged.

(t) 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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Segment reporting (continued)

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. The Group also participated in the investment of Government securities and other unlisted equity investments. Transactions between the business segments are on normal commercial terms and conditions. Segment assets and liabilities, which form the majority of the statement of financial position.

(u) 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.

- (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.

- (v) 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.

- (vi) 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;

(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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Insurance policy

(i) Insurance contracts

The Company issues insurance contracts, which are contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. The sole client of the Company is currently Rawsur S.A, a bank based in the Democratic Republic of Congo and is also a sister company.

(ii) Reinsurance contracts held

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

(iii) Insurance claims incurred

Claims and loss adjustment expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to contract holders damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the reporting date even if they have not yet been reported to the Company. The Company does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported, and an estimate of the expected ultimate cost of more complex claims that may be affected by external factors.

(iv) Reinsurance assets and insurance receivables

Reinsurance assets are amounts to be claimed from the reinsurer relating to outstanding claims and to premium receivables on credit insurance policies of the Company and are classified as current assets if settlement is expected within one year.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(v) Deferred acquisition costs and deferred reinsurance acquisition revenue

Commissions that vary with, and are related to securing new contracts and renewing existing contracts are deferred over the period in which the related premiums are earned, and recognised as an asset. All other costs are recognised as expenses when incurred.

Deferred acquisition costs and deferred reinsurance acquisition revenue are expected to be realised and settled within twelve months.

(x) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3 APPLICATION OF NEW 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 and interim reviewed financial statements for the period ended 30 June 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	<p>IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.</p> <p>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.</p> <p>The Directors are still assessing the impact on the financial statements of the Group.</p>
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

3 APPLICATION OF NEW REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

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

<p>IFRS 10 and IAS 28 (amendments) <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i></p>	<p>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.</p> <p>The changes did not have material impact on the financial statements of the Group.</p>
<p>Amendments to IAS 1- Classification of Liabilities as Current or Non-current</p>	<p>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.</p> <p>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.</p> <p>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 counterparty of cash, equity instruments, other assets or services. In July 2021, the Board tentatively decided to defer the effective date of the 2020 amendments to no earlier than 1 January 2024.</p> <p>The changes did not have material impact on the financial statements of the Group.</p>

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3 APPLICATION OF NEW REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

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

<p>Amendments to IAS 8: Definition of accounting estimates</p>	<p>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”.</p> <p>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.</p> <p>The changes to IAS 8 focus entirely on accounting estimates and clarify the following:</p> <p>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”.</p> <p>b) Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The changes did not have material impact on the financial statements of the Group.</p>
<p>Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</p>	<p>The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.</p> <p>The main change in Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) is an exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24.</p> <p>Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.</p> <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.</p> <p>The changes did not have material impact on the financial statements of the Group</p>

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3 APPLICATION OF NEW REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

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

<p>Amendments to IAS 1 and IFRS practice statement 2: Disclosure of accounting policies</p>	<p>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.</p> <p>Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) amends IAS 1 in the following ways:</p> <ul style="list-style-type: none"> 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; and d) the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. <p>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.</p> <p>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.</p> <p>The changes did not have material impact on the financial statements of the Group.</p>
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

3 APPLICATION OF NEW REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

i) Impact of new and amended standards and interpretations in issue but not yet effective

At the date of authorization 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.

<i>New and Amendments to standards</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to IFRS 16-Lease Liability in a Sale and Leaseback	1 January 2024, with earlier application permitted
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	<p>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.</p> <p>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. 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.</p> <p>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.</p> <p>The Directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.</p>

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NOTES TO THE FINANCIAL STATEMENTS

	GROUP		BANK	
	JUNE	JUNE	JUNE	JUNE
	2023	2022	2023	2022
	USD	USD	USD	USD
4. INTEREST INCOME				
On loans and facilities:				
Project finance loans*	103,975,343	72,459,771	103,939,585	72,459,771
Trade finance loans*	172,635,425	116,697,071	170,328,418	116,697,071
	276,610,768	189,156,842	274,268,003	189,156,842
On placements:				
Deposits/Held at amortised cost	55,396,845	36,366,388	51,395,591	36,366,388
	332,007,613	225,523,230	325,663,594	225,523,230
	=====	=====	=====	=====
* Interest income is recognised on an accrual basis using the effective interest rate method in line with IFRS 9.				
5. INTEREST EXPENSE				
Regional and international bond markets	31,651,602	38,734,613	31,651,602	38,734,613
Interest payable on funds borrowed from:				
- Banks and financial institutions	151,788,097	35,664,992	151,788,097	35,664,992
- Amortisation of deferred borrowing costs	10,637,894	7,150,864	10,637,894	7,150,864
- Other institutions	8,842,841	6,596,886	8,842,841	6,596,886
	202,920,434	88,147,355	202,920,434	88,147,355
	=====	=====	=====	=====
6. OTHER BORROWING COSTS				
Facility and management fees	762,500	3,118,270	762,500	3,118,270
Bank commission	43,820	57,031	43,820	57,031
Other costs	1,741,134	1,300,285	1,741,134	1,300,285
	2,547,454	4,475,586	2,547,454	4,475,586
	=====	=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued)

	GROUP		BANK	
	JUNE	JUNE	JUNE	JUNE
	2023	2022	2023	2022
	USD	USD	USD	USD
7. FEES AND COMMISSIONS INCOME				
Upfront fees in trade finance	10,576,413	13,254,909	10,576,413	13,254,909
Letter of credit fees in trade finance	3,406,553	3,679,557	3,406,553	3,679,557
Syndication fees in trade finance	1,466,111	-	1,466,111	-
Drawdown fees in trade finance	579,686	456,594	579,686	456,594
Commitment fees on project finance	577,494	1,159,074	577,494	1,159,074
Guarantee fees in trade finance	390,775	232,585	390,775	232,585
Management fees in trade finance	388,374	4,558,535	388,374	4,558,535
Syndication fees in project finance	318,297	179,437	318,297	179,437
Facility fees on project finance	315,136	394,500	313,539	394,500
Management project fees	295,000	260,000	295,000	260,000
Document handling fees in trade finance	209,060	252,916	209,060	252,916
Guarantee fees in project finance	183,566	10,000	177,474	10,000
Restructuring fees in project finance	164,323	-	164,323	-
Appraisal fees on project finance	107,500	247,613	107,500	247,613
Commitment Fees in trade finance	18,447	-	18,447	-
Other project fees	12,600	44,491	12,600	44,491
Other fees in trade finance	4,606	183,712	4,606	183,712
Restructuring fees in trade finance	-	82,520	-	82,520
Drawdown project fees	-	14,750	-	14,750
	<u>19,013,941</u>	<u>25,011,193</u>	<u>19,006,252</u>	<u>25,011,193</u>
	=====	=====	=====	=====
8. RISK MITIGATION COSTS				
Insurance cover costs*	19,989,469	15,242,235	19,989,469	15,242,235
Risk down selling costs**	-	3,073,279	-	3,073,279
Risk participation costs***	263,636	-	263,636	-
	<u>20,253,105</u>	<u>18,315,514</u>	<u>20,253,105</u>	<u>18,315,514</u>
	=====	=====	=====	=====

*These are premiums on insurance cover taken on loans made to various borrowers. As at 30 June 2023, the insurance cover was USD 1.57 billion (June 2022: USD 1.64 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 down-selling costs represent fees paid to acquirers of loan assets distributed via the secondary market. During the period to June 2023, the Group did not down-sell any assets (June 2022: NIL. The downselling costs for June 2022 were incurred on existing downsold assets from the previous period).

***Risk participation costs relate to fees paid to other financial institutions in agreements where the Bank sells its exposures to contingent obligations. During the period to June 2023, TDB risk participation amounted to USD 206.25 million (June 2022: NIL).

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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

	GROUP		BANK	
	JUNE	JUNE	JUNE	JUNE
	2023	2022	2023	2022
	USD	USD	USD	USD
9. OTHER INCOME				
Other income/(expense)	7,263,814	1,785,108	4,899,203	(149,638)
Dividend income	395,334	1,174,807	395,334	1,174,807
Impaired assets recovered*	236,887	1,906,247	236,887	1,906,247
Interest on staff loans	220,389	145,292	220,389	145,292
Rental income	111,460	116,252	111,460	116,252
	<u>8,227,884</u>	<u>5,127,706</u>	<u>5,863,273</u>	<u>3,192,960</u>
	=====	=====	=====	=====
10 (a). OPERATING EXPENSES				
Staff costs (Note 10. b)	18,019,102	15,840,679	17,630,676	15,840,679
Other operating expenses	3,390,713	1,479,577	965,225	955,836
Consultants and advisers	1,689,493	1,506,499	1,540,500	1,506,499
Official missions	938,398	568,881	914,216	568,881
Business promotion	584,395	647,556	581,760	647,556
Depreciation of property and equipment	560,596	495,407	560,596	495,407
Board of Directors meetings	432,925	375,972	413,875	375,972
Amortisation of intangible assets	363,157	401,312	363,157	401,312
Short term leases and other rentals	270,516	68,002	270,516	68,002
Depreciation of right-of-use assets	178,380	299,900	178,380	299,900
Audit fees	72,699	74,135	44,250	43,100
Board of Governors meetings	65,602	67,091	65,602	67,091
Depreciation of investment property	26,778	-	26,778	-
Interest on lease liability	23,819	32,018	23,819	32,018
	<u>26,616,573</u>	<u>21,857,029</u>	<u>23,579,350</u>	<u>21,302,253</u>
	=====	=====	=====	=====
10 (b). STAFF COSTS				
Salaries and wages	9,148,041	8,673,514	8,759,615	8,673,514
Staff reward and recognition scheme	3,022,227	2,040,048	3,022,227	2,040,048
School fees for dependents	1,697,472	1,684,595	1,697,472	1,684,595
Staff provident fund defined contribution plan	1,544,276	1,542,062	1,544,276	1,542,062
Service pay provision	894,689	600,950	894,689	600,950
Medical costs	757,287	565,126	757,287	565,126
Other costs**	680,505	515,707	680,505	515,707
Leave pay expense	274,605	218,677	274,605	218,677
	<u>18,019,102</u>	<u>15,840,679</u>	<u>17,630,676</u>	<u>15,840,679</u>
	=====	=====	=====	=====

* Impaired assets recovered related to previously written off loans that were recovered during the period.

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

11. 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.

12. IMPAIRMENT ALLOWANCE ON OTHER FINANCIAL ASSETS

	GROUP		BANK	
	JUNE	JUNE	JUNE	JUNE
	2023	2022	2023	2022
	USD	USD	USD	USD
Other receivables (Note 24)	37,677	215,617	37,677	215,617
	=====	=====	=====	=====

This relates to appraisal fees on projects previously recognized as income receivable, now impaired.

13. NET FOREIGN EXCHANGE GAINS AND LOSSES

	GROUP		BANK	
	JUNE	JUNE	JUNE	JUNE
	2023	2022	2023	2022
	USD	USD	USD	USD
(Losses)/gains on cash items	(1,461,790)	1,864,330	(1,461,790)	1,864,330
Losses on non-cash items	(1,051,658)	(3,727,847)	(1,109,854)	(3,727,847)
	-----	-----	-----	-----
Total foreign exchange losses	(2,513,448)	(1,863,517)	(2,571,644)	(1,863,517)
	=====	=====	=====	=====

14. TAXATION

Trade and Development Bank ("TDB") is a multilateral institution fully recognized 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, which is also the host country of one of TDB's principal offices. Since the subsidiaries (ESATAL, ESAIF, ESATF, TCI and TDF) are creatures of the TDB Charter which is in force in Mauritius and given that they are owned in majority by TDB, the companies benefit from tax exemption, immunities and privileges under TDB.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

15. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

EARNINGS:	GROUP		BANK	
	JUNE 2023 USD	JUNE 2022 USD	JUNE 2023 USD	JUNE 2022 USD
Earnings for the purpose of the basic earnings per share being net profit attributable to shareholders	91,038,830	89,971,329	87,856,085	88,591,359
	=====	=====	=====	=====
Earnings for the purpose of the diluted earnings per share	91,038,830	89,971,329	87,856,085	88,591,359
	=====	=====	=====	=====
NUMBER OF SHARES:				
Weighted average number of shares for the purpose of basic earnings per share:				
Class A	93,714	90,736	93,714	90,736
Class B	32,626	32,685	32,626	32,685
Class C	3,112	-	3,112	-
	=====	=====	=====	=====
	129,452	123,421	129,452	123,421
	=====	=====	=====	=====
Basic earnings per share	703	729	679	718
	=====	=====	=====	=====
Weighted average number of shares for the purpose of diluted earnings per share:				
Class A	128,082	123,421	128,082	123,421
Class B	32,345	37,080	32,345	37,080
Class C	3,210	-	3,210	-
	=====	=====	=====	=====
	163,637	160,501	163,637	160,501
	=====	=====	=====	=====
Diluted earnings per share	556	560	537	552
	=====	=====	=====	=====

There were no earnings with a potential dilutive effect during the year (2022: Nil).

The weighted average number of shares in issue is calculated based on the capital instalments due at the end of the period.

Diluted earnings per share takes into account the dilutive effect of the callable Class A shares. Class B shares do have a callable portion and therefore have no dilutive effect.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

16. CASH AND BALANCES HELD WITH OTHER BANKS

	GROUP		BANK	
	JUNE	DECEMBER	JUNE	DECEMBER
	2023	2022	2023	2022
	USD	USD	USD	USD
Current accounts	195,688,061	178,789,499	168,373,340	138,414,206
Call and term deposits with banks	1,532,231,069	1,558,827,339	1,509,119,520	1,558,827,339
	<hr/>	<hr/>	<hr/>	<hr/>
	1,727,919,130	1,737,616,838	1,677,492,860	1,697,241,545
(i) Current accounts:	=====	=====	=====	=====
Amounts maintained in US Dollars (USD)	45,223,594	90,083,162	17,909,044	49,707,869
	<hr/>	<hr/>	<hr/>	<hr/>
Amounts maintained in other currencies:				
Malawi Kwacha	140,831,843	75,753,718	140,831,843	75,753,718
Tanzania Shillings	4,957,032	5,062,069	4,957,032	5,062,069
Euro	3,181,497	3,049,899	3,181,403	3,049,899
Burundi Francs	725,634	924,138	725,634	924,138
Seychelles Rupee	276,928	-	276,928	-
Ethiopian Birr	203,738	11,300	203,738	11,300
Kenyan Shillings	152,765	236,368	152,765	236,368
Zambia Kwacha	60,787	3,620,996	60,787	3,620,996
British Pounds	43,196	9,750	43,196	9,750
Mauritian Rupee	15,803	7,654	15,726	7,654
Zimbabwe Dollar	4,517	15,726	4,517	15,726
South African Rand	3,925	1,560	3,925	1,560
Ugandan Shillings	2,923	3,798	2,923	3,798
United Arab Emirates Dirham	2,815	8,192	2,815	8,192
Japanese Yen	1,064	1,169	1,064	1,169
	<hr/>	<hr/>	<hr/>	<hr/>
	150,464,467	88,706,337	150,464,296	88,706,337
	<hr/>	<hr/>	<hr/>	<hr/>
	195,688,061	178,789,499	168,373,340	138,414,206
	=====	=====	=====	=====
(ii) Call and term deposits with banks:				
United States Dollars (USD)	1,470,566,569	1,512,680,042	1,447,455,020	1,512,680,042
	<hr/>	<hr/>	<hr/>	<hr/>
Amounts maintained in other currencies:				
Euro	52,853,138	37,347,799	52,853,138	37,347,799
Ugandan Shillings	6,051,577	5,971,029	6,051,577	5,971,029
Sudanese Pounds	2,759,785	2,828,469	2,759,785	2,828,469
	<hr/>	<hr/>	<hr/>	<hr/>
	61,664,500	46,147,297	61,664,500	46,147,297
	<hr/>	<hr/>	<hr/>	<hr/>
	1,532,231,069	1,558,827,339	1,509,119,520	1,558,827,339
	=====	=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued)

17. DERIVATIVE FINANCIAL INSTRUMENTS

As part of its asset and liability management, the Group uses derivatives for hedging purposes in order to reduce 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 hedges its exposure to adverse movements on currency exchange rates on its Euro disbursements by entering into currency forward exchange contracts. Currency forward exchange contracts are hedges, since the Group is protecting is the USD parity of the Euro, thus hedging the value of the assets from fluctuations.

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

	GROUP		BANK	
	JUNE 2023 USD	DECEMBER 2022 USD	JUNE 2023 USD	DECEMBER 2022 USD
Currency forward exchange contracts				
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	69,768,120	268,931,651	69,768,120	268,931,651
Net amounts settled	(54,113,671)	(353,437,555)	(54,113,671)	(353,437,555)
Fair value gains through profit or loss	8,282,871	9,044,686	8,282,871	9,044,686
Net closing balance as at end of period	6,110,937	(17,826,383)	6,110,937	(17,826,383)

The fair value gain through profit or loss was USD 9,266,818 for the period ended 30 June 2022.

As at 30 June 2023, and 31 December 2022, the group only had currency forward exchange contracts in its derivative financial instruments portfolio.

18. TRADE FINANCE LOANS

	GROUP		BANK	
	JUNE 2023 USD	DECEMBER 2022 USD	JUNE 2023 USD	DECEMBER 2022 USD
Principal loans	4,536,248,235	4,209,321,447	4,536,248,235	4,209,321,447
Interest receivable	256,272,846	285,408,131	256,272,846	285,408,131
Gross loans	4,792,521,081	4,494,729,578	4,792,521,081	4,494,729,578
Impairment on trade finance loans (Note 20)*	(183,021,629)	(174,462,433)	(183,021,629)	(174,462,433)
Net loans	4,609,499,452	4,320,267,145	4,609,499,452	4,320,267,145

* Includes impairment charge for off-balance sheet commitments.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

18. TRADE FINANCE LOANS (continued)	GROUP		BANK	
	JUNE	DECEMBER	JUNE	DECEMBER
	2023	2022	2023	2022
	USD	USD	USD	USD
Analysis of gross loans by maturity:				
Within one year	2,789,113,580	2,592,276,843	2,789,113,580	2,592,276,843
One to three years	1,961,716,483	1,860,761,717	1,961,716,483	1,860,761,717
Over three years	41,691,018	41,691,018	41,691,018	41,691,018
	<u>4,792,521,081</u>	<u>4,494,729,578</u>	<u>4,792,521,081</u>	<u>4,494,729,578</u>
	=====	=====	=====	=====

As at 30 June 2023, as disclosed in Note 44 (b) the gross non-performing trade finance loans (stage 3) amounted to USD 124,083,423 (December 2022- USD 118,796,034). The specific impairment provisions related to these loans amounted to USD 75,346,120 (December 2022 - USD 74,809,139) hence the carrying amount of the stage 3 loans amounted to USD 48,737,303 (December 2022- USD 43,986,895). The provisions related to stage 1 and stage 2 trade finance loans amounted to USD 107,675,509 (December 2022 - USD 99,653,294).

19. PROJECT LOANS	GROUP		BANK	
	JUNE	DECEMBER	JUNE	DECEMBER
	2023	2022	2023	2022
	USD	USD	USD	USD
Loans disbursed	4,637,627,751	4,597,714,012	4,637,627,751	4,597,714,012
Interest capitalised*	136,611,852	108,051,165	136,611,852	108,051,165
Loans repaid	(2,932,004,942)	(2,764,858,895)	(2,932,004,942)	(2,764,858,895)
	<u>Principal loan balances</u>	<u>1,842,234,661</u>	<u>1,842,234,661</u>	<u>1,940,906,282</u>
	<u>Interest receivable</u>	<u>72,910,470</u>	<u>72,910,470</u>	<u>70,568,038</u>
Gross loans	<u>1,915,145,131</u>	<u>2,011,474,320</u>	<u>1,915,145,131</u>	<u>2,011,474,320</u>
Impairment on project loans (Note 20)	<u>(39,680,557)</u>	<u>(30,720,889)</u>	<u>(39,680,557)</u>	<u>(30,720,889)</u>
Net loans	<u>1,875,464,574</u>	<u>1,980,753,431</u>	<u>1,875,464,574</u>	<u>1,980,753,431</u>
	=====	=====	=====	=====
Analysis of gross loans by maturity:				
<i>Maturing:</i>				
Within one year	626,333,087	484,587,098	626,333,087	484,587,098
One year to three years	688,837,337	818,440,798	688,837,337	818,440,798
Three to five years	339,683,395	392,093,584	339,683,395	392,093,584
Over five years	260,291,312	316,352,840	260,291,312	316,352,840
	<u>1,915,145,131</u>	<u>2,011,474,320</u>	<u>1,915,145,131</u>	<u>2,011,474,320</u>
	=====	=====	=====	=====

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

The gross non-performing (Stage 3) project loans as disclosed in Note 44 (b) was USD 62,292,735 (December 2022 - USD 68,997,525). The impairment provisions on stage 3 loans amounted to USD 9,412,936 (December 2022 - USD 10,116,026) hence the carrying value of the loans amounted to USD 52,879,799 (December 2022- USD 58,881,499). Stage 1 and 2 provisions for project finance loans amounted to USD 30,267,621 (December 2022 - USD 20,604,863).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

20. IMPAIRMENT ON PROJECT AND TRADE FINANCE LOANS

The movement in provisions is as follows:

	GROUP AND BANK							
	Project Finance Loans On-balance Sheet	Project Finance Loans Off-balance Sheet	Total Project Finance Loans	Trade Finance Loans On-balance Sheet	Trade Finance Loans Off-balance Sheet	Total Trade Finance Loans	Low Credit Risk Assets	Total provisions
	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	(2,768,970)	-	(2,768,970)	-	-	-	-	(2,768,970)
Charge for the period:	11,294,633	434,005	11,728,638	8,344,091	215,105	8,559,196	(1,237,593)	19,050,241
As at 30 June 2023	38,372,403	1,308,154	39,680,557	181,068,029	1,953,600	183,021,629	8,005,087	230,707,273

The impairment allowance on loans was USD 40,083,000 for the period ended 30 June 2022.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

21. EQUITY INVESTMENTS

(i) Equity participation:

At fair value through OCI

As at 30 June 2023 :

	Beginning Cost USD	Additions/ disposals USD	Total Ending Cost USD	Investment Carrying Value at Period End USD	Investment Carrying Value Previous Year USD	Adjustment for the Period USD
African Export Import Bank	2,364,160	-	2,364,160	8,099,000	9,567,000	(1,468,000)
PTA Reinsurance	31,938,654	-	31,938,654	57,749,000	56,136,000	1,613,000
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
Gulf African Bank	1,978,734	-	1,978,734	1,905,000	1,887,000	18,000
Pan African Housing Fund	772,431	-	772,431	112,515	112,515	-
Cable and Wireless	2,729,000	-	2,729,000	2,729,000	2,729,000	-

TOTAL

42,537,979	(1,755,000)	40,782,979	71,919,515	71,452,098	273,000
=====	=====	=====	=====	=====	=====

As at 31 December 2022 :

African Export Import Bank	2,364,160	-	2,364,160	9,567,000	7,903,000	1,664,000
PTA Reinsurance	31,938,654	-	31,938,654	56,136,000	49,609,000	6,527,000
Tononoka	628,653	(628,653)	-	-	706,000	44,000
Tanruss	1,755,000	-	1,755,000	(194,417)	(375,000)	180,583
Africa Trade Insurance Company	1,000,000	-	1,000,000	1,215,000	1,170,000	45,000
Gulf African Bank	1,978,734	-	1,978,734	1,887,000	1,809,000	78,000
Pan African Housing Fund	805,098	(32,667)	772,431	112,515	256,070	(110,888)
Cable and Wireless	-	2,729,000	2,729,000	2,729,000	-	-

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 30 June 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 the period. The dividends received in respect of these investments, whenever applicable, are disclosed in Note 9.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

21. EQUITY INVESTMENTS (continued)	GROUP AND BANK	
	JUNE 2023 USD	DECEMBER 2022 USD
(ii) Installments paid:		
Total subscribed capital*	42,210,548	43,965,548
Less: Installments not due – Note 21(iii)	(1,427,569)	(1,427,569)
	<hr/>	<hr/>
Installments paid as at end of period– Note 21 (iv)	40,782,979	42,537,979
	<hr/>	<hr/>
* Total subscribed capital includes paid up capital and unpaid subscriptions.		
(iii) Unpaid subscriptions expressed in US Dollars at year-end rates comprised:		
African Export Import Bank*	1,200,000	1,200,000
Pan African Housing Fund*	227,569	227,569
	<hr/>	<hr/>
	1,427,569	1,427,569
	<hr/>	<hr/>
*Unpaid subscriptions are payable on call.		
(iv) Movement in the installments paid:		
At beginning of period	42,537,979	40,470,299
Additions at cost – Note 21(i)	-	2,729,000
Divestiture– Note 21(i)	(1,755,000)	(661,320)
	<hr/>	<hr/>
At end of period	40,782,979	42,537,979
	<hr/>	<hr/>

22. 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 22 (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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

22. INVESTMENT IN SUBSIDIARIES (Continued)

(a) TDB Subsidiaries (Continued)

(ii) Trade and Development Fund (TDF)

The Bank held 100% interest in Trade and Development Fund (TDF) until June this year when it ceded 13.56% of its stake in the entity to other investors. The Bank's current shareholding in TDF is 86.44%.

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.

(iii) Eastern and Southern African Infrastructure Fund (ESAIF)

The Bank has a 100% interest in Eastern and Southern African Infrastructure Fund (ESATAL). 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, ESATAL 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.

(iv) 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 46.39% (December 2022: 46.62%) of the total Net Asset Value (NAV) of ESATF.

(v) 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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

22. INVESTMENT IN SUBSIDIARIES (continued)

(b) TDB Investment in subsidiaries

As at 30 June 2023:

	TDF	ESATAL	ESAIF	ESATF	TCI	TOTAL
<i>Subsidiary's Issued Shares:</i>						
As at 1 January 2023	1	139,967	1,227,054	106,284,296	30,000,000	137,651,318
Subscriptions during the period	9,913,264	-	-	526,954	-	10,440,218
Total issued and fully paid	9,913,265	139,967	1,227,054	106,811,250	30,000,000	148,091,536
	=====	=====	=====	=====	=====	=====
TDB's share	86.44%	100%	100%	46.39%	100%	
Fully paid	8,569,378	139,967	1,227,054	49,549,739	30,000,000	89,486,138
	=====	=====	=====	=====	=====	=====
<i>Share capital:</i>	USD	USD	USD	USD	USD	USD
Total Investment in subsidiaries	8,569,378	139,967	1,227,054	49,549,739	30,000,000	89,486,138
	=====	=====	=====	=====	=====	=====
Total issued and fully paid	8,569,378	1,359,463	1,227,054	49,549,739	30,000,000	90,705,634
	=====	=====	=====	=====	=====	=====
As at 31 December 2022						
<i>Subsidiary's Issued Shares:</i>						
As at 1 January 2022	1	139,967	1,044,150	97,615,719	-	98,799,837
Subscriptions during the year	-	-	182,904	8,668,577	30,000,000	38,851,481
Total issued and fully paid	1	139,967	1,227,054	106,284,296	30,000,000	137,651,318
	=====	=====	=====	=====	=====	=====
TDB's share	100%	100%	100%	46.62%	100%	
Fully paid	1	139,967	1,227,054	49,549,739	30,000,000	31,367,022
	=====	=====	=====	=====	=====	=====
<i>Share capital:</i>	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
	=====	=====	=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)
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NOTES TO THE FINANCIAL STATEMENTS (continued)

22. INVESTMENT IN SUBSIDIARIES - AT COST (continued)

(c) Summarised Financial Information

As at 30 June 2023	TDF	ESATAL	ESAIF	ESATF	TCI
(i) Statement of Financial Position					
Total assets	8,684,809	1,675,925	39,244	130,853,558	38,329,746
Total liabilities	(12,485,333)	(11,040)	(33,619)	(3,122,518)	(9,397,809)
	=====	=====	=====	=====	=====
Net assets	(3,800,524)	1,664,885	5,625	127,731,040	28,931,937
	=====	=====	=====	=====	=====
Non-controlling interest	(515,216)	-	-	68,470,648	-
	=====	=====	=====	=====	=====
(ii) Statement of Profit and Loss and Other Comprehensive Income					
Income	119,664	931,317	-	5,947,214	1,776,387
Expenditure	(592,935)	(143,923)	(15,194)	(1,060,512)	(141,719)
	=====	=====	=====	=====	=====
Comprehensive income/loss for the period	(473,271)	787,394	(15,194)	4,886,702	1,634,668
	=====	=====	=====	=====	=====
Attributable to owners of the Bank	(414,386)	787,394	(15,194)	2,267,169	1,634,668
Non-controlling interest	(64,986)	-	-	2,619,533	-
	=====	=====	=====	=====	=====
	(479,372)	787,394	(15,194)	4,886,702	1,634,668
	=====	=====	=====	=====	=====
(iii) Statement of Cash Flows					
Net cash (used in)/ generated from operating activities	(4,913,264)	694,420	(50)	5,488,402	300,774
Net cash generated from/(used in) financing activities	4,913,264	(1,076,840)	-	600,000	-
Net cash generated from investing activities	-	-	-	895,408	395,917
	=====	=====	=====	=====	=====
Net increase/(decrease) in cash and cash equivalents	-	(382,420)	(50)	6,983,810	696,691
Cash and cash equivalents at beginning of period	-	1,885,245	34,669	5,053,900	36,042,876
	=====	=====	=====	=====	=====
Cash and cash equivalents at end of period	-	1,502,825	34,619	12,037,710	36,739,567
	=====	=====	=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued)

22. INVESTMENT IN SUBSIDIARIES - AT COST (continued)

(c) Summarised Financial Information

As at 31 December 2022	TDF	ESATAL	ESAIF	ESATF	TCI
(i) Statement of Financial Position					
Total assets	8,684,809	2,047,166	36,880	122,508,785	36,015,288
Total liabilities	(12,485,333)	(92,669)	(16,061)	(279,248)	(7,178,882)
Net assets	(3,800,524)	1,954,497	20,819	122,229,537	28,836,406
Non-controlling interest	-	-	-	65,246,073	-
(ii) Statement of Profit and Loss and					
Income	235,456	1,704,424	-	8,062,189	3,635,160
Expenditure	(1,402,789)	(268,637)	(24,731)	(2,224,134)	(326,334)
Comprehensive income/loss	(1,167,333)	1,435,787	(24,731)	5,838,055	3,308,826
Attributable to owners of the Bank	(1,167,333)	1,435,787	(24,731)	4,378,541	3,308,826
Non-controlling interest	-	-	-	1,459,514	-
	(1,167,333)	1,435,787	(24,731)	5,838,055	3,308,826
(iii) Statement of Cash Flows					
Net cash (used in)/ generated from operating activities	(2,166,399)	1,581,767	(41,139)	2,332,854	3,401,479
Net cash generated from/(used in) financing activities	2,166,399	(716,560)	41,089	(16,052,133)	30,000,000
Net cash generated from investing activities	-	-	-	9,680,730	-
Net increase/(decrease) in cash and cash equivalents	-	865,207	(50)	(4,038,549)	33,401,479
Cash and cash equivalents at beginning of year	-	1,020,038	34,719	9,092,449	-
Cash and cash equivalents at end of year	-	1,885,245	34,669	5,053,900	33,401,479

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NOTES TO THE FINANCIAL STATEMENTS (continued)

23. INVESTMENTS IN GOVERNMENT SECURITIES

Held at Amortised Cost:	GROUP		BANK	
	JUNE 2023	DECEMBER 2022	JUNE 2023	DECEMBER 2022
	USD	USD	USD	USD
Treasury Notes and Treasury Bonds:				
At 1 January:	57,227,132	83,950,034	57,227,132	83,950,034
Maturities	(5,691,887)	(26,722,902)	(5,691,887)	(26,722,902)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December:	51,535,245	57,227,132	51,535,245	57,227,132
	=====	=====	=====	=====

* As part of the Bank's mandate to deepen capital markets within our member state, TDB continued to invest in Zambian Treasury Bonds providing competitive yields ranging from 26.00% to 33.00%. The bonds are held as investments in Zambian Kwacha equivalent.

24. OTHER RECEIVABLES

	GROUP		BANK	
	JUNE 2023	DECEMBER 2022	JUNE 2023	DECEMBER 2022
	USD	USD	USD	USD
Prepayments and other receivables*	33,709,580	41,478,517	29,393,914	26,918,832
Trade Fund receivables	112,636,908	115,420,879	-	-
Staff loans and advances**	22,495,396	21,230,498	22,495,396	21,230,500
Appraisal fees***	678,145	480,808	678,145	480,808
	<hr/>	<hr/>	<hr/>	<hr/>
	169,520,029	178,610,702	52,567,455	48,630,140
	=====	=====	=====	=====
Appraisal fees receivable***				
At the beginning of the year	480,808	323,564	480,808	323,564
Accrued Income	642,032	4,577,837	642,032	4,577,837
Receipts	(407,018)	(350,638)	(407,018)	(350,638)
Impaired amounts	(37,677)	(4,069,955)	(37,677)	(4,069,955)
	<hr/>	<hr/>	<hr/>	<hr/>
At the end of the year	678,145	480,808	678,145	480,808
	=====	=====	=====	=====
Amounts due within one year	84,774,882	159,465,775	28,456,428	29,485,213
Amounts due after one year	84,745,147	19,144,927	24,111,027	19,144,927
	<hr/>	<hr/>	<hr/>	<hr/>
	169,520,029	178,610,702	52,567,455	48,630,140
	=====	=====	=====	=====

* 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.

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

25. PROPERTY AND EQUIPMENT

	Freehold land USD	Building Under Construction USD	Buildings USD	Motor vehicles USD	Furniture and fittings USD	Office equipment USD	Total USD
COST							
As at 1 January 2023	140,400	24,598,036	26,688,625	1,071,057	1,748,578	3,204,666	57,451,362
Additions	-	-	2,209,631	80,707	1,709,516	874,264	4,874,118
Disposals	-	-	-	-	-	(21,786)	(21,786)
Capitalization of Building Under Construction	-	(24,598,036)	24,598,036	-	-	-	-
Transfer to Investment Property (Note 26)	-	-	(2,748,336)	-	-	-	(2,748,336)
As at 30 June 2023	140,400	-	50,747,956	1,151,764	3,458,094	4,057,144	59,555,358
DEPRECIATION							
As at 1 January 2023	-	-	9,796,659	909,517	1,479,993	2,737,340	14,923,509
Charge for the period	-	-	290,504	48,459	70,474	151,159	560,596
Disposals	-	-	-	-	-	(21,786)	(21,786)
As at 30 June 2023	-	-	10,087,163	957,976	1,550,467	2,866,713	15,462,319
NET BOOK VALUE	140,400	-	40,660,793	193,788	1,907,627	1,190,431	44,093,039

Newly constructed building:

The Group completed the construction 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 30th May 2023, 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).

Transfer to Investment Property (Note 26)

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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

25. PROPERTY AND EQUIPMENT - GROUP AND BANK (continued)

	Freehold land USD	Building Under Construction USD	Buildings USD	Motor vehicles USD	Furniture and fittings USD	Office equipment USD	Total USD
COST							
As at 1 January 2022	140,400	17,001,300	26,688,625	1,047,989	1,745,887	2,867,770	49,491,971
Additions	-	7,596,736	-	23,068	2,691	345,166	7,967,661
Disposals	-	-	-	-	-	(8,270)	(8,270)
As at 31 December 2022	140,400	24,598,036	26,688,625	1,071,057	1,748,578	3,204,666	57,451,362
DEPRECIATION							
As 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)
As 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	16,891,966	161,540	268,585	467,326	42,527,853

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NOTES TO THE FINANCIAL STATEMENTS (continued)

26. INVESTMENT PROPERTY

	GROUP AND BANK Nairobi Office
Total space -Square meters	22,948
Lettable space -square meters	2,482
Leased space-Square meters	-
Lettable space -%	11%
Leased space -%	0%
	=====
	USD
COST/FAIR VALUE	
As at 1 January 2023	-
Transfer from Property & Equipment (Note 25)	2,748,336

As at 30 June 2023	2,748,336
	=====
DEPRECIATION	
As at 1 January 2023	-
Charge for the period	26,778

As at 30 June 2023	26,778
	=====
NET CARRYING AMOUNT	
As at 30 June 2023	2,721,558
	=====
As at 31 December 2022	-
	=====

The transfer from Property and Equipment (note 25) in respect to Nairobi office building relates to amounts that were held as work in progress during the construction phase.

TDB is first recognizing investment property in the reporting period to 30 June 2023. Management believes that the amounts carried in the financial statements as at 30 June 2023 approximate the properties' market values.

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 investment property, as the property had not been leased as at the reporting date.

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

27. 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 a 99 year leasehold title. Information about the leases in which the Group is a lessee is presented below:

	GROUP		BANK	
	JUNE	DECEMBER	JUNE	DECEMBER
	2023	2022	2023	2022
	USD	USD	USD	USD
COST				
At the beginning of the period	4,824,392	4,690,034	4,824,392	4,690,034
Additions/ lease asset recognized	-	134,358	-	134,358
Lease derecognized	(2,370,527)	-	(2,370,527)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At the end of the period	2,453,865	4,824,392	2,453,865	4,824,392
	<hr/>	<hr/>	<hr/>	<hr/>
AMORTISATION				
At the beginning of the period	2,246,808	1,636,136	2,246,808	1,636,136
Charge for the period	178,380	610,672	178,380	610,672
Lease derecognized	(2,237,242)	-	(2,237,242)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At the end of the period	187,946	2,246,808	187,946	2,246,808
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE				
At the end of the period	2,265,919	2,577,584	2,265,919	2,577,584
	=====	=====	=====	=====
Amounts recognised in profit and loss				
Depreciation expense on right-of-use assets	178,380	610,672	178,380	610,672
Interest expense on lease liabilities (Note10)	23,819	102,735	23,819	102,735
Expense relating to short term lease contracts	11,012	36,144	11,012	36,144
	<hr/>	<hr/>	<hr/>	<hr/>
At the end of the period	213,211	749,551	213,211	749,551
	=====	=====	=====	=====
Amounts recognised in net assets				
Payment of lease liabilities (Note 30)	(268,065)	(605,605)	(268,065)	(605,605)
	=====	=====	=====	=====

28. INTANGIBLE ASSETS

COST				
At the beginning of the period	4,733,657	4,379,081	4,733,657	4,379,081
Additions	-	354,576	-	354,576
	<hr/>	<hr/>	<hr/>	<hr/>
At the end of the period	4,733,657	4,733,657	4,733,657	4,733,657
	<hr/>	<hr/>	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

28. INTANGIBLE ASSETS (continued)

	GROUP		BANK	
	JUNE 2023 USD	DECEMBER 2022 USD	JUNE 2023 USD	DECEMBER 2022 USD
AMORTISATION				
At the beginning of the period	4,020,165	3,226,100	4,020,165	3,226,100
Charge for the period	363,157	794,065	363,157	794,065
At the end of the period	4,383,322	4,020,165	4,383,322	4,020,165
NET BOOK VALUE				
At the end of the year	350,335	713,493	350,335	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.

29. COLLECTION ACCOUNT DEPOSITS

	GROUP		BANK	
	JUNE 2023 USD	DECEMBER 2022 USD	JUNE 2023 USD	DECEMBER 2022 USD
At beginning of the period	123,759,079	64,979,105	123,759,079	64,979,105
Increase	69,167,444	68,970,583	69,167,444	68,970,583
Reduction	(241,574)	(10,190,609)	(241,574)	(10,190,609)
At end of the period	192,684,949	123,759,079	192,684,949	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.

30. LEASE LIABILITIES

	GROUP		BANK	
	JUNE 2023 USD	DECEMBER 2022 USD	JUNE 2023 USD	DECEMBER 2022 USD
At start of period	244,246	612,758	244,246	612,758
New lease liabilities	-	134,358	-	134,358
Payment of lease liabilities	(268,065)	(605,605)	(268,065)	(605,605)
Interest on lease liabilities	23,819	102,735	23,819	102,735
At end of period	-	244,246	-	244,246
	=====	=====	=====	=====
<i>Maturity Analysis of undiscounted cash flows</i>				
Year 1	-	244,246	-	244,246
Year 2	-	-	-	-
Total discounted lease liabilities	-	244,246	-	244,246
	=====	=====	=====	=====

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

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31. SHORT TERM BORROWINGS

				GROUP AND BANK	
	Date of	Maturity Date	Currency	JUNE	DECEMBER
	renewal/			2023	2022
	advance			USD	USD
Global Syndication 2022	Dec-22	Dec-25	USD	863,738,566	801,388,566
Asia Syndication 2022	Aug-22	Jul-25	USD	500,000,000	500,000,000
Global Syndication 2021	Dec-21	Dec-24	USD	494,238,430	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
Standard Chartered Bank London	Jun-22	Mar-24	USD	250,000,000	227,183,099
The Bank of Tokyo Mitsubishi UFJ, Ltd	May-23	May-24	USD	150,000,000	150,000,000
Sumarai 2021	Dec-21	Dec-23	USD	150,000,000	150,000,000
Citibank	Jun-23	Jun-24	USD	100,000,000	148,009,393
Commerzbank	Jun-22	May-26	USD	96,295,000	-
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-22	Jul-23	USD	50,000,000	50,000,000
Africa 50 Financement de Projets	Jun-23	Aug-23	USD	25,593,552	32,409,355
CASSA	Jan-21	Jan-24	USD	16,346,250	31,987,500
NOUVBANK	Jun-23	Sep-23	USD	8,683,388	22,060,704
African Trade Insurance Agency	Jan-22	Jun-24	USD	5,443,181	4,416,451
BANCOBU	Oct-22	Oct-23	USD	3,000,000	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				3,424,338,367	3,474,048,498
Interest payable				20,317,925	15,283,183
TOTAL SHORT TERM BORROWINGS				3,444,656,292	3,489,331,681
				=====	=====
Amount due within one year				1,212,682,808	1,313,362,184
Amount due after one year				2,231,973,484	2,175,969,497
				3,444,656,292	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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

32. LONG TERM BORROWINGS

Lender	Date of Renewal/ disbursement	Maturity Date	Currency	Amount in Currency	GROUP AND BANK As at 30 June 2023		
					Balance outstanding USD	Amount due within one year USD	Amount due after one year USD
African Development Bank	Nov-08	Feb-32	USD	163,123,769	163,123,769	27,123,769	136,000,000
African Economic Research Consortium	Nov-19	Nov-26	USD	3,106,249	3,106,249	-	3,106,249
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: Second 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	40,000,000	40,000,000	10,000,000	30,000,000
KfW	Dec-13	Nov-36	USD	112,380,952	112,380,952	15,238,095	97,142,857
European Investment Bank	Aug-16	Nov-33	USD	71,121,612	71,121,612	11,748,279	59,373,333
British International Investment	Oct-16	May-26	USD	25,000,000	25,000,000	8,333,333	16,666,667
Standard Chartered Bank / USAID	Sep-17	Sep-24	USD	6,341,408	6,341,408	4,227,906	2,113,502
Finnish Export Credit -Sumitomo Mitsui Banking Corporation	Jul-17	Dec-29	USD	40,903,183	40,903,183	6,292,724	34,610,459
Agence Francaise De Development	Dec-17	Jun-36	USD	131,549,358	131,549,358	7,083,333	124,466,025
Industrial Development Corporation	Mar-18	Feb-26	USD	40,226,074	40,226,074	13,408,691	26,817,383
Arab Bank for Economic Development in Africa	Feb-18	Jan-28	USD	58,437,500	58,437,500	1,875,000	56,562,500
Development Bank of the Republic of Belarus -1	Jun-20	Apr-25	USD	18,899,760	18,899,760	5,342,569	13,557,191
Oesterreichische Entwicklungsbank AG	Jun-20	Jun-30	USD	20,588,235	20,588,235	2,941,176	17,647,059
MIGA Guaranteed Syndicated	Jul-20	Jun-30	EUR	334,434,877	364,450,408	-	364,450,408
Cassa Depositi e Prestiti	Jul-20	Jun-30	EUR	41,176,471	44,872,059	6,410,294	38,461,765
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	18,571,429	18,571,428	2,857,143	15,714,285
					2,640,397,841	872,882,312	1,767,515,529

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NOTES TO THE FINANCIAL STATEMENTS (continued)

32. LONG TERM BORROWINGS (continued)

	GROUP AND BANK		
	As at 30 June 2023		
	Balance outstanding USD	Amount due within one year USD	Amount due after one year USD
Total for long term borrowings	2,640,397,841	872,882,312	1,767,515,529
Interest payable	20,351,991	20,351,991	-
Total long term borrowings	2,660,749,832	893,234,303	1,767,515,529
Deferred expenditure	(72,569,298)	(22,108,341)	(50,460,957)
	2,588,180,534	871,125,962	1,717,054,572
	=====	=====	=====

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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

32. LONG TERM BORROWINGS (continued)

Lender	Date of Renewal/ disbursement	Maturity Date	Currency	GROUP AND BANK As at 31 December 2022		
				Balance outstanding USD	Amount due within one year USD	Amount due after one Year USD
African Development Bank	Nov-08	Feb-32	USD	176,250,000	30,250,000	146,000,000
African Economic Research Consortium	Nov-19	Nov-26	USD	3,050,424	-	3,050,424
Agence Francaise De Development	Dec-17	Jun-36	USD	112,075,000	6,250,000	105,825,000
Arab Bank for Economic Development in Africa	Feb-18	Jan-28	USD	59,375,000	1,875,000	57,500,000
Cassa Depositi e Prestiti	Jul-20	Jun-30	EUR	47,040,441	6,272,059	40,768,382
CDC Group	Oct-16	May-26	USD	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	5,342,569	13,417,484
Development Finance Institute Canada -FinDev Canada	Nov-21	Nov-29	USD	20,000,000	2,857,143	17,142,857
European Investment Bank	Aug-16	Nov-33	USD	76,997,333	11,749,333	65,248,000
Finnish Export Credit -Sumitomo Mitsui Banking Corporation	Jul-17	Dec-29	USD	44,049,071	6,292,724	37,756,347
Industrial Development Corporation	Mar-18	Feb-26	USD	46,930,419	13,408,691	33,521,728
KfW	Dec-13	Nov-31	USD	120,000,000	15,238,095	104,761,905
MIGA Guaranteed Syndicated	Jul-20	Jun-30	EUR	356,591,188	-	356,591,188
Oesterreichische Entwicklungsbank AG	Jun-20	Jun-30	USD	22,058,824	2,941,176	19,117,648
Opec Fund for International Development	Mar-19	Jun-23	USD	50,000,000	20,000,000	30,000,000
Standard Chartered Bank / USAID	Sep-17	Sep-24	USD	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
US\$ 1.0 Billion Euro Medium Term Note Programme: Third Tranche	Jun-21	Jun-28	USD	650,000,000	-	650,000,000
World Bank Facility-Infrastructure Facility	Mar-21	Aug-39	USD	25,560,000	-	25,560,000
World Bank Facility-Technical Assistance Facility	Jan-21	Aug-58	USD	1,641,000	-	1,641,000
				2,618,001,231	135,038,029	2,482,963,202

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NOTES TO THE FINANCIAL STATEMENTS (continued)

32. LONG TERM BORROWINGS (continued)

	GROUP AND BANK		
	As at 31 December 2022	Amount due within one year	Amount due after one year
	Balance outstanding 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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

33. OTHER PAYABLES

	GROUP		BANK	
	JUNE	DECEMBER	JUNE	DECEMBER
	2023	2022	2023	2022
	USD	USD	USD	USD
33 (a). NON-CONTROLLING INTEREST PAYABLES*				
Balance at 1 January 2023	65,246,073	-	-	-
Net Asset Value increase	3,225,575	65,246,073	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at end of period	68,470,648	65,246,073	-	-
	=====	=====	=====	=====
33 (b). OTHER PAYABLES				
Deferred income LC discounting	61,608,958	34,994,342	61,608,958	34,994,342
Provident fund**	50,152,132	37,949,595	50,152,132	37,949,595
Deferred income forfeiting	39,345,808	25,288,362	39,345,808	25,288,362
Other creditors***	17,952,881	36,916,073	17,719,174	16,174,110
Dividend payable	8,354,254	8,774,902	8,354,254	8,774,902
Accrued long term incentive scheme	8,021,754	10,605,213	8,021,754	10,605,213
Accrued reward & recognition	1,922,144	3,827,543	1,922,144	3,827,543
Accrued fees - trade finance	1,191,551	725,345	1,191,551	725,345
Accrued expenses	261,625	413,385	261,625	413,385
Prepaid rent	94,469	94,469	94,469	94,469
Accrued fees - project finance	16,139	16,139	16,139	16,139
Accrued Syndication Fees	1,003	-	1,003	-
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER PAYABLES	188,922,718	159,605,368	188,689,011	138,863,405
	=====	=====	=====	=====
TOTAL OTHER PAYABLES	257,393,366	224,851,441	188,689,011	138,863,405
	=====	=====	=====	=====
<i>Analysis of other payables by maturity:</i>				
Amounts due within one year	106,191,998	186,901,846	37,721,350	100,913,810
Amounts due after one year	151,201,368	37,949,595	150,967,661	37,949,595
	<hr/>	<hr/>	<hr/>	<hr/>
	257,393,366	224,851,441	188,689,011	138,863,405
	=====	=====	=====	=====

*Non- controlling interest payable relate to Net Asset Value movement in ESATF which are due to other shareholders. These were first recognised in December 2022 when ESATF was recognised as a subsidiary of TDB.

**Provident fund relates to the Group's contribution to the fund that is payable.

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

34. PROVISION FOR SERVICE AND LEAVE PAY

	GROUP		BANK	
	JUNE 2023 USD	DECEMBER 2022 USD	JUNE 2023 USD	DECEMBER 2022 USD
(i) PROVISION FOR SERVICE PAY				
At 1 January	8,762,969	8,458,074	8,762,969	8,458,074
Increase in provision	894,689	1,185,365	894,689	1,185,365
Payment of service pay	(94,350)	(880,470)	(94,350)	(880,470)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	9,563,308	8,762,969	9,563,308	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	274,605	176,265	274,605	176,265
Payment of leave pay	(33,527)	(302,825)	(33,527)	(302,825)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	2,944,178	2,703,100	2,944,178	2,703,100
	=====	=====	=====	=====
TOTAL PROVISION FOR SERVICE AND LEAVE PAY	12,507,486	11,466,069	12,507,486	11,466,069
	=====	=====	=====	=====

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

35. SHARE CAPITAL

35. SHARE CAPITAL	GROUP AND BANK							
	As at 30 June 2023			As at 31 December 2022			TOTAL SHARES USD	
CLASS 'A' SHARES USD	CLASS 'B' SHARES USD	CLASS 'C' SHARES USD	TOTAL SHARES USD	CLASS 'A' SHARES USD	CLASS 'B' SHARES USD	CLASS 'C' SHARES USD		
Authorised capital:								
176,468 Class 'A' ordinary shares of USD 22,667 each	4,000,000,156	-	-	4,000,000,156	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	-	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	-	1,000,000,039	1,000,000,039	
Less: Unsubscribed								
- Class 'A'	(1,096,765,462)	-	-	(1,096,765,462)	(1,096,765,462)	-	(1,096,765,462)	
- Class 'B'	-	(853,366,625)	-	(853,366,625)	-	(852,083,665)	(852,083,665)	
- Class 'C'	-	-	(985,447,790)	(985,447,790)	-	(987,805,159)	(987,805,159)	
Subscribed capital:								
128,082 Class 'A' (December 2022: 128,082) ordinary shares of USD 22,667 each	2,903,234,694	-	-	2,903,234,694	2,903,234,694	-	2,903,234,694	
32,345 Class 'B' (December 2022: 32,872) ordinary shares of USD 4,533.40 each	-	146,633,414	-	146,633,414	-	147,916,374	147,916,374	
3,210 Class 'C' (December 2022: 2,690) ordinary shares of USD 4,533.40 each	-	-	14,552,249	14,552,249	-	12,194,880	12,194,880	
Less: Callable capital	(2,322,587,755)	-	-	(2,322,587,755)	(2,322,587,755)	-	(2,322,587,755)	
Payable capital								
Less: Amounts not yet due	580,646,939 (155,368,709)	146,633,414	14,552,249	741,832,602 (155,368,709)	580,646,939 (156,091,310)	147,916,374	740,758,193 (156,091,310)	
Capital due								
Less: subscriptions in arrears	425,278,230 (2,000,113)	146,633,414	14,552,249	586,463,893 (2,000,113)	424,555,629 (4,227,849)	147,916,374	584,666,883 (4,227,849)	
Paid up capital								
	423,278,117	146,633,414	14,552,249	584,463,780	420,327,780	147,916,374	580,439,034	

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NOTES TO THE FINANCIAL STATEMENTS (continued)

35. SHARE CAPITAL (continued)

	GROUP AND BANK As at 30 June 2023			TOTAL USD
	CLASS 'A' USD	CLASS 'B' USD	CLASS 'C' USD	
Movement in paid - up share capital				
At beginning of period	420,327,780	147,916,374	12,194,880	580,439,034
Mauritian Eagle Insurance Company	-	(1,282,960)	965,615	(317,345)
TDB Directors & Select Stakeholders Provident Fund	-	-	131,470	131,470
TDB Staff Provident Fund	-	-	1,260,284	1,260,284
Botswana	657,343	-	-	657,343
Kenya	2,227,713	-	-	2,227,713
Senegal	65,281	-	-	65,281
Total subscriptions during the period	2,950,337	(1,282,960)	2,357,369	4,024,746
At end of period	423,278,117	146,633,414	14,552,249	584,463,780
	=====	=====	=====	=====

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 50 contains the status of subscriptions to the capital stock by member countries.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

35. SHARE CAPITAL (continued)

35. SHARE CAPITAL (continued)	GROUP AND BANK			TOTAL
	As at 31 December 2022			
	CLASS 'A'	CLASS 'B'	CLASS 'C'	
Movement in paid - up share capital	USD	USD	USD	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
Agaciro Development Fund	-	2,665,639	-	2,665,639
Arab Bank for Economic Development in Africa	-	113,335	-	113,335
National Pension Fund-Mauritius	-	222,137	-	222,137
National Social Security Fund- Tanzania	-	3,626,720	-	3,626,720
OPEC Fund for International Development	-	3,273,115	-	3,273,115
Sacos Group Limited	-	(612,012)	979,217	367,205
Sicom Global Fund Limited	-	652,810	-	652,810
TDB Directors & Select Stakeholders Provident Fund	-	(838,680)	1,015,483	176,803
TDB Staff Provident Fund	-	(7,747,610)	10,200,180	2,452,570
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
Congo DRC	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	1,876,795	12,194,880	24,570,367
At end of year	420,327,780	147,916,374	12,194,880	580,439,034

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NOTES TO THE FINANCIAL STATEMENTS (continued)

35. SHARE CAPITAL (Continued)

SHARE PREMIUM

As at 30 June 2023	GROUP AND BANK			
	Number of Shares	Share Value USD	Price Paid USD	Share Premium USD
Share Premium - Class B:				
As at 1 January 2023	32,628	147,916,373	288,857,345	140,940,972
Disposals	(283)	(1,282,960)	(4,344,339)	(3,061,379)
	=====	=====	=====	=====
As at end of period	32,345	146,633,413	284,513,006	137,879,593
	=====	=====	=====	=====
Share Premium - Class C:				
As at 1 January 2023	2,690	12,194,881	11,716,772	(478,109)
Additions – Cash paid	1,391	6,305,959	13,912,993	7,607,034
Maturities during the period - Note 41 (f)	(871)	(3,948,591)	(13,370,721)	(9,422,130)
	=====	=====	=====	=====
As at end of period	3,210	14,552,249	12,259,044	(2,293,205)
	=====	=====	=====	=====
Share Premium - Class A:				
As at 1 January 2023	128,082	49,154,561	131,969,322	76,668,624
Additions – Cash paid	-	2,950,318	8,206,209	5,255,891
	=====	=====	=====	=====
As at end of period	128,082	52,104,879	140,175,531	81,924,515
	=====	=====	=====	=====
TOTAL PREMIUM				
As at 30 June 2023	163,637	213,290,541	436,947,581	217,510,903
	=====	=====	=====	=====
Additional Premium for the period	237	4,024,726	4,404,142	379,419
	=====	=====	=====	=====
As at 31 December 2022				
Share Premium - Class B:				
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
Disposals during the period- Note 41(f)	(173)	(784,278)	(2,445,816)	(1,661,538)
	=====	=====	=====	=====
As at end of period	32,628	147,916,373	288,857,345	140,940,972
	=====	=====	=====	=====
Share Premium - Class C:				
As at 1 January 2022	-	-	-	-
Additions – Cash paid	2,690	12,194,881	11,716,772	(478,109)
	=====	=====	=====	=====
As at end of period	2,690	12,194,881	11,716,772	(478,109)
	=====	=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued)

35. SHARE CAPITAL (Continued)

35. SHARE CAPITAL (Continued)	GROUP AND BANK			
SHARE PREMIUM (Continued)	Number of Shares	Share Value USD	Price Paid USD	Share Premium USD
As at 31 December 2022				
Share Premium - Class A:				
As at 1 January 2022	92,890	38,655,891	105,243,518	60,441,487
Additions - Without share premium	217	2,565,220	2,565,220	-
Additions – Cash paid	1,750	7,933,450	24,160,587	16,227,137
Additions – GCI Allotment	33,225	-	-	-
As at end of period	128,082	49,154,561	131,969,325	76,668,624
	=====	=====	=====	=====
TOTAL PREMIUM				
As at 31 December 2022	163,400	209,265,815	432,543,442	217,131,487
	=====	=====	=====	=====
Additional premium for the period	38,296	24,570,345	65,513,334	40,942,989
	=====	=====	=====	=====

Nature and purpose of the share premium

Class 'B' and Class 'C' shares are issued at a premium of USD 10,875.60 (December 2022: USD 10,875.60) 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 30 June 2023, there were 128,052 Class 'A' ordinary shares (December 2022: 128,052), 32,345 Class 'B' ordinary shares (December 2022: 32,628) and 3,210 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	
	JUNE 2023 USD	DECEMBER 2022 USD
Dividend on ordinary shares declared and paid:		
Final dividend for 2022: 385.42 (2021: USD 339.71 per share)		
Declared and paid	41,077,569	32,629,077
Declared and not paid/payable	8,354,254	8,774,902
	49,431,823	41,403,979
	=====	=====
Proposed dividend on ordinary shares:		
Dividend for 2023: NIL (December 2022: USD 385.42 per share)	-	49,431,823
	=====	=====

Proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognized as a financial liability as at the end of the period.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

36. 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.

37. NOTES TO THE STATEMENT OF CASH FLOWS:

	GROUP		BANK	
	JUNE	JUNE	JUNE	JUNE
	2023	2022	2023	2022
	USD	USD	USD	USD
(a) Cash generated from/(used in) operations:				
Profit for the period	93,593,377	89,971,329	87,856,085	88,591,359
<i>Adjustments:</i>				
Depreciation on property and equipment	560,596	495,407	560,596	495,407
Depreciation of investment property	26,778	-	26,778	-
Depreciation of right of use assets	178,380	299,900	178,380	299,900
Amortisation of intangible assets	363,157	401,312	363,157	401,312
Losses in non-cash foreign exchange	1,051,658	3,727,847	1,109,854	3,727,847
Interest received*	(171,404,264)	(125,150,223)	(171,404,264)	(125,150,223)
Interest paid*	201,830,806	89,417,888	201,830,806	89,417,888
Provision for impairment	19,050,241	40,083,000	19,050,241	40,083,000
Increase/(decrease) in provision for service and leave pay	913,540	(1,439,765)	913,540	(1,439,765)
Impairment of off-balance sheet items	588,483	2,585,552	588,483	2,585,552
Interest on lease liability	23,819	32,018	23,819	32,018
Derecognition of right of use assets	133,285	-	133,285	-
Profit before working capital changes	146,909,856	100,424,265	141,230,760	99,044,295
Decrease/(increase) in other receivables	9,090,674	(6,239,481)	(3,937,316)	(7,145,454)
Increase in hedging derivatives - Assets	(6,110,937)	(15,470,850)	(6,110,937)	(15,470,850)
Decrease in hedging derivatives -Liabilities	(17,826,383)	-	(17,826,383)	-
Increase in trade finance loans	(297,576,398)	(139,690,986)	(297,576,398)	(139,690,986)
Decrease in project loans	93,994,224	91,236,579	93,994,224	91,236,579
Investment in subsidiaries	-	-	(8,569,377)	(25,000,000)
Increase/(decrease) in collection accounts deposits	68,925,870	(9,580,098)	68,925,870	(9,580,098)
Increase in non-controlling payables-redeemable shares	3,224,575	-	-	-
(Decrease)/ increase in other payables	29,317,350	16,416,823	49,825,606	47,519,487
Provision for service and leave pay paid	127,877	1,103,945	127,877	1,103,945
Decrease in borrowings	(13,055,668)	(717,095,681)	(13,055,668)	(717,095,681)
Net cash generated from/(used in) operations	17,021,040	(678,895,484)	7,028,259	(675,078,763)
	=====	=====	=====	=====

*The Group and Bank have presented the cash flows related to interest received and interest paid on the primary statement of cash flows.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

37. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

	GROUP		BANK	
	JUNE	JUNE	JUNE	JUNE
	2023	2022	2023	2022
	USD	USD	USD	USD
(b) Analysis of changes in borrowings:				
Short term borrowings:				
At beginning of period	3,489,331,681	2,663,462,546	3,489,331,681	2,663,462,546
Loans received	551,391,788	543,061,002	551,391,788	543,061,002
Repayments	(596,067,177)	(460,521,307)	(596,067,177)	(460,521,307)
At end of period	3,444,656,292	2,746,002,241	3,444,656,292	2,746,002,241
Long term borrowings:				
At beginning of period	2,556,560,813	3,374,096,364	2,556,560,813	3,374,096,364
Loans received	124,147,133	34,131,351	124,147,133	34,131,351
Repayments	(92,527,412)	(833,766,727)	(92,527,412)	(833,766,727)
At end of period	2,588,180,534	2,574,460,988	2,588,180,534	2,574,460,988
Total at end of period	6,032,836,826	5,320,463,229	6,032,836,826	5,320,463,229
Total at beginning of period	6,045,892,494	6,037,558,910	6,045,892,494	6,037,558,910
Decrease in total borrowings	(13,055,668)	(717,095,681)	(13,055,668)	(717,095,681)
(c) Analysis of cash and cash equivalents				
Cash and balances with other banks (Note 16)	1,727,919,130	1,343,063,341	1,677,492,860	1,339,372,669
	1,727,919,130	1,343,063,341	1,677,492,860	1,339,372,669

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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

37. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

(d) Facilities available for lending

As at 30 June 2023 the following facilities were available to the Group and Bank for lending

LONG TERM FACILITIES	GROUP AND BANK		
	Facilities available USD	Facilities utilised USD	Facilities unutilised USD
LENDER			
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	-	350,000,000
Agence Francaise De Development	347,520,000	150,300,000	197,220,000
European Investment Bank	300,443,200	118,120,000	182,323,200
African Development Bank	230,000,000	230,000,000	-
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
KEXIM	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 Econmic 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	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	-	-
	<hr/>	<hr/>	<hr/>
	4,536,809,651	3,145,169,832	1,391,639,819
	=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued)

37. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

(d) Facilities available for lending (continued)

As at 30 June 2023 (continued)

SHORT-TERM FACILITIES	GROUP AND BANK		
	Facilities available USD	Facilities utilised USD	Facilities unutilised USD
LENDER			
Global Syndication 2022	863,738,566	863,738,566	-
Syndicated Loan 2022 - Asia	500,000,000	500,000,000	-
Global Syndication 2021	494,238,430	494,238,430	-
National Bank of Ethiopia	301,000,000	301,000,000	-
China Export-Import Bank	300,000,000	300,000,000	-
Standard Chartered Bank London	253,063,994	253,063,994	-
Sumitomo Mitsui Banking Corporation Euro	200,000,000	-	200,000,000
Mashreq Bank	200,000,000	-	200,000,000
Citibank	150,000,000	104,804,902	45,195,098
The Bank of Tokyo Mitsubishi UFJ, Ltd	150,000,000	150,000,000	-
Samurai 2021	150,000,000	150,000,000	-
Commerzbank	96,295,000	96,295,000	-
Mauritius Commercial Bank	75,000,000	-	75,000,000
Nedbank	60,000,000	60,000,000	-
ING Bank	54,487,500	-	54,487,500
Mizuho Bank London	50,000,000	-	50,000,000
African Development Bank	50,000,000	50,000,000	-
NORFUND	50,000,000	50,000,000	-
Emirates NBD Group	35,000,000	-	35,000,000
BHF Bank	32,692,500	-	32,692,500
KBC Bank	27,243,750	2,136,431	25,107,319
Africa 50 Financement de Projets	25,593,552	25,593,552	-
Cassa Depositi e Prestiti (CDP)	16,346,250	16,346,250	-
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	8,977,500	-	8,977,500
NOUVBANK	8,683,388	8,683,388	-
African Trade Insurance Agency	5,443,181	5,443,181	-
BANCOBU	3,000,000	3,000,000	-
	4,205,961,837	3,434,343,694	771,618,143
TOTAL FACILITIES			
As at 30 June 2023	8,742,771,488	6,579,513,526	2,163,257,962

Note:

Facilities utilised include outstanding letters of credit amounting to USD 145,767,131 (June 2022: USD 115,754,064)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

37. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

(d) Facilities available for lending (continued)

(ii) As at 30 June 2022 the following facilities were available to the Group and Bank for lending:

LONG TERM FACILITIES	GROUP AND BANK		
	Facilities available USD	Facilities utilised USD	Facilities unutilised USD
LENDER			
Eurobond	750,000,000	750,000,000	-
Eurobond	650,000,000	650,000,000	-
Japan Bank for International Corporation	430,000,000	7,275,000	422,725,000
World Bank Facility-Infrastructure Facility	400,000,000	25,560,000	374,440,000
MIGA Guaranteed Syndicated	378,847,829	378,847,829	-
Agence Francaise De Development	347,520,000	95,000,000	252,520,000
African Development Bank	330,000,000	330,000,000	-
European Investment Bank	300,443,200	118,120,000	182,323,200
The Exim -Import Bank of China	250,000,000	250,000,000	-
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
British International Investment	100,000,000	100,000,000	-
KEXIM	100,000,000	-	100,000,000
Development Bank of the Republic of Belarus -I	70,000,000	21,477,535	48,522,465
Opec Fund for International Development	60,000,000	60,000,000	-
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	50,000,000	-	50,000,000
Invest International	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	-
Arab Bank for Economic Development in Africa	15,000,000	15,000,000	-
World Bank Facility-Technical Assistance Facility	15,000,000	1,641,000	13,359,000
Development Bank of the Republic of Belarus-II	1,055,917	1,055,917	-
Exim Bank USA	No limit	-	-
	<hr/>	<hr/>	<hr/>
	4,936,809,651	3,323,519,986	1,613,289,665
	=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued)

37. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

(d) Facilities available for lending (continued)

As at 30 June 2022 (continued)

SHORT-TERM FACILITIES	GROUP AND BANK		
	Facilities available USD	Facilities utilised USD	Facilities unutilised USD
LENDER			
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 (11)	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
CDC	50,000,000	50,000,000	-
ADB	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 (CDP)	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 30 June 2022	8,602,127,711	6,184,183,842	2,417,943,869

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NOTES TO THE FINANCIAL STATEMENTS (continued)

38. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value

The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Net derivative financial instruments

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. The model incorporates various inputs including foreign exchange spot and forward rates.

Financial instruments disclosed fair value

Management assessed that the fair value of financial instruments not measured at fair value approximates their carrying amount.

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.

	GROUP AND BANK			
As at 30 June 2023	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
ASSETS				
Net derivative financial instruments	-	6,110,937	-	6,110,937
Equity investments at fair value through OCI	-	2,729,000	69,190,515	71,919,515
	<hr/>	<hr/>	<hr/>	<hr/>
	-	8,839,937	69,190,515	78,030,452
	=====	=====	=====	=====
LIABILITIES:	-	-	-	-
	=====	=====	=====	=====
As at 31 December 2022				
ASSETS				
Equity investments at fair value through OCI	-	2,729,000	68,723,098	71,452,098
	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES:				
Net derivative financial instruments	-	17,826,383	-	17,826,383
	=====	=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued)

38. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Transfers between Level 1, 2 and Level 3:

As at 30 June 2023 As at 31 December 2022, there were no transfers between the levels.

Valuation of financial Instruments recorded at fair value

The Group uses widely recognised valuation models for determining fair values of interest rate swaps, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including both credit and debit valuation adjustments for counterparty and own credit risk, foreign exchange spot and forward rates and interest rate curves. For these financial instruments, significant inputs into models are market observable and 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 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.

Valuations of financial instruments are the responsibility of management

The valuation of derivative financial instruments is performed daily in the Treasury Management System, while that of equity investments is performed on a semi-annual basis by consultants who are contracted by the Financial Management Department. The valuations are also subject to quality assurance procedures performed by the Group's internal auditors. In addition, the accuracy of the computation is tested. The latest valuation is also compared with the valuations in the preceding years. If fair value changes (positive or negative) are more than certain thresholds set, the changes are further considered by senior management. Appropriateness of valuation methods and inputs is considered and management may request that alternative valuation methods are applied to support the valuation arising from the method chosen.

Net changes in fair value of financial assets and financial liabilities -Level 3

	GROUP AND BANK					
	As at 30 June 2023			As at 31 December 2022		
	Realised (Loss)/gain USD	Unrealised (Loss)/gain USD	Total (Loss)/gain USD	Realised (Loss)/gain USD	Unrealised (Loss)/gain USD	Total (Loss)/gain USD
ASSETS						
Net derivative financial instruments	8,282,871	-	8,282,871	9,044,686	-	9,044,686
Equity Investment - at Fair value through OCI	-	273,000	273,000	44,000	8,383,695	8,427,695
	<u>8,282,871</u>	<u>273,000</u>	<u>8,555,871</u>	<u>9,088,686</u>	<u>8,383,695</u>	<u>17,472,381</u>
	=====	=====	=====	=====	=====	=====
LIABILITIES						
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued)

38. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Quantitative information of significant unobservable inputs – Level 3

Description	Valuation Technique	Unobservable input	Range (Weighted Average)	GROUP AND BANK	
				JUNE 2023 USD	DECEMBER 2022 USD
Equity Investment at fair value	Equity method-% of net assets	Professional Investment Managers Valuation	n/a	69,190,515	68,723,098
				=====	=====

The primary valuation technique adopted in the valuation of the investee companies is the market multiple approach. This relative valuation technique uses multiples of comparable listed institutions such as their price-to-book (P/B) multiple and EV/EBITDA multiple to arrive at a fair value.

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy – Level 3:

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis are as shown below:

			GROUP AND BANK	
Description		Sensitivity Used	JUNE	DECEMBER
			2023	2022
			USD	USD
Equity investment at fair value	Professional Investment Managers	5.00%	3,459,526	3,436,155

Significant increases (decreases) in the equity of investee companies in isolation would result in a significantly (lower) higher fair value measurement.

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	
	JUNE 2023 USD	DECEMBER 2022 USD
Balance at at 1 January	68,723,098	60,956,723
Total fair value gains and losses	273,000	8,427,695
Disposals	194,417	(661,320)
	=====	=====
Balance as at end of period	69,190,515	68,723,098
	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued)

39. 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 organize 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.

Other operations comprise other miscellaneous Income like rental of office premises which can't be to the Group's main business. The Group also participates in the investment of Government securities and other unlisted equity investments. Transactions between the business segments are the normal commercial terms and conditions. Segment assets and liabilities comprise which form the majority of the statement of financial position.

- 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.

The multi-regional area comprises conglomerates operating across various coverage regions while Corporate is made up of all service departments in the Bank.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

39. SEGMENT REPORTING (Continued)

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

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2023	GROUP AND BANK										Subsidiaries	Consolidated/ Group Total
	East Africa	North East Africa	Southern Africa	Franco Lusophone	Congo and Prospective Africa	Multi Regional	Total Lending Operations	Corporate	USD	USD		
Interest income	79,734,304	104,044,391	42,905,492	21,463,801	4,602,973	21,517,042	274,268,003	51,395,591	6,344,019	332,007,613		
Interest expense and other borrowing costs	(50,251,156)	(65,539,746)	(27,303,114)	(13,496,462)	(2,888,450)	(13,562,420)	(173,041,348)	(32,426,540)	-	(205,467,888)		
Net interest income	29,483,148	38,504,645	15,602,378	7,967,339	1,714,523	7,954,622	101,226,655	18,969,051	6,344,019	126,539,725		
Fees and commission	4,324,713	9,997,079	1,425,805	487,523	94,130	2,677,003	19,006,253	-	7,688	19,013,941		
Fair value gains on financial assets - derivatives	-	-	-	-	-	-	-	8,282,871	-	8,282,871		
Net trading income	33,807,861	48,501,724	17,028,183	8,454,862	1,808,653	10,631,625	120,232,908	27,251,922	6,351,707	153,836,537		
Risk mitigation risk	(5,088,848)	(4,978,470)	(7,080,491)	-	-	-	(17,147,809)	(3,105,296)	-	(20,253,105)		
Other income	-	-	-	-	-	-	-	5,863,273	2,364,613	8,227,886		
Depreciation and amortisation	-	-	-	-	-	-	-	(1,128,910)	-	(1,128,910)		
Operating expenses	(267,976)	(417,915)	(416,043)	(618,509)	(213,980)	(1,974,620)	(3,909,043)	(18,541,398)	(3,037,224)	(25,487,665)		
Impairment on assets	3,382,386	(8,602,897)	(13,760,178)	(4,955,193)	(1,119,650)	4,473,826	(20,581,706)	1,531,465	-	(19,050,241)		
Impairment on other assets	(20,980)	-	-	-	-	-	(20,980)	(16,697)	-	(37,677)		
Foreign exchange gain	-	-	-	-	-	-	-	(2,571,644)	58,196	(2,513,448)		
Profit for the period	31,812,443	34,502,442	(4,228,529)	2,881,160	475,023	13,130,831	78,573,370	9,282,715	5,737,292	93,593,377		

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NOTES TO THE FINANCIAL STATEMENTS (continued)

39. SEGMENT REPORTING (Continued)

STATEMENT OF COMPREHENSIVE INCOME (continued)

For the period ended 30 June 2022	East Africa USD	North East Africa USD	Southern Africa USD	GROUP AND BANK				Total Lending Operations USD	Corporate		Subsidiaries		Consolidated/ Group Total USD
				France Lusophone USD	Prospective Africa USD	Congo and Prospective Africa USD	Multi- Regional USD		USD	USD	USD	USD	
Interest income	53,755,784	76,165,720	33,172,302	8,251,928	402,658	17,408,449		189,156,841	36,366,389	-	-	-	225,523,230
Interest expense and other borrowing costs	(22,196,858)	(30,866,199)	(13,957,139)	(3,409,852)	(165,024)	(7,092,104)		(77,687,176)	(14,935,765)	-	-	-	(92,622,941)
Net interest income	31,558,926	45,299,521	19,215,163	4,842,076	237,634	10,316,345		111,469,665	21,430,624	-	-	-	132,900,289
Fees and commission income	3,462,519	8,595,343	7,439,267	1,795,387	179,489	3,539,188		25,011,193	-	-	-	-	25,011,193
Fair value gains on financial assets - derivatives	-	-	-	-	-	-		-	9,266,818	-	-	-	9,266,818
Net trading income	35,021,445	53,894,864	26,654,430	6,637,463	417,123	13,855,533		136,480,858	30,697,442	-	-	-	167,178,300
Risk mitigation risk	(1,851,871)	(4,470,521)	(4,968,669)	-	-	-		(11,291,061)	(7,024,453)	-	-	-	(18,315,514)
Other income	1,811,212	-	125,000	-	-	-		1,936,212	1,256,748	1,934,746	-	-	5,127,706
Depreciation and amortisation	-	-	-	-	-	-		-	(1,196,619)	-	-	-	(1,196,619)
Operating expenses	(353,159)	(388,308)	(277,478)	(525,710)	(183,843)	-		(1,728,498)	(18,377,136)	(554,776)	-	-	(20,660,410)
Impairment on assets	(5,255,533)	(21,777,167)	(5,100,521)	(5,412,138)	(269,460)	(2,268,181)		(40,083,000)	-	-	-	-	(40,083,000)
Impairment on other assets	-	-	-	-	-	-		-	(215,617)	-	-	-	(215,617)
Foreign exchange gain	-	-	-	-	-	-		-	(1,863,517)	-	-	-	(1,863,517)
Profit for the period	29,372,094	27,258,868	16,432,762	699,615	(36,180)	11,587,352		85,314,511	3,276,848	1,379,970	-	-	89,971,329

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NOTES TO THE FINANCIAL STATEMENTS (continued)

39. SEGMENT REPORTING (Continued)

STATEMENT OF COMPREHENSIVE INCOME	GROUP AND BANK				Total USD
	Trade finance USD	Project finance USD	Other USD	Subsidiaries USD	
For the period ended 30 June 2023:					
Gross interest income	170,328,418	103,939,585	51,395,591	6,344,019	332,007,613
Interest expense	(68,523,807)	(83,001,035)	(51,395,592)	-	(202,920,434)
Other borrowing and finance costs	(930,690)	(1,572,945)	(43,819)	-	(2,547,454)
Net interest income	100,873,921	19,365,605	(43,820)	6,344,019	126,539,725
Fee and commission income	15,573,914	3,432,339	-	7,688	19,013,941
Fair value gains on financial assets-derivatives	8,282,871	-	-	-	8,282,871
Risk mitigation costs	(12,751,072)	(4,416,727)	(3,085,306)	-	(20,253,105)
Other income	-	-	5,626,385	2,364,613	7,990,998
Other assets recovered	-	236,887	-	-	236,887
Other assets written-off	-	(37,677)	-	-	(37,677)
Operating expenses	(21,246,520)	(1,203,920)	-	(3,037,224)	(25,487,664)
Depreciation and amortisation	(1,093,604)	(35,306)	-	-	(1,128,910)
Impairment on portfolio	(8,559,196)	(11,728,637)	1,237,592	-	(19,050,241)
Foreign exchange gain	-	-	(2,571,644)	58,196	(2,513,448)
Profit for period	81,080,314	5,612,564	1,163,207	5,737,292	93,593,377
For the period ended 30 June 2022:					
Gross interest income	116,697,071	72,459,771	36,366,388	-	225,523,230
Interest expense	9,628,988	(61,409,955)	(36,366,388)	-	(88,147,355)
Other borrowing and finance costs	(3,419,158)	(999,397)	(57,031)	-	(4,475,586)
Net interest income	122,906,901	10,050,419	(57,031)	-	132,900,289
Fee and commission income	22,701,327	2,309,866	-	-	25,011,193
Fair value gains on financial assets-derivatives	9,266,818	-	-	-	9,266,818
Risk mitigation costs	(8,879,401)	(7,033,347)	(2,402,766)	-	(18,315,514)
Other income	-	-	1,286,713	1,934,746	3,221,459
Other assets recovered	1,770,763	135,484	-	-	1,906,247
Other assets written-off	(55,000)	(160,617)	-	-	(215,617)
Operating expenses	(18,591,579)	(1,514,056)	-	(554,776)	(20,660,411)
Depreciation and amortisation	(1,135,302)	(61,317)	-	-	(1,196,619)
Impairment on portfolio	(38,473,836)	(1,609,163)	-	-	(40,082,999)
Foreign exchange loss	-	-	(1,863,517)	-	(1,863,517)
Profit for period	89,510,691	2,117,269	(3,036,601)	1,379,970	89,971,329

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NOTES TO THE FINANCIAL STATEMENTS (continued)

39. SEGMENT REPORTING (Continued)	GROUP JUNE 2023 USD	BANK JUNE 2022 USD	GROUP JUNE 2023 USD	BANK JUNE 2022 USD
Revenue from major groups				
Groups contributing 10% or more of revenue	66,018,361	32,239,999	88,905,212	32,239,999
All other customers	499,073,428	218,294,424	262,116,341	218,294,424
	<u>565,091,789</u>	<u>250,534,423</u>	<u>351,021,553</u>	<u>250,534,423</u>
	=====	=====	=====	=====

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023 :	Trade finance USD	Project finance USD	Other USD	Subsidiaries USD	Total USD
Assets:					
Cash and balances held with other banks	2,759,785	-	1,674,733,075	50,426,270	1,727,919,130
Investment in Government securities	-	-	51,535,245	-	51,535,245
Derivative financial instruments	6,110,937	-	-	-	6,110,937
Other receivables	-	-	52,567,455	116,952,574	169,520,029
Trade finance loans	4,609,499,452	-	-	-	4,609,499,452
Project loans	-	1,875,464,574	-	-	1,875,464,574
Equity investments - at fair value through OCI	-	71,919,515	-	-	71,919,515
Property and equipment	-	-	44,093,039	-	44,093,039
Investment property	-	-	2,721,558	-	2,721,558
Right of use asset	-	-	2,265,919	-	2,265,919
Intangible assets	-	-	350,335	-	350,335
Total Assets	<u>4,618,370,174</u>	<u>1,947,384,089</u>	<u>1,828,266,626</u>	<u>167,378,844</u>	<u>8,561,399,733</u>
	=====	=====	=====	=====	=====
Liabilities:					
Short term borrowings	3,444,656,292	-	-	-	3,444,656,292
Long term borrowings	-	2,588,180,534	-	-	2,588,180,534
Derivative financial instruments	-	-	-	-	-
Collection account deposits	192,684,949	-	-	-	192,684,949
Laese liability	-	-	-	-	-
Provision for service and leave pay	-	-	12,507,486	-	12,507,486
Non-controlling interest payables	-	-	68,470,648	-	68,470,648
Other payables	-	-	188,922,718	-	188,922,718
Total Liabilities	<u>3,637,341,241</u>	<u>2,588,180,534</u>	<u>269,900,852</u>	<u>-</u>	<u>6,495,422,627</u>
	=====	=====	=====	=====	=====
Shareholders' funds	-	-	2,058,620,319	-	2,058,620,319
Non-controlling Interest	-	-	-	7,356,787	7,356,787
Total Equity	<u>-</u>	<u>-</u>	<u>2,058,620,319</u>	<u>7,356,787</u>	<u>2,065,977,106</u>
	=====	=====	=====	=====	=====
Total Equity and Liabilities	<u>3,637,341,241</u>	<u>2,588,180,534</u>	<u>2,328,521,171</u>	<u>7,356,787</u>	<u>8,561,399,733</u>
	=====	=====	=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued)

39. SEGMENT REPORTING (Continued)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022 :	Trade finance USD	Project finance USD	Other USD	Subsidiaries USD	Total 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	-	-	48,771,956	129,838,746	178,610,702
Trade finance loans	4,320,267,145	-	-	-	4,320,267,145
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	-	-	42,527,853	-	42,527,853
Right of use asset	-	-	2,577,584	-	2,577,584
Intangible assets	-	-	713,493	-	713,493
Total Assets	4,380,322,746	2,052,205,529	1,789,003,962	170,214,039	8,391,746,276
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	-	-	138,646,940	20,958,428	159,605,368
Total Liabilities	3,630,917,143	2,556,560,813	215,603,328	20,958,428	6,424,039,712
Shareholders' funds	-	-	1,964,248,211	-	1,964,248,211
Non-controlling Interest	-	-	-	3,458,353	3,458,353
Total Equity	-	-	1,964,248,211	3,458,353	1,967,706,564
Total Liabilities and Equity	3,630,917,143	2,556,560,813	2,179,851,539	24,416,781	8,391,746,276

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NOTES TO THE FINANCIAL STATEMENTS (continued)

40. CONTINGENCIES AND COMMITMENTS	GROUP AND BANK	
	JUNE 2023 USD	DECEMBER 2022 USD
(a) Approved Capital Expenditure		
Approved but not contracted	4,148,256	45,694,368
	=====	=====
Approved and contracted	38,936,134	7,967,662
	=====	=====
(b) Loans Committed but not Disbursed		
Project loans	90,873,014	101,339,795
Trade finance loans	208,890,277	332,074,941
	=====	=====
	299,763,291	433,414,736
	=====	=====

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

	GROUP AND BANK	
	JUNE 2023 USD	DECEMBER 2022 USD
Letters of credit - Project loans	-	67,600
- Trade loans	145,767,131	19,890,196
	=====	=====
	145,767,131	19,957,796
Guarantees	79,000,000	2,000,000
	=====	=====
	224,767,131	21,957,796
	=====	=====

(c) 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 30 June 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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

41. 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") two non-African State and one institutional member;- Class B Shareholders one non-African State and Fourteen 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:

(b) Loans with Member States

	GROUP AND BANK	
	JUNE	DECEMBER
	2023	2022
	USD	USD
Outstanding loans at 1 January	2,536,814,966	2,529,070,520
Loans disbursed during the period	118,224,468	755,434,033
Loan repaid during the period	-	(747,689,587)
Outstanding balances at end of period	2,655,039,434	2,536,814,966

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 with Member States are performing and the Bank has not made any provision for doubtful debts relating to amounts owed by related parties (2022: Nil). The loans are granted for an average period of one year.

(c) Borrowings from Member States

	GROUP AND BANK	
	JUNE	DECEMBER
	2023	2022
	USD	USD
Outstanding borrowings at 1 January	226,250,000	162,500,000
Borrowings received during the period	225,278	90,450,007
Borrowings repaid during the period	(13,351,509)	(26,700,007)
Outstanding balances at end of period	213,123,769	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.

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41. RELATED PARTY TRANSACTIONS (Continued)

GROUP AND BANK

	JUNE 2023 USD	JUNE 2022 USD
(d) Income and Expenses		
Interest income from loans to members earned during the period	137,108,874	89,488,459
	=====	=====
Interest expense on borrowings from members incurred during the period	(5,512,916)	(2,926,995)
	=====	=====
Fees and commissions	7,130,900	11,298,003
	=====	=====

(e) Other Related Parties

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

Salaries and other short-term benefits	2,159,650	2,118,092
Defined contribution provident fund	323,794	121,199
Board of Directors' and Board of Governors' allowances	108,037	103,390
Post-employment benefits: Other long term employee benefits	128,490	121,199
	=====	=====
	2,719,971	2,463,880
	=====	=====

(f) Share Capital

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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

42. 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	
	JUNE	DECEMBER
	2023	2022
British Pound	0.7882	0.8285
Euro	0.9176	0.9379
United Arab Emirates Dirham	3.6731	3.6727
Zambian Kwacha	17.5750	18.0921
South Africa Rand	18.8822	16.9459
Mauritian Rupee	45.5440	44.3134
Ethiopian Birr	54.8066	53.5634
Kenya Shilling	140.5450	123.4050
Japanese Yen	144.4450	131.8600
Sudanese Pound	588.2394	573.9552
Malawi Kwacha	1,050.8632	1,029.0000
Tanzania Shilling	2,390.3090	2,329.9050
Burundi Franc	2,803.8879	2,046.0000
Uganda Shilling	3,668.2850	3,117.7700
Zimbabwe Dollar	6,265.2493	660.4462
	=====	=====

43. IMPACT OF COVID-19

The post COVID-19 impact continue to be felt across the African continent. There are risks of an elongated period of stunted economic growth, increasing inflation and interest rates which affected the Group's efforts to underwrite new business. The recovery path has been impacted by climate change which has resulted in natural disasters, draughts, and heightened threats of new diseases. As a result of these shockwaves, the continent's real GDP growth declined from 4.8% (2021) to 3.8 % (2022). However, the average growth rate is projected to even out at 4.1% in 2023–24. Both Inter and intra-regional trade remains under pressure due to weakening global demand and tight fiscal positions for many African countries. A significant number of TDB's Member States remain hamstrung by huge debt balances hampering their ability to borrow additional funding. Public debt as a share of GDP reached an average of 56% in sub-Saharan Africa (SSA) in 2022, the highest level since the early 2000s. However, the SSA economy is expected to grow at a rate of 3.1% in 2023, according to the latest Africa's Pulse report by the World Bank's (April 2023). The growth will be spurred by the efforts being undertaken by African governments to develop economic recovery & sustainable debt payment solutions.

Despite these challenges, the Group's portfolio remains resilient and grew from USD 6.51 billion (December 2022) to USD 6.71 billion (June 2023). The formation of the African Continental Free Trade Area (AfCFTA) in 2018 created one of the world's largest free trade area by population. The demand for trade finance loans is expected to increase as countries and companies prepare to trade with peers across the AfCFTA block. Trade finance remains an integral business segment of the Group. As at 30 June 2022, the trade finance loans were 71.4% of the total loan book. TDB has established relationships with local financial institutions to improve access to finance by local companies especially trade finance related funding.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

43. IMPACT OF COVID-19 (continued)

Significant judgement and estimates impacted by COVID-19

(a) Impairment provisions on advances

Incorporating forward-looking information

Forward-looking information, including a detailed explanation of the scenarios and related probabilities considered in determining the Group's forward-looking assumptions for the purposes of its expected credit loss (ECL) calculation, has been provided. Noting the wide range of possible scenarios and macroeconomic outcomes, and the relative uncertainty of the social and economic consequences of COVID-19, these scenarios represent reasonable and supportable forward-looking views as at the reporting date.

Significant increase in credit risk

The Group has not followed an overall blanket approach to the ECL impact of COVID-19 (where COVID-19 is seen as a significant increase in credit risk (SICR) trigger that will result in the entire portfolio of advances moving into their respective next staging bucket). A more systematic and targeted approach to the impact of COVID-19 on the customer base is being undertaken, which is in line with the group's existing policy documented in the group credit impairment framework.

(b) COVID-19 debt relief measures provided to customers

Due to the COVID-19 pandemic and its resultant impact on different economies, a liquidity crisis was experienced by a large number of customers across the Group as disclosed in note 44(b). In order to assist customers, the Group provided various relief measures to customers. In the trade finance and project finance segments, these included the following:

- restructure of existing exposures with no change in the present value of the estimated future cash flows; and
- restructure of existing exposures with a change in the present value of the estimated future cash flows.

In order to determine the appropriate accounting treatment of the restructure of existing facilities and related additional disclosures required, the principles set out in accounting policy note 44(b) were applied.

(c) Fair value measurement

The valuation techniques for fair value measurement of financial instruments have been assessed by the Management to determine the impact that the market volatility introduced by COVID-19 has had on the fair value measurements of these instruments.

When assessing the fair value measurement of financial instruments for this year, Management took into consideration inputs that are reflective of market participant input as opposed to Group-specific inputs.

44. 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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(a) Introduction (continued)

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 ad hoc 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 30 June 2023.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. 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 48 and 49 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, generally related to the import or export of goods. Such commitments expose the Group to similar risks to loans and are mitigated by the same control processes and policies. These are further disclosed under Note 40(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 (l).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

	GROUP AND BANK							
	As at 30 June 2023			As at 31 December 2022			Total USD	
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD	Stage 1 USD	Stage 2 USD		Stage 3 USD
Project finance loans:								
Pass/acceptable	1,446,216,601	-	-	1,446,216,601	1,565,485,181	-	-	1,565,485,181
Special mention	-	406,635,795	-	406,635,795	-	376,991,614	-	376,991,614
Substandard, doubtful & loss	-	-	62,292,735	62,292,735	-	-	68,997,525	68,997,525
Gross amount	1,446,216,601	406,635,795	62,292,735	1,915,145,131	1,565,485,181	376,991,614	68,997,525	2,011,474,320
Loss allowance	(6,657,015)	(23,610,606)	(9,412,936)	(39,680,557)	(5,387,170)	(15,217,693)	(10,116,026)	(30,720,889)
Net carrying amount	1,439,559,586	383,025,189	52,879,799	1,875,464,574	1,560,098,011	361,773,921	58,881,499	1,980,753,431
Trade finance loans:								
Pass/acceptable	4,575,770,296	-	-	4,575,770,296	4,283,288,464	-	-	4,283,288,464
Special mention	-	92,667,362	-	92,667,362	-	92,645,080	-	92,645,080
Substandard, doubtful & loss	-	-	124,083,423	124,083,423	-	-	118,796,034	118,796,034
Gross amount	4,575,770,296	92,667,362	124,083,423	4,792,521,081	4,283,288,464	92,645,080	118,796,034	4,494,729,578
Loss allowance	(106,756,119)	(919,390)	(75,346,120)	(183,021,629)	(98,800,281)	(853,013)	(74,809,139)	(174,462,433)
Net carrying amount	4,469,014,177	91,747,972	48,737,303	4,609,499,452	4,184,488,183	91,792,067	43,986,895	4,320,267,145

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

	GROUP AND BANK				
	As at 30 June 2023		As at 31 December 2022		Total USD
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Stage 1 USD	Stage 2 USD
Undisbursed commitments and guarantees:					
Pass/acceptable	378,763,291	-	-	435,414,736	-
Special mention					435,414,736
Loss allowance	(2,157,346)	-	-	(2,491,757)	(2,491,757)
carrying amount	376,605,945	-	-	432,922,979	432,922,979
Letters of credit:					
Pass/acceptable	145,767,131	-	-	19,957,796	19,957,796
Loss allowance	(1,123,838)	-	-	(140,318)	(140,318)
Total off-balance sheet items:					
Pass/acceptable	144,643,293	-	-	19,817,478	19,817,478
Special mention	524,530,422	-	-	455,372,532	455,372,532
Gross amount	524,530,422	-	-	455,372,532	455,372,532
Loss allowance	(3,281,184)	-	-	(2,632,075)	(2,632,075)
	521,249,238	-	-	452,740,457	452,740,457

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Maximum exposure to credit risk before collateral held:

Credit exposures	GROUP AND BANK			
	JUNE 2023	%	DECEMBER 2022	%
On - Statement of financial position items:				
Cash and balances held with other banks	1,727,919,130	19.95%	1,737,616,838	20.49%
Investment in government securities	51,535,245	0.59%	57,227,132	0.67%
Derivative financial Instruments	6,110,937	0.07%	-	-
Other receivable	169,520,029	1.96%	178,610,702	2.11%
Loans and advances	6,707,666,212	77.43%	6,506,203,898	76.73%
- Trade finance loans	4,792,521,081		4,494,729,578	
- Project loans	1,915,145,131		2,011,474,320	
Sub total	8,662,751,553	100.00%	8,479,658,570	100.00%
	=====	=====	=====	=====
Off-Statement of financial position items:				
Letter of credit	145,767,131	27.79%	19,957,796	4.38%
Loan commitments not disbursed	299,763,291	57.15%	433,414,736	95.18%
Guarantees and performance bonds	79,000,000	15.06%	2,000,000	0.44%
	524,530,422	100.00%	455,372,532	100.00%
	=====	=====	=====	=====
Total credit exposure	9,187,281,975		8,935,031,102	
	=====		=====	

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 took up 78.80% in June 2023 (December 2022: 77.91%) of the total maximum credit exposure.

Other than cash and bank balances amounting to USD 1,727,919,130 (December 2022: USD 1,737,616,838), Investment in government securities of USD 51,535,245 (December 2022: USD 57,227,132) and derivative financial instruments of USD 6,110,937 (December 2022: Nil), 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 30 June 2023, the fair value of collateral held for impaired loans and advances was USD 175,056,064 (December 2022: USD 190,957,194) and the gross impaired loans exposure was USD 181,757,468 (December 2022: USD 187,793,559).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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	
	JUNE	DECEMBER
	2023	2022
	USD	USD
(i) Total Portfolio		
Insurance and Guarantees	2,437,935,448	2,766,052,637
Cash security deposits	1,264,948,802	1,468,694,174
Fixed charge on plant and equipment	656,528,371	667,824,742
Other floating all asset debenture	259,051,363	553,550,500
Mortgages on properties	308,615,716	292,039,905
Sovereign undertakings	163,995,894	356,351,885
	<hr/>	<hr/>
Total security cover	5,091,075,594	6,104,513,843
Gross portfolio	(6,707,666,212)	(6,506,203,898)
	<hr/>	<hr/>
Net (gap)/Cover	(1,616,590,618)	(401,690,055)
	=====	=====
(ii) Loans not impaired		
Insurance and Guarantees	2,386,321,590	2,715,082,027
Cash security deposits	1,264,418,313	1,468,156,114
Fixed charge on plant and equipment	601,957,342	612,716,956
Other floating all asset debenture	259,051,363	553,550,500
Mortgages on properties	240,275,028	209,199,166
Sovereign undertakings	163,995,894	354,851,885
	<hr/>	<hr/>
Total security cover	4,916,019,530	5,913,556,648
Gross portfolio	(6,525,908,744)	(6,318,410,339)
	<hr/>	<hr/>
Net (gap)/Cover	(1,609,889,214)	(404,853,691)
	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Collateral held for loan portfolio (continued)	GROUP AND BANK	
	JUNE 2023 USD	DECEMBER 2022 USD
(iii) Impaired loans:		
Insurance and Guarantees	51,613,858	50,970,610
Cash security deposits	530,489	538,060
Fixed charge on plant and equipment	54,571,029	55,107,786
Other floating all asset debenture	-	-
Mortgages on properties	68,340,688	82,840,738
Sovereign undertakings	-	1,500,000
	<hr/>	<hr/>
Total security cover	175,056,064	190,957,194
Gross portfolio	(181,757,468)	(187,793,559)
	<hr/>	<hr/>
Net cover	(6,701,404)	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;
- Project finance and Trade Finance loans rated LCC 3 and 4; and
- A backstop of 30 days past due

Quantitative factors;

- LCC1-LCC2: Stage 1 loans
- LCC3-LCC4: Stage 2 loans
- LCC5-LCC7: Stage 3 loans

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (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

Grading:	12-month weighted average PD
Very low risk	6.09%
Low risk	
Moderate risk	6.02%
High risk	
Substandard	100.00%
Bad & Doubtful loss	

Project finance loans

Grading:	12-month weighted average PD
Very low risk	5.60%
Low risk	
Moderate risk	15.06%
High risk	
Substandard	100.00%
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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Determining whether credit risk has increased significantly (continued)

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.

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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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.

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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Restructured and modified loans (continued)

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.

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, rollovers 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 cashflows 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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Restructured and modified loans (continued)

The Following tables refer to restructured and modified financial assets where the restructuring or modification does not result in de-recognition:

	GROUP AND BANK			
	As at 30 June 2023		As at 31 December 2022	
	Restructured USD	Modified USD	Restructured USD	Modified USD
				Total USD
Gross carrying amount before restructuring	-	-	22,479,802	-
Loss allowances before restructuring	-	-	33,409	-
				22,479,802
				33,409
Net amortised cost before restructuring	-	-	22,513,211	-
Net restructuring gain	-	-	(122,114)	-
				22,513,211
				(122,114)
Net amortised cost after restructuring	-	-	22,391,097	-
				22,391,097
Analysis of gross amounts by sector				
Manufacturing	-	-	5,434,427	-
Agribusiness	-	-	6,776,979	-
Hospitality	-	-	5,000,000	-
Energy	-	-	5,268,396	-
				5,434,427
				6,776,979
				5,000,000
				5,268,396
Project finance loans	-	-	22,479,802	-
Trade finance loans	-	-	67,704,325	-
			20,740,789	-
				67,704,325
				20,740,789
				88,445,114
				88,445,114

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Restructured and modified loans (continued)

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.

If the loans that had been restructured due to the impact of COVID as at 31 December 2022 were reclassified to stage 3 loans, there would be no impact on the impairment charge as the value of collateral on the loans is higher than the loan exposures by USD 0.25 million.

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, counterparty 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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Restructured and modified loans (continued)

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 30 June 2023, the ECL would increase by 1.99% (December 2022: 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% (December 2022: 0.62%).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Amounts arising from ECL

Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowances by segment.

As at 30 June 2023	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total 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	5,026,784	(5,026,784)	-	-
Transfer to lifetime ECL not credit impaired	(10,966)	10,966	-	-
Transfer to lifetime ECL credit impaired	(325)	(847,747)	848,072	-
Net re-measurement of loss allowance	(6,234,051)	12,828,761	4,782,412	11,377,122
Net financial assets originated	2,679,571	1,427,718	-	4,107,289
Financial assets derecognized*	(191,174)	-	(6,333,569)	(6,524,743)
Balance at 30 June	6,657,015	23,610,606	9,412,936	39,680,557
Trade Finance loans:				
Balance at 1 January	98,800,281	843,013	74,819,139	174,462,433
Transfer to 12 months ECL	12,402,037	(182,037)	(12,220,000)	-
Transfer to lifetime ECL not credit impaired	-	-	-	-
Transfer to lifetime ECL credit impaired	(6,661)	(5,169,976)	5,166,637	(10,000)
Net re-measurement of loss allowance	(11,411,659)	5,428,390	47,034,888	41,051,619
Net financial assets originated	7,025,708	-	-	7,025,708
Financial assets derecognized*	(53,587)	-	(39,454,544)	(39,508,131)
Balance at 30 June	106,756,119	919,390	75,346,120	183,021,629
Undisbursed commitments:				
Balance at 1 January	2,491,757	-	-	2,491,757
Net remeasurement of loss allowance	2,157,346	-	-	2,157,346
Financial assets derecognised*	(2,491,757)	-	-	(2,491,757)
Balance at 30 June	2,157,346	-	-	2,157,346
Letters of credit				
Balance at 1 January	140,318	-	-	140,318
Net remeasurement of loss allowance	1,123,838	-	-	1,123,838
Financial assets derecognised*	(140,318)	-	-	(140,318)
Balance at 30 June	1,123,838	-	-	1,123,838

*During the period ended 30 June 2023 Project and Infrastructure Finance loans amounting to USD 2,768,970 were written off (December 2022: Nil)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Loss allowance (Continued)

As at 31 December 2022	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
Project finance loans:				
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 derecognized*	(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 remeasurement 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 remeasurement 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 remeasurement of loss allowance	140,318	-	-	140,318
Financial assets derecognised*	(85,240)	-	-	(85,240)
	=====	=====	=====	=====
Balance at year end	140,318	-	-	140,318
	=====	=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. 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.

	As at 30 June 2023				As at 31 December 2022			
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
Project finance loans:								
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	17,098,861	(17,098,861)	-	-	15,447,540	(15,447,540)	-	-
Transfer to Lifetime ECL not credit impaired	(6,460,833)	6,460,833	-	-	(53,842,372)	53,842,372	-	-
Transfer to Lifetime ECL credit impaired	(637,176)	(10,810,661)	11,447,837	-	(637,175)	(7,613,942)	8,251,117	-
Net remeasurement of loss allowance	(254,636,612)	27,533,176	(11,819,058)	(238,922,494)	(136,630,478)	(35,630,649)	339,853	(171,921,274)
New financial assets originated	244,924,925	23,559,694	-	268,484,619	192,168,405	-	-	192,168,405
Financial assets derecognised*	(119,557,745)	-	(6,333,569)	(125,891,314)	(101,534,530)	-	(6,333,569)	(107,868,099)
	1,446,216,602	406,635,794	62,292,735	1,915,145,131	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	-	-	-	-	23,144,771	(6,481,943)	(16,662,828)	-
Transfer to Lifetime ECL not credit impaired	-	-	-	-	(635,998,953)	635,998,953	-	-
Transfer to Lifetime ECL credit impaired	(4,528,604)	-	4,528,604	-	-	(88,006,752)	88,006,752	-
Net remeasurement of loss allowance	(564,115,678)	(267,561)	40,253,330	(524,129,909)	744,179,965	(28,173,107)	(16,151,807)	699,855,051
Net financial assets originated	956,872,433	-	-	956,872,433	782,948,214	(553,066,546)	-	229,881,668
Financial assets derecognised**	(95,496,477)	-	(39,454,544)	(134,951,021)	(80,495,410)	-	(39,454,543)	(119,949,953)
	4,575,770,296	92,667,362	124,083,423	4,792,521,081	4,283,038,622	92,934,923	118,756,033	4,494,729,578

*During the period ended 30 June 2023 Project and Infrastructure Finance loans amounting to USD 2,768,970 were written off (December 2022: Nil)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. 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.

	As at 30 June 2023			As at 31 December 2022			Total USD
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD	Stage 1 USD	Stage 2 USD	Stage 3 USD
Undisbursed commitments:							
Balance at 1 January	435,414,736	-	-	435,414,736	651,950,533	-	-
Transfer to Lifetime ECL not credit impaired	-	-	-	-	-	-	-
Net financial assets originated or purchased	378,763,291	-	-	378,763,291	435,414,736	-	-
Net remeasurement of loss allowance	-	-	-	-	-	-	-
Financial assets derecognised	(435,414,736)	-	-	(435,414,736)	(651,950,533)	-	-
As at 31 December	378,763,291	-	-	378,763,291	435,414,736	-	-
Letters of credit:							
Balance at 1 January	19,957,796	-	-	19,957,796	180,069,758	-	-
Net financial assets originated or purchased	145,767,131	-	-	145,767,131	19,957,796	-	-
Net remeasurement of loss allowance	-	-	-	-	-	-	-
Financial assets derecognized	(19,957,796)	-	-	(19,957,796)	(180,069,758)	-	-
As at 31 December	145,767,131	-	-	145,767,131	19,957,796	-	-
Total	524,530,422	-	-	524,530,422	455,372,532	-	-

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Concentration of risk by sector

As at 30 June 2023	On statement of financial position	Gross exposure	Off statement of financial position	%	Cash collateral/ in transit	Insurance	Other mitigants	Net exposure	%
		USD	USD		USD	USD	USD	USD	
Agri-business	1,386,357,132	20.67%	218,464,096	41.65%	(126,308,990)	(477,782,500)	(79,849,385)	920,880,353	21.56%
Banking and financial services	2,091,531,242	31.18%	205,455,861	39.17%	(781,031,606)	(288,597,857)	-	1,227,357,640	28.73%
Construction	47,207,390	0.70%	-	-	(362)	-	-	47,207,028	1.10%
Energy	453,783,596	6.77%	10,714,459	2.04%	-	(124,874,890)	-	339,623,165	7.95%
Health services	31,283,128	0.47%	4,852,934	0.93%	-	-	-	36,136,062	0.85%
Hospitality	42,218,883	0.63%	10,749,731	2.05%	-	-	-	52,968,614	1.24%
ICT	195,651,177	2.92%	-	-	-	-	-	195,651,177	4.58%
Infrastructure	803,469,777	11.98%	33,767,726	6.44%	(40,303,986)	(234,660,224)	-	562,273,293	13.16%
Manufacturing and heavy industries	162,031,573	2.42%	-	-	-	-	-	162,031,573	3.79%
Mining and quarrying	64,845,871	0.97%	25,962,099	4.95%	-	-	-	90,807,970	2.13%
Oil and gas	1,226,959,489	18.29%	10,157,224	1.94%	(315,256,468)	(407,676,233)	(50,000,000)	464,184,012	10.87%
Other	5,201,243	0.08%	-	-	-	-	-	5,201,243	0.12%
Transport	82,805,840	1.23%	-	-	-	(33,115,486)	(542,271)	49,148,083	1.15%
Wholesale Commodities	114,319,871	1.70%	4,406,292	0.84%	-	-	-	118,726,163	2.78%
Balance at year end	6,707,666,212	100%	524,530,422	100%	(1,262,901,412)	(1,566,707,190)	(130,391,656)	4,272,196,376	100%

**Off-statement of financial position items include loans approved but not disbursed, outstanding letters of credit and guarantees and performance bonds where applicable.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Concentration of risk by sector (continued)

	On statement of financial position USD	Gross exposure %	Off statement of financial position USD	%	Cash collateral/ in transit USD	Insurance USD	Other mitigants USD	Net exposure		%
								USD	USD	
As at 31 December 2022										
Agri-business	1,296,694,554	19.9%	137,884,078	30.3%	(81,095,815)	(473,082,500)	(79,665,696)	800,734,621		21.5%
Banking and financial services	1,356,302,495	20.8%	219,674,767	48.2%	(337,009,767)	(288,597,857)	-	950,369,638		25.5%
Construction	53,735,729	0.8%	-		-	-	-	53,735,729		1.4%
Energy	291,718,070	4.5%	10,714,459	2.4%	-	-	-	302,432,529		8.1%
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%	-	0.0%	(40,303,986)	-	-	147,940,234		4.0%
Infrastructure	1,120,608,851	17.2%	34,688,581	7.6%	-	(521,458,334)	-	633,839,098		17.0%
Manufacturing and heavy industries	223,984,952	3.4%	6,893,666	1.5%	-	-	-	230,878,618		6.2%
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	25.0%	-	0.0%	(913,123,076)	(407,676,233)	(50,000,000)	254,785,079		6.8%
Other	5,152,830	0.1%	-	0.0%	-	-	-	5,152,830		0.1%
Real estate	10,056,951	0.2%	-	0.0%	-	-	-	10,056,951		0.3%
Transport	62,424,572	1.0%	-	0.0%	-	(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		4.1%
Balance at year end	6,506,203,898	100%	455,372,533	100%	(1,371,532,644)	(1,733,979,223)	(130,207,967)	3,725,856,597		100%

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Concentration of risk by country

	On statement of financial position USD	Gross exposure %	Off statement of financial position USD	%	Cash collateral/ in transit USD	Insurance USD	Other Mitigants USD	Net Exposure USD	%
As at 30 June 2023									
Burundi	26,343,510	0.39%	9,476,633	1.81%	(4,280,489)	-	-	31,539,654	0.74%
Comoros	21,000,707	0.31%	3,932,079	0.75%	-	-	-	24,932,786	0.58%
Congo DRC	122,746,786	1.83%	25,962,099	4.95%	-	-	-	148,708,885	3.48%
Djibouti	29,546,494	0.44%	5,331,158	1.02%	-	-	-	34,877,652	0.82%
Egypt	129,680,205	1.93%	39,154,019	7.46%	-	-	-	168,834,224	3.95%
Eswatini	12,580,735	0.19%	5,000,000	0.95%	-	-	-	17,580,735	0.41%
Ethiopia	1,073,072,612	16.00%	56,421,284	10.76%	(125,939,611)	(200,000,000)	(542,271)	803,012,014	18.80%
Kenya	569,600,158	8.49%	177,070,330	33.76%	-	(234,660,224)	-	512,010,264	11.98%
Madagascar	10,989,437	0.16%	920,855	0.18%	-	-	-	11,910,292	0.28%
Malawi	475,003,610	7.08%	71,280,912	13.59%	(122,564,347)	(259,832,500)	(79,849,385)	84,038,290	1.97%
Mauritius	320,738,005	4.78%	6,455,561	1.23%	(40,303,986)	-	-	286,889,580	6.72%
Mozambique	145,242,904	2.17%	-	-	-	-	-	145,242,904	3.40%
Rwanda	520,185,378	7.76%	2,136,431	0.41%	(150,000,000)	(33,115,486)	-	339,206,323	7.94%
Seychelles	38,560,339	0.57%	749,731	0.14%	-	-	-	39,310,070	0.92%
South Sudan	176,740,887	2.63%	-	-	-	(60,000,000)	(50,000,000)	66,740,887	1.56%
Sudan	967,595,680	14.43%	-	-	(317,689,836)	(217,950,000)	-	431,955,844	10.11%
Tanzania	466,165,914	6.95%	99,353,326	18.94%	(249,292)	(124,874,890)	-	440,395,058	10.31%
Uganda	375,163,398	5.59%	7,834,435	1.49%	(362)	-	-	382,997,471	8.96%
Zambia	682,272,524	10.17%	13,451,569	2.56%	(1,774,587)	(347,676,233)	-	346,273,273	8.11%
Zimbabwe	544,436,929	8.12%	-	-	(500,098,902)	(88,597,857)	-	(44,259,830)	-1.04%
Balance at year end	6,707,666,212	100.00%	524,530,422	100.00%	(1,262,901,412)	(1,566,707,190)	(130,391,656)	4,272,196,376	100%

**Off-statement of financial position items include loans approved but not disbursed, outstanding letters of credit and guarantees and performance bonds where applicable.

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44. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Concentration of risk by country

As at 31 December 2022	On statement of financial position USD	Gross exposure USD	Off statement of financial position USD	%	Cash collateral/ in transit USD	Insurance USD	Other Mitigants USD	Net Exposure		%
								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		4.0%
Djibouti	14,292,158	0.2%	-		-	-	-	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	1,029,405,193	15.8%	76,954,928	16.9%	(165,105,129)	(200,000,000)	(542,271)	740,712,721		19.9%
Kenya	517,387,491	8.0%	-		-	(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	6.9%	60,535,598	13.3%	(77,286,589)	(259,832,500)	(79,665,696)	92,782,345		2.5%
Mauritius	306,282,909	4.7%	6,930,818	1.5%	(40,303,986)	-	-	272,909,741		7.3%
Mozambique	150,923,264	2.3%	100,000	0.0%	-	-	-	151,023,264		4.1%
Rwanda	449,256,719	6.9%	19,746,573	4.3%	(150,000,000)	(43,164,299)	-	275,838,993		7.4%
Seychelles	48,070,613	0.7%	749,731	0.2%	-	-	-	48,820,344		1.3%
South Sudan	113,007,060	1.7%	-		-	(60,000,000)	(50,000,000)	3,007,060		0.1%
Sudan	931,435,763	14.3%	-		(315,807,449)	(213,250,000)	-	402,378,314		10.8%
Tanzania	537,849,492	8.3%	97,654,313	21.4%	-	(141,458,334)	-	494,045,471		13.3%
Uganda	391,703,392	6.0%	7,834,435	1.7%	-	-	-	399,537,827		10.7%
Zambia	697,630,119	10.7%	129,110,431	28.4%	(171,895,831)	(347,676,233)	-	307,168,485		8.2%
Zimbabwe	503,291,028	7.7%	-		(450,098,962)	(88,597,857)	-	(35,405,791)		-1.0%
	6,506,203,899	100.00%	455,372,533	100.00%	(1,371,532,644)	(1,733,979,223)	(130,207,967)	3,725,856,597		100.00%

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. 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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

Maturities of financial assets and financial liabilities are as follows:

As at 30 June 2023	Up to 1 month USD	2 to 3 months USD	4 to 6 months USD	6 to 12 months USD	1 to 5 years USD	Over 5 years USD	Total USD
Assets							
Cash and balances with other banks	998,521,875	50,426,269	25,048,766	-	653,922,220	-	1,727,919,130
Investment in government securities	739,980,000	9,615,639,000	-	6,620,216	34,559,410	-	51,535,245
Other receivables	78,075,734	1,335,869	1,967,688	3,395,591	20,378,690	30,656,877	135,810,449
Derivative financial instruments	-	-	2,593,250	3,517,687	-	-	6,110,937
Trade finance loans	643,126,547	385,136,567	869,447,124	1,152,290,988	2,295,950,287	-	5,345,951,513
Project loans	115,709,964	99,793,217	100,020,487	466,681,741	1,305,409,500	316,919,099	2,404,534,008
Equity investment at fair value through OCI	-	-	-	-	71,919,515	-	71,919,515
Total assets	1,836,174,100	546,307,561	999,077,315	1,632,506,223	4,382,139,622	347,575,976	9,743,780,797
Liabilities							
Short term borrowings	55,769,973	33,880,642	451,640,051	671,392,142	2,231,973,484	-	3,444,656,292
Long term borrowings	18,504,651	33,479,157	24,929,719	794,212,434	1,264,207,149	452,847,424	2,588,180,534
Collection account	192,684,949	-	-	-	-	-	192,684,949
Other payables	37,721,350	-	-	68,470,648	100,954,767	50,152,132	257,298,897
Total liabilities	304,680,923	67,359,799	476,569,770	1,534,075,224	3,597,135,400	502,999,556	6,482,820,672
Net liquidity gap	1,531,493,177	478,947,762	522,507,545	98,430,999	785,004,222	(155,423,580)	3,260,960,125
Cumulative gap	1,531,493,177	2,010,440,939	2,532,948,484	2,631,379,483	3,416,383,705	3,260,960,125	3,260,960,125

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

*Excluded from 'other receivables' are non-financial assets particularly prepayments and other receivables in Note 24

**Excluded from 'other payables' are non-financial liabilities particularly prepaid rent in Note 33

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

Maturities of financial assets and financial liabilities are as follows:

As at 31 December 2022	Up to 1 month USD	2 to 3 months USD	4 to 6 months USD	6 to 12 months USD	1 to 5 years USD	Over 5 years USD	Total USD
Assets							
Cash and balances with other banks	621,327,975	400,000,000	100,000,000	-	616,288,863	-	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	122,552,017	12,013,789	137,132,185
Trade finance loans	507,794,439	325,054,762	1,017,836,137	893,263,494	2,243,238,409	4,746,940	4,991,934,181
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	1,319,934,245	810,050,742	1,234,157,920	1,199,069,347	4,669,370,000	426,207,324	9,658,789,578
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	1,326,941,383	1,097,127,299	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	121,777,769	-	-	-	65,246,073	37,733,130	224,756,972
Total liabilities	602,522,251	310,218,857	244,519,850	551,956,588	3,568,156,953	1,134,860,429	6,412,234,928
Net liquidity gap	717,411,994	499,831,885	989,638,070	647,112,759	1,101,213,047	(708,653,105)	3,246,554,650
Cumulative gap	717,411,994	1,217,243,879	2,206,881,949	2,853,994,708	3,955,207,755	3,246,554,650	3,246,554,650

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

Maturities of loan commitments and off-balance financial liabilities are as follows:

As at 30 June 2023	Up to 1 month USD	2 to 3 months USD	4 to 6 months USD	6 to 12 months USD	1 to 5 years USD	Over 5 years USD	Total USD
Guarantees	-	-	-	79,000,000	-	-	79,000,000
Letters of credit	14,576,714	29,153,426	58,306,852	43,730,139	-	-	145,767,131
Loan commitments	333,322,744	59,952,658	89,928,987	119,905,316	-	-	299,763,291
Total	347,899,458	89,106,084	148,235,840	242,635,456	-	-	524,530,422
As at 31 December 2022							
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	53,476,424	94,415,433	130,024,421	177,456,254	-	-	455,372,532

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. 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 30 June 2023	Up to 1 month USD	1 to 6 months USD	6 to 12 months USD	1 to 5 years USD	Fixed interest rate USD	Non-interest bearing USD	Total USD
Assets							
Cash and balances with other banks	1,046,188,360	25,048,766	-	-	653,922,219	2,759,785	1,727,919,130
Investment in government securities	-	-	-	-	51,535,245	-	51,535,245
Other receivables	-	-	-	-	22,608,672	113,201,777	135,810,449
Derivative financial instruments	-	-	-	-	-	6,110,937	6,110,937
Trade finance loans	-	2,153,327,714	442,898,619	-	1,964,602,939	48,670,180	4,609,499,452
Project loans	82,891,588	1,424,186,913	-	-	345,863,113	22,522,960	1,875,464,574
Equity investment at fair value through OCI	-	-	-	-	-	71,919,515	71,919,515
Total financial assets	1,129,079,948	3,602,563,393	442,898,619	-	3,038,532,188	265,185,154	8,478,259,302
Financial Liabilities							
Short term borrowings	75,846,220	2,946,020,641	417,346,250	-	5,443,181	-	3,444,656,292
Long term borrowings	465,628,244	792,015,338	-	-	1,330,536,952	-	2,588,180,534
Collection account	-	-	-	-	-	192,684,949	192,684,949
Other payables	-	-	-	-	50,152,132	207,146,765	257,298,897
Total financial liabilities	541,474,464	3,738,035,979	417,346,250	-	1,386,132,265	399,831,714	6,482,820,672
Net Interest rate exposure	587,605,484	(135,472,586)	25,552,369	-	1,652,399,923	(134,646,560)	1,995,438,630
Cumulative interest rate exposure	587,605,484	452,132,898	477,685,267	477,685,267	2,130,085,190	1,995,438,630	1,995,438,630

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 24

**Excluded from 'other payables' are non-financial liabilities particularly prepaid rent in Note 33

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. 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	Up to 1 month USD	1 to 6 months USD	6 to 12 months USD	1 to 5 years USD	Fixed interest rate USD	Non-interest bearing USD	Total USD
Assets							
Cash and balances with other banks	618,499,506	500,000,000	-	-	616,288,863	2,828,469	1,737,616,838
Investment in government securities	-	-	-	-	57,227,132	-	57,227,132
Other receivables	-	-	-	-	21,230,498	115,901,687	137,132,185
Trade finance loans	-	2,260,830,874	233,506,676	-	1,707,133,560	118,796,035	4,320,267,145
Project loans	71,917,716	1,504,718,850	-	-	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	4,265,549,724	233,506,676	-	2,736,999,393	377,975,814	8,304,448,829
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	1,011,499,807	-	-	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	186,807,379	224,756,972
Total financial liabilities	578,102,447	3,690,974,303	-	-	1,814,765,337	328,392,841	6,412,234,928
Net Interest rate exposure	112,314,775	574,575,421	233,506,676	-	922,234,056	49,582,973	1,892,213,901
Cumulative interest rate exposure	112,314,775	686,890,196	920,396,872	920,396,872	1,842,630,928	1,892,213,901	1,892,213,901

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risk (continued)

(i) Interest rate risk (continued)

Interest rate benchmark reform

The Group is exposed to floating interest rates benchmarked against the London Interbank Offering Rate (LIBOR). The exposures arise on the Group's use of floating interest rates to price its loan assets and liabilities. In addition to the benchmark interest rate exposures, the Group has significant volumes non-derivative financial instruments in its trading books linked to USD LIBOR that are not in hedge accounting relationships.

The Group has closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by the IBOR regulators. The FCA has confirmed that all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- Immediately after 31 December 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings
- Immediately after 31 December 2022, in the case of the remaining US dollar settings

In response to the announcements, the Group's Assets and Liabilities Committee (IALCO) established a 'LIBOR Transition Steering Committee' and a 'LIBOR Transition Working Group' to oversee the Group's implementation of a transition roadmap and implementation framework, in collaboration with all departments within the Group. The transition programme comprises the following work streams: risk management, lending operations, treasury, legal, IT unit, and Finance.

Risks arising from interest rate benchmark reform. The key risks for the group arising from the transition are:

- Interest rate basis risk:

There are two elements to this risk as outlined below:

If the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of IBORs, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into is not captured by our interest rate risk management strategy. For example, in some cases the fallback clauses in IBOR loan contracts may result in the interest rate becoming fixed for the remaining term at the last IBOR quote. The Group is working closely with all counterparties to avoid this from occurring, however if this does arise, the Group's interest rate risk management policy will apply as normal and may result in closing out or entering into new interest rate swaps to maintain the mix of floating rate and fixed rate debt.

Interest rate risk basis may arise if a non-derivative instrument and the derivative instruments held to manage the interest risk on the non-derivative instrument transition to alternative benchmark rates at different times. This risk may also arise where back-to-back derivatives transition at different times. The Group will monitor this risk against its risk management policy which has been updated to allow for temporary mismatches of up to 12 months and transact additional basis interest rate swaps if required.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risk (continued)

(i) Interest rate risk (continued)

Interest rate benchmark reform (continued)

- Liquidity risk

There are fundamental differences between IBORs and the various alternative benchmark rates which the Group will be adopting. IBORs are forward looking term rates published for a year (e.g. 3 months) at the beginning of that year and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk free overnight rates published at the end of the overnight year, with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments which will require additional liquidity management. The Group's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates.

- Accounting:

If transition to alternative benchmark rates for certain contracts is finalised in a manner that does not permit the application of the reliefs introduced in the Phase 2 amendments, this could lead to volatility in the profit or loss if non-derivative financial instruments are modified or derecognised. The Group is aiming to agree changes to contracts that would allow IFRS 9 reliefs to apply.

- Litigation risk:

If no agreement is reached to implement the interest rate benchmark reform on existing contracts, (e.g. arising from differing interpretation of existing fallback terms), there is a risk of litigation and prolonged disputes with counterparties which could give rise to additional legal and other costs. The Group is working closely with all counterparties to avoid this from occurring.

- Operational risk:

The Group's IT systems are undergoing upgrades to fully manage the transition to alternative benchmark rates and there is a risk that such upgrades are not fully functional in time resulting in additional manual procedures which give rise to operational risks. Progress towards implementation of alternative benchmark interest rates.

Progress towards implementation of alternative benchmark interest rates.

Developments as at end June 2023

As of end of June 2023, TDB internal LIBOR transition to SOFR had progressed unhindered. Notable highlights in the process are as follows:

On the assets side, most bilateral lenders have agreed the transition to Term SOFR and signed the consent letters. There are few clients particularly non-performing accounts that remain non-responsive to the transition; however, the Bank has sought external legal advice on the alternative approaches to address the issue. The announcement in April by FCA, for ICE to continue to publish a 'synthetic' LIBOR rate for 1m, 3m and 6m dollar LIBOR will continue until September 2024 to allow for contracts which have not been converted to be repriced using the 'synthetic' LIBOR rate.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risk (continued)

(i) Interest rate risk (continued)

Interest rate benchmark reform (continued)

In relation to Syndicated Loans where TDB is the Agent, the majority of the Clients have consented and signed the transition with exception of few sovereign transactions where transition have been agreed but awaiting signatures. Whilst on transactions where TDB is not the Agent, the majority of the syndicated loans have been acknowledged and consented, with the finalization pending with the Agent (s).

On the liability side, all the lenders have transitioned to SOFR reference rate and all new loan transactions are booked using Term SOFR rates. There has been no adverse impact on the Group as result of the LIBOR transition to SOFR rates and in terms of interest income. Both LIBOR and SOFR rates have risen since 2022, and the Group's net interest margin has also grown in tandem with the reference rates.

The Group's core banking systems including SAP, Trade Innovation and Credit Quest are ready to use SOFR rates. So far, the internal systems have been enhanced to handle SOFR rate with various rate computation conventions and loan management on both assets and liabilities.

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 30 June 2023 were outstanding at those levels for the whole
- 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 period ended 30 June 2023 of USD 93,593,377 (June 2022: USD 89,971,329) would increase or decrease by USD 4,776,853 (June 2022: USD 5,604,656) as follows:

Effect on the Group's net profit

The profit for the period ended 30 June 2023 would increase to USD 98,370,230 (June 2022: USD 95,575,895) or decrease to USD 88,816,524 (June 2022: USD 84,366,673).

The potential change is 5.1% (June 2022: 6.2%) of the period'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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risk (continued)

(ii) Currency risk (continued)

The Group's currency position

As at 30 June 2023

Assets	USD	GBP	EURO	KES	SDG	UGX	AED	MWK	TZSH	ZMW	JPY	OTHER	TOTAL
Cash and balances with other banks	1,515,790,332	43,196	56,034,540	152,765	2,759,785	6,054,500	2,817	140,831,843	4,957,032	60,787	1,064	1,230,469	1,727,919,130
Investment in government securities	-	-	-	-	-	-	-	-	-	51,535,245	-	-	51,535,245
Other receivables	135,810,449	-	-	-	-	-	-	-	-	-	-	-	135,810,449
Derivative financial instruments	1,259,526,325	-	(1,253,415,388)	-	-	-	-	-	-	-	-	-	6,110,937
Trade finance loans	3,038,812,932	-	1,570,686,520	-	-	-	-	-	-	-	-	-	4,609,499,452
Project finance loans	1,587,186,916	-	275,620,114	12,657,544	-	-	-	-	-	-	-	-	1,875,464,574
Equity investment at fair value through OCI	71,919,515	-	-	-	-	-	-	-	-	-	-	-	71,919,515
Total financial assets	7,609,046,469	43,196	648,925,786	12,810,309	2,759,785	6,054,500	2,817	140,831,843	4,957,032	51,596,032	1,064	1,230,469	8,478,259,302
Financial Liabilities													
Short term borrowings	3,215,747,609	-	228,908,683	-	-	-	-	-	-	-	-	-	3,444,656,292
Long term borrowings	2,178,394,228	-	409,786,306	-	-	-	-	-	-	-	-	-	2,588,180,534
Collection account	46,005,441	-	263	-	2,708,786	-	-	140,799,914	-	2,727,213	53,181	390,151	192,684,949
Other payables	257,258,386	-	-	40,066	-	-	-	-	-	-	-	445	257,298,897
Total financial liabilities	5,697,405,664	-	638,695,252	40,066	2,708,786	-	-	140,799,914	-	2,727,213	53,181	390,596	6,482,820,672
Net position	1,911,640,805	43,196	10,230,534	12,770,243	50,999	6,054,500	2,817	31,929	4,957,032	48,868,819	(52,117)	839,873	1,995,438,630

*Excluded from 'other receivables' are non-financial assets particularly prepayments and other receivables in Note 24

**Excluded from 'other payables' are non-financial liabilities particularly prepaid rent in Note 33

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44. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risk (continued)

(ii) Currency risk (continued)

The Group's currency position

As at 31 December 2022	USD	GBP	EURO	KES	SDG	UGX	AED	MWK	TZSH	ZMW	JPY	OTHER	TOTAL
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	137,132,185	-	-	-	-	-	-	-	-	-	-	-	137,132,185
Trade finance loans	2,834,192,610	-	1,486,074,535	-	-	-	-	-	-	-	-	-	4,320,267,145
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	6,331,076,099	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	8,304,448,829
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	224,672,052	-	-	60,192	-	-	-	-	-	-	-	24,728	224,756,972
Total financial liabilities	4,439,561,827	-	1,892,934,751	60,192	2,776,201	-	-	75,748,496	-	594,035	-	559,426	6,412,234,928
Net position	1,891,514,272	9,750	(71,245,087)	176,176	52,268	5,974,826	8,192	5,222	5,062,069	60,254,093	1,168	400,952	1,892,213,901

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. 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
As at 30 June 2023	5,971	807,654	815	213	234	8,221	288,381	(46)
	=====	=====	=====	=====	=====	=====	=====	=====
As at 31 December 2022	776	(7,468,107)	7,880	217	380	(26,527)	355,567	(501)
	=====	=====	=====	=====	=====	=====	=====	=====

45. 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:

- a) To have sufficient capital to support its development mandate;
- b) 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
- c) 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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

45. 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 counterparty, 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	
	JUNE	DECEMBER	JUNE	DECEMBER
	2023	2022	2023	2022
	USD	USD	USD	USD
Risk weighted Assets				
On - statement of financial position assets	5,148,036,104	4,996,780,303	4,980,657,260	4,827,487,375
Off - statement of financial position assets	75,151,358	31,516,285	75,151,358	31,516,285
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total risk weighted assets	5,223,187,462	5,028,296,588	5,055,808,618	4,859,003,660
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
Capital				
Paid up capital	584,463,780	580,439,034	584,463,780	580,439,034
Retained earnings and reserves	1,474,156,539	1,383,809,177	1,473,544,471	1,385,035,967
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total capital	2,058,620,319	1,964,248,211	2,058,008,251	1,965,475,001
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
Capital adequacy ratio	39.4%	39.1%	40.7%	40.5%
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

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.

46. EVENTS AFTER THE REPORTING DATE

There are no material events after the reporting date that would require disclosure in, or adjustment to these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL INSTRUMENTS CATEGORIES

The table below sets out the Bank's analysis of financial instruments categories.

As at 30 June 2023	GROUP AND BANK			Total carrying USD
	Amortised cost USD	At fair value through USD	At fair value USD	
Financial assets				
Cash and balances held with banks	1,727,919,130	-	-	1,727,919,130
Investment in Government securities	-	51,535,245	-	51,535,245
Derivative financial instruments	-	6,110,937	-	6,110,937
Other receivables	135,810,449	-	-	135,810,449
Trade finance loans	4,609,499,452	-	-	4,609,499,452
Project finance loans	1,875,464,574	-	-	1,875,464,574
Equity investments at fair value	-	-	71,919,515	71,919,515
Total financial assets	8,348,693,605	57,646,182	71,919,515	8,478,259,302
	=====	=====	=====	=====
Financial liabilities				
Collection account deposits	192,684,949	-	-	192,684,949
Derivative financial instruments	-	-	-	-
Short term borrowings	3,444,656,292	-	-	3,444,656,292
Long term borrowings	2,588,180,534	-	-	2,588,180,534
Other payables	257,298,897	-	-	257,298,897
Total financial liabilities	6,482,820,672	-	-	6,482,820,672
	=====	=====	=====	=====
As at 31 December 2022				
Financial assets				
Cash and balances held with banks	1,737,616,838	-	-	1,737,616,838
Investment in Government securities	-	57,227,132	-	57,227,132
Derivative financial instruments	-	-	-	-
Other receivables	137,132,185	-	-	137,132,185
Trade finance loans	4,320,267,145	-	-	4,320,267,145
Project finance loans	1,980,753,431	-	-	1,980,753,431
Equity investments at fair value	-	-	71,452,098	71,452,098
Total financial assets	8,175,769,599	57,227,132	71,452,098	8,304,448,829
	=====	=====	=====	=====
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
Other payables	224,756,972	-	-	224,756,972
Total financial liabilities	6,394,408,545	17,826,383	-	6,412,234,928
	=====	=====	=====	=====

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48. TRADE FINANCE LOAN PORTFOLIO

Country	As at 30 June 2023			As at 31 December 2022		
	Balance outstanding USD	Amounts due within six months USD	Amounts due after six months USD	Balance outstanding USD	Amounts Due within six months USD	Amounts Due after six months USD
Burundi	12,891,590	12,891,590	-	7,588,365	5,088,365	2,500,000
Congo DRC	-	-	-	1,945,344	1,945,344	-
Djibouti	26,581,136	21,615,004	4,966,132	11,415,848	5,622,027	5,793,821
Egypt	129,680,205	111,879,715	17,800,490	147,861,001	41,177,380	106,683,621
Eswatini	12,580,735	80,735	12,500,000	46,052,215	46,052,215	-
Ethiopia	962,282,616	725,084,464	237,198,152	907,391,753	445,386,535	462,005,218
Kenya	103,026,578	75,814,078	27,212,500	27,506,563	294,063	27,212,500
Madagascar	4,528,604	-	4,528,604	4,370,657	4,370,657	-
Malawi	475,003,691	312,889,271	162,114,420	449,031,532	348,022,226	101,009,306
Mauritius	137,162,435	45,109,036	92,053,399	133,458,745	25,172,444	108,286,301
Mozambique	21,784,958	-	21,784,958	21,784,958	21,784,958	-
Rwanda	385,366,169	15,839,186	369,526,983	302,538,192	2,442,833	300,095,359
South Sudan	176,740,887	76,740,887	100,000,000	113,007,060	113,007,060	-
Sudan	917,343,559	166,751,784	750,591,775	882,654,515	139,448,246	743,206,269
Tanzania	162,898,629	30,891,010	132,007,619	195,614,016	168,918,876	26,695,140
Uganda	49,222,301	13,222,301	36,000,000	55,750,640	2,014,911	53,735,729
Zambia	696,208,984	192,946,130	503,262,854	686,571,822	364,298,131	322,273,691
Zimbabwe	519,218,004	27,841,550	491,376,454	500,186,352	7,901,885	492,284,467
Gross Loans	4,792,521,081	1,829,596,741	2,962,924,340	4,494,729,578	1,742,948,156	2,751,781,422
Impairment on trade finance loans	(183,021,629)	-	(183,021,629)	(174,462,433)	-	(174,462,433)
Net Loans	4,609,499,452	1,829,596,741	2,779,902,711	4,320,267,145	1,742,948,156	2,577,318,989

NOTES TO THE FINANCIAL STATEMENTS (continued)

Country	As at 30 June 2023						As at 31 December 2022					
	Amounts Disbursed	Interest Capitalized	Amounts Repaid	Interest Receivable	Balance		Due after One year	Balance Outstanding	Within One		Due after One year	
					USD	USD			year	USD		
Burundi	26,176,875	1,192,186	(14,799,675)	882,534	13,451,920	785,714	12,666,206	13,601,869	12,030,441	-	1,571,428	
Comoros	26,848,466	-	(6,115,373)	156,332	20,889,425	4,588,742	16,300,683	17,426,653	2,796,944	-	14,629,709	
Congo DRC	125,373,337	9,310,074	(14,591,105)	2,765,764	122,858,070	26,314,592	96,543,478	121,557,491	8,617,969	-	112,939,522	
Djibouti	3,086,487	-	(121,129)	-	2,965,358	440,927	2,524,431	2,876,310	1,002,371	-	1,873,939	
Eritrea	403,652	-	(403,652)	-	-	-	-	-	-	-	-	
Ethiopia	168,547,220	31,894,382	(90,891,242)	1,239,634	110,789,994	28,751,775	82,038,219	122,013,439	39,844,190	-	82,169,249	
Kenya	1,483,123,726	1,532,900	(1,039,699,194)	21,616,144	466,573,576	97,501,230	369,072,346	489,880,928	108,668,795	-	381,212,133	
Madagascar	6,643,096	-	(336,030)	153,766	6,460,832	1,236,813	5,224,019	6,233,571	648,461	-	5,585,110	
Malawi	60,793,337	2,920	(60,796,257)	-	-	-	-	-	-	-	-	
Mauritius	168,481,894	22,444,225	(18,949,483)	11,598,933	183,575,569	163,813,676	19,761,893	172,824,165	9,682,636	-	163,141,529	
Mozambique	143,704,500	5,041,349	(26,491,820)	1,203,917	123,457,946	14,171,708	109,286,238	129,138,306	14,867,868	-	114,270,438	
Rwanda	450,975,279	9,052,836	(332,365,794)	7,156,889	134,819,210	37,459,704	97,359,506	146,718,527	37,241,834	-	109,476,693	
Seychelles	107,155,554	-	(68,885,380)	290,166	38,560,340	27,401,537	11,158,803	48,070,613	10,802,217	-	37,268,396	
Sudan	45,106,624	17,056,064	(25,392,904)	13,482,255	50,252,039	50,252,039	-	48,781,247	48,781,247	-	-	
Tanzania	764,019,934	682,910	(462,952,054)	1,516,497	303,267,287	89,740,062	213,527,225	342,235,476	89,719,918	-	252,515,558	
Uganda	600,757,017	12,606,281	(298,260,884)	10,838,684	325,941,098	83,242,883	242,698,215	335,952,752	85,719,235	-	250,233,517	
Zambia	131,225,914	25,086,069	(145,253,686)	-	11,058,297	407,515	-	11,058,297	11,058,297	-	-	
Zimbabwe	325,204,839	709,656	(325,699,280)	8,955	224,170	224,170	-	3,104,676	3,104,676	-	-	
Gross loans	4,637,627,751	136,611,852	(2,932,004,942)	72,910,470	1,915,145,131	626,333,087	1,278,161,262	2,011,474,320	484,587,099	-	1,526,887,221	
Impairment on project loans (note 19)	-	-	-	-	(39,680,557)	-	(39,680,557)	(30,720,889)	-	-	(30,720,889)	
Net Loans	4,637,627,751	136,611,852	(2,932,004,942)	72,910,470	1,875,464,574	626,333,087	1,238,480,705	1,980,753,431	484,587,099	-	1,496,166,332	

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NOTES TO THE FINANCIAL STATEMENTS (continued)

50. STATEMENT OF SUBSCRIPTIONS TO THE CAPITAL STOCK

As at 30 June 2023

As at 30 June 2023		GROUP AND BANK										Total Paid	
CLASS 'A' SHARES	Shares Subscribed	Percentage of total	Value USD	Callable capital USD	Payable capital USD	Instalments		Instalments		Share Premium		As at 30.06.2023 USD	
						Payable on 30.06.2023 USD	paid as at 30.06.2023 USD	paid as at 30.06.2023 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	657,343	657,343	1,350,327	2,007,670				
Burundi	2,538	1.98%	57,528,846	46,023,077	11,505,769	8,491,058	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				
DR 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	38,132,221	11,545,068	49,677,289				
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	18,440,962	16,440,847	2,782,132	19,222,960				
Senegal	72	0.06%	1,632,024	1,305,619	326,405	65,281	65,281	131,043	196,324				
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				
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	2,446,116	31,047,337				
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	20,989,642	20,989,642	5,692,695	26,682,337				
	128,082	100%	2,903,234,694	2,322,587,755	580,646,939	425,278,232	423,278,117	81,924,515	505,202,613				

EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)
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NOTES TO THE FINANCIAL STATEMENTS (continued)

50. STATEMENT OF SUBSCRIPTIONS TO THE CAPITAL STOCK (continued)

As at 31 December 2022

As at 31 December 2022			GROUP AND BANK							Total Paid	
CLASS 'A' SHARES	Shares Subscribed	Percentage of total	Value USD	Callable capital USD	Payable capital USD	Instalments		Instalments paid as at 31.12.2022 USD	Share Premium		As at 31.12.2022 USD
						Payable on 31.12.2022 USD			Paid as at 31.12.2022 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
DR 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
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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

50. STATEMENT OF SUBSCRIPTIONS TO THE CAPITAL STOCK (continued)

As at 30 June 2023

CLASS 'B'	Number of Shares	Percentage of Total	Share Value USD	Payable Capital USD	Paid up Capital USD	Share Premium USD	Total Paid USD
African Development Bank	5,895	18.23%	26,724,429	26,724,429	26,724,429	20,251,503	46,975,932
African Economic Research Consortium	183	0.57%	829,647	829,647	829,647	1,283,514	2,113,161
African Reinsurance Corporation	857	2.65%	3,885,159	3,885,159	3,885,159	2,469,831	6,354,990
Agaciro Development Fund	588	1.82%	2,665,674	2,665,674	2,665,674	5,475,814	8,141,488
Arab Bank for Economic Development in Africa	1,082	3.35%	4,905,174	4,905,174	4,905,174	6,643,917	11,549,091
Banco Nacional de Inversión	931	2.88%	4,220,630	4,220,630	4,220,630	1,817,144	6,037,774
Caisse Nationale de Sécurité Sociale Djibouti	800	2.47%	3,626,755	3,626,755	3,626,755	6,426,395	10,053,150
Investment Fund for Developing Countries	3,383	10.46%	15,336,527	15,336,527	15,336,527	24,359,350	39,695,877
Mauritian Eagle Insurance Company Limited	-	-	-	-	-	(2,564,945)	(2,564,945)
National Pension Fund	2,067	6.39%	9,370,573	9,370,573	9,370,573	5,237,195	14,607,768
National Social Security Fund Tanzania	800	2.47%	3,626,755	3,626,755	3,626,755	7,450,045	11,076,800
National Social Security Fund Uganda	3,359	10.38%	15,227,725	15,227,725	15,227,725	15,391,861	30,619,586
Opec Fund for International Development	2,875	8.89%	13,033,560	13,033,560	13,033,560	18,168,362	31,201,922
People's Republic of China	3,820	11.81%	17,317,621	17,317,621	17,317,621	8,147,181	25,464,802
Rwanda Social Security Board	3,649	11.28%	16,542,411	16,542,411	16,542,411	12,039,545	28,581,956
Seychelles Pension Fund	1,078	3.33%	4,887,040	4,887,040	4,887,040	2,718,791	7,605,831
Sicom Global Fund Ltd	144	0.45%	652,844	652,844	652,844	1,340,980	1,993,824
ZEP-Re-PTA Reinsurance Company	834	2.58%	3,780,890	3,780,890	3,780,890	1,223,110	5,004,000
CLASS 'C'	32,345	100%	146,633,414	146,633,414	146,633,414	137,879,593	284,513,007
Sacos Group Limited	108	3.36%	489,607	489,607	489,607	622,597	1,112,204
Sacos Life Assurance Limited Company	108	3.36%	489,607	489,607	489,607	622,597	1,112,204
Mauritian Eagle Insurance Company Limited	213	6.64%	965,615	965,615	965,615	2,304,148	3,269,763
TDB Directors and Select Stakeholders Provident	253	7.88%	1,146,950	1,146,950	1,146,950	97,789	1,244,739
TDB Staff Provident Fund	2,528	78.75%	11,460,470	11,460,470	11,460,470	(5,940,336)	5,520,134
	3,210	100%	14,552,249	14,552,249	14,552,249	(2,293,205)	12,259,044

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INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS (continued)

50. STATEMENT OF SUBSCRIPTIONS TO THE CAPITAL STOCK (continued)

As at 31 December 2022

CLASS 'B'	Number of Shares	Percentage of Total	Share Value USD	Payable Capital USD	Paid up Capital USD	Share Premium USD	Total Paid USD
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
Agaciro Development Fund	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 Nationale De Investment	931	2.85%	4,220,629	4,220,629	4,220,629	1,817,145	6,037,774
Caisse Nationale de 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 Pension 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 Tanzania	800	2.45%	3,626,753	3,626,753	3,626,753	7,450,047	11,076,800
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	144	0.44%	652,845	652,845	652,845	1,340,979	1,993,824
ZEP-Re-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'

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
TDB Directors and Select Stakeholders Provident Fund	224	8.33%	1,015,482	1,015,482	1,015,482	99,878	1,115,360
TDB Staff Provident Fund	2,250	83.64%	10,200,185	10,200,185	10,200,185	(1,823,179)	8,377,006
	2,690	100%	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 authorized 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\$ 4,533,420,375 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.