

EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)
ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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FOR THE YEAR ENDED 31 DECEMBER 2023

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CORPORATE INFORMATION

BOARD OF GOVERNORS

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

MEMBER STATES

Republic of Botswana

Republic of Burundi

Union of the Comoros

Democratic Republic of Congo

Republic of Djibouti

Arab Republic of Egypt

State of Eritrea

Kingdom of eSwatini

Federal Democratic Republic of Ethiopia

Republic of Ghana

Republic of Kenya

Republic of Madagascar

Republic of Malawi

Republic of Mauritius

Republic of Mozambique

Republic of Rwanda

Republic of Senegal

Republic of Seychelles

Federal republic of Somalia

Republic of South Sudan

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

Agaciro Development Fund Corporate Trust Limited (Rwanda)

Arab Bank for Economic Development in Africa (BADEA)

Banco Nacional de Inverimento

Caisse Nationale de la Securite Sociale (CNSS Djibouti)

Clean Technology Fund of the African Development Bank

Investment Fund for Developing Countries (IFU)

Mauritian Eagle Insurance Company Limited

National Pension Fund - Mauritius

National Social Security Fund of Tanzania

National Social Security Fund -Uganda

OPEC Fund for International Development (OFID)

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 Provident Fund

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CORPORATE INFORMATION (continued)

DIRECTORS

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

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CORPORATE INFORMATION (continued)

INDEPENDENT AUDITORS	Deloitte & Touche LLP Certified Public Accounts (Kenya) Deloitte Place, Waiyaki Way, Muthangari P. O. Box 40092-00100 Nairobi, Kenya
HEADQUARTERS	Principal Office Africa FI place Lot 13, Wall street, Ebene, Cybercity P.O. Box 43, Reduit, Mauritius Email : Official@tdgroup.org Principal Office Chaussee, Prince Louis, Rwagasore P.O. Box 1750, Bujumbura, Burundi Email : Official@tdgroup.org
OTHER OFFICES	TDB Nairobi Operations Hub: East Africa TDB Tower 184 Lenana Road P.O. Box 48596-00100 Nairobi, Kenya TDB Harare Regional Office: Southern Africa 70 Enterprise Road Harare, Zimbabwe TDB Addis Ababa Regional Office: Horn of Africa and North Africa UNDP Compound Main Bole Rd, Olympia Roundabout, DRC St. Kirkos Subcity, Kebele 01, House No.119 Addis Ababa, Ethiopia TDB Kinshasa Regional Office Crown Tower 2nd Floor off No.301 Avenue Batetela and Boulevard du 30 Juin Gombe Commune, Kinshasa Democratic Republic of Congo

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

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

1 PRINCIPAL ACTIVITIES

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

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

2 FINANCIAL RESULTS

The results for the year are set out on pages 11 to 13.

3 DIVIDENDS

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

4 BOARD OF GOVERNORS

The current shareholders are shown on page 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

28th March 2024

Attama

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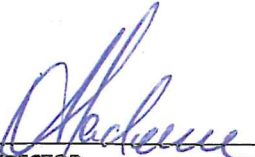
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

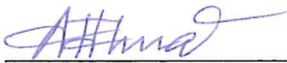
Having made an assessment of the Bank and its subsidiaries' abilities to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Bank and its subsidiaries' abilities to continue as a going concern.

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



DIRECTOR

28th March 2024



DIRECTOR

28th March 2024

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated and separate financial statements of Eastern and Southern African Trade and Development Bank (the "Bank") and its subsidiaries (together the "Group"), set out on pages 10 to 151, which comprise the consolidated and separate statements of financial position at 31 December 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for Audit of the financial statements* section of our report.

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

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

Key Audit Matter

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

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



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)

Report on the Audit of the Financial Statements (Continued)

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

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

Report on the Audit of the Financial Statements (Continued)

Other Information

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

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

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

Responsibilities of the directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on the Audit of the Financial Statements (Continued)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Bank to cease to continue as going concerns.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Eshak Harunani

For and on behalf of Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Nairobi

Date: *2 May* 2024

EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)
ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

*Details of restatements are disclosed in Note 45.

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

	Note	2023 USD	2022 Restated* USD
PROFIT FOR THE YEAR		229,598,786	207,369,159
		=====	=====
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		229,833,140	215,796,854
		=====	=====
Profit for the year is attributable to:			
Owners of the Bank		223,322,057	204,252,805
Non-controlling interest		6,276,729	3,116,354
		-----	-----
		229,598,786	207,369,159
		=====	=====
Total comprehensive income for the period is attributable to:			
Owners of the Bank		223,556,411	212,680,500
Non-controlling interest		6,276,729	3,116,354
		-----	-----
		229,833,140	215,796,854
		=====	=====

*Details of restatements are disclosed in Note 45.

EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)
ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2023 USD	2022 Restated* USD
INCOME			
Gross effective interest income	4	721,890,675	557,782,365
Interest expense	5	(416,171,692)	(227,042,365)
Net interest income		305,718,983	330,740,000
Other borrowing costs	6	(3,510,744)	(4,316,376)
Net fee and commission income	7	16,368,562	10,126,773
Gains on FVTPL - Derivatives	17	12,347,138	9,044,686
Trading income		330,923,940	345,595,084
Risk mitigating costs	8	(44,733,692)	(42,284,466)
Other income	9	6,618,645	8,651,050
Operating Income	12	292,808,893	311,961,668
EXPENDITURE			
Operating expenses	11 (a)	(50,643,979)	(45,952,462)
Impairment allowance on loans	20	(27,793,152)	(51,752,149)
Net foreign exchange losses	14	(3,244,120)	(2,053,108)
Other financial assets impaired and written-off	13	(365,579)	(4,069,955)
Impairment of investment in subsidiary	25	(1,227,054)	-
Grant expenses	10	(1,120,000)	-
TOTAL EXPENDITURE		(84,393,884)	(103,827,674)
PROFIT FOR THE YEAR		208,415,009	208,133,993
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be subsequently reclassified to profit and loss:</i>			
Fair value gain through other comprehensive income - equity investments	24	234,354	8,427,695
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY		208,649,363	216,561,688

*Details of restatements are disclosed in Note 45.

EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)
ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	2023 USD	2022 Restated* USD	January 1, 2022 Restated* USD
Cash and balances held with other banks -less than 90 days	16	2,099,938,569	1,021,327,969	1,410,388,880
Cash and balances held with other banks -over 90 days	16	923,257,268	716,288,869	570,641,030
Derivative financial instruments	17	4,248,951	-	57,634,835
Trade finance loans	18	4,587,581,150	4,259,984,440	3,562,757,397
Project loans	19	2,131,094,979	1,980,753,431	2,052,889,467
Investment in Government securities	21	51,867,034	57,227,132	83,950,034
Trade Fund loan receivables	22	146,140,978	115,013,836	99,777,845
Other receivables	23	42,333,144	61,166,938	43,674,133
Equity investments - at fair value through other comprehensive income	24	71,880,869	71,452,098	61,078,070
Property and equipment	26	37,421,800	34,678,598	27,713,664
Investment property	27	8,020,916	5,009,560	5,009,560
Right-of-use assets	28	2,253,507	2,577,584	3,053,898
Intangible assets	29	195,284	713,492	1,507,557
TOTAL ASSETS		10,106,234,449	8,326,193,948	7,980,076,370
LIABILITIES AND EQUITY				
LIABILITIES				
Collection account deposits	30	289,437,554	123,759,079	64,979,105
Derivative financial instruments	17	-	17,826,383	-
Lease Liabilities	31	-	244,246	612,758
Short term borrowings	32	4,379,401,963	3,489,331,681	2,663,462,546
Provision for service and leave pay	33	13,050,513	11,466,069	11,287,734
Non controlling interest payables	34	79,064,874	65,246,073	51,439,560
Other payables	35	170,428,430	99,322,658	86,867,979
Long term borrowings	36	2,966,360,186	2,556,560,813	3,374,096,364
TOTAL LIABILITIES		7,897,743,520	6,363,757,002	6,252,746,046
EQUITY				
Share capital	37	603,081,183	580,439,034	555,868,667
Share premium	37	256,185,817	217,131,487	176,188,498
Retained earnings		1,236,944,336	1,063,097,870	912,313,731
Proposed dividend	37	49,498,565	49,431,823	41,403,979
Fair value reserve -Equity investments	38	20,271,684	29,035,466	20,607,771
Management reserve	39	29,035,466	19,842,913	19,842,913
Equity attributable to owners of the bank		2,195,017,052	1,958,978,593	1,726,225,559
Non Controlling interest		13,473,877	3,458,353	1,104,765
		2,208,490,929	1,962,436,946	1,727,330,324
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		10,106,234,449	8,326,193,948	7,980,076,370

*Details of restatements are disclosed in Note 45.

The notes on page 10 to 151 are an integral part of these financial statements.

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


Group MD/Director


Director

EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)
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SEPARATE STATEMENT OF FINANCIAL POSITION

	Note	2023 USD	2022 Restated* USD	January 1, 2022 Restated* USD
ASSETS				
Cash and balances held with other banks -less than 90 day	16	2,058,871,432	980,952,676	1,400,241,674
Cash and balances held with other banks -over 90 days	16	923,257,268	716,288,869	570,641,030
Derivative financial instruments	17	4,248,951	-	57,634,835
Trade finance loans	18	4,584,822,529	4,259,984,440	3,562,757,397
Project loans	19	2,131,094,979	1,980,753,431	2,052,889,467
Investment in government securities	21	42,168,768	57,227,132	83,950,034
Other receivables	22	55,826,198	48,630,141	40,903,159
Equity investments - at fair value through other comprehensive income	24	71,880,869	71,452,098	61,078,070
Investment in subsidiaries	25	89,478,580	82,136,257	50,663,874
Property and equipment	26	37,421,800	34,678,598	27,713,664
Investment property	27	8,020,916	5,009,560	5,009,560
Right-of-use assets	28	2,253,507	2,577,584	3,053,898
Intangible assets	29	195,284	713,492	1,507,557
TOTAL ASSETS		10,009,541,081	8,240,404,278	7,918,044,219
LIABILITIES AND EQUITY				
LIABILITIES				
Collection account deposits	30	289,437,554	123,759,079	64,979,105
Derivative financial instruments	17	-	17,826,383	-
Lease liabilities	31	-	244,246	612,758
Short term borrowings	32	4,379,401,963	3,489,331,681	2,663,462,546
Provision for service and leave pay	33	12,911,887	11,466,069	11,287,734
Other payables	35	177,880,160	78,580,695	78,824,118
Long term borrowings	36	2,966,360,186	2,556,560,813	3,374,096,364
TOTAL LIABILITIES		7,825,991,750	6,277,768,967	6,193,262,625
EQUITY				
Share capital	37	603,081,183	580,439,034	555,868,667
Share premium	37	256,185,817	217,131,487	176,188,498
Retained earnings		1,225,476,616	1,066,754,589	910,869,766
Proposed dividend	37	49,498,565	49,431,823	41,403,979
Fair value reserve -Equity investments	38	20,271,684	29,035,466	20,607,771
Management reserve	39	29,035,466	19,842,913	19,842,913
TOTAL EQUITY		2,183,549,331	1,962,635,312	1,724,781,594
TOTAL LIABILITIES AND EQUITY		10,009,541,081	8,240,404,279	7,918,044,219

*Details of restatements are disclosed in Note 45.

The notes on page 10 to 151 are an integral part of these financial statements.

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


Group MD/Director


Director

**EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)
ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	Note	Share capital USD	Share premium USD	Retained earnings USD	Proposed dividend USD	Management Reserve USD	Equity investments USD	Total equity USD	Non-controlling Interest USD	TOTAL USD
As at 1 January 2023 As previously stated		580,439,034	217,131,487	1,068,367,493	49,431,823	29,035,466	19,842,913	1,964,248,216	3,458,353	1,967,706,569
Restatement	45	-	-	(5,269,623)	-	-	-	(5,269,623)	-	(5,269,623)
As at 1 January 2023-restated		580,439,034	217,131,487	1,063,097,870	49,431,823	29,035,466	19,842,913	1,958,978,593	3,458,353	1,962,436,946
Capital subscription	37	22,642,149	-	-	-	-	-	22,642,149	-	22,642,149
Share premium	37	-	39,054,330	-	-	-	-	39,054,330	-	39,054,330
Proposed dividend	37	-	-	(49,498,565)	49,498,565	-	-	-	-	-
Dividend declared and paid	37	-	-	-	(39,011,735)	-	-	(39,011,735)	-	(39,011,735)
Dividend declared and payable	37	-	-	-	(10,420,088)	-	-	(10,420,088)	-	(10,420,088)
TDF reserves on recognition of equity & reserves*		-	-	3,419,868	-	-	-	3,419,868	536,318	3,956,186
ESATF opening reserves ceded to NCI**		-	-	(3,202,477)	-	-	-	(3,202,477)	3,202,477	-
Profit for the year		-	-	223,322,057	-	-	-	223,322,057	6,276,729	229,598,786
Disposal of equity investments	24	-	-	(194,417)	-	-	194,417	-	-	-
Fair value gain through other comprehensive income	24	-	-	-	-	-	234,354	234,354	-	234,354
As at 31 December 2023		<u>603,081,183</u> =====	<u>256,185,817</u> =====	<u>1,236,944,336</u> =====	<u>49,498,565</u> =====	<u>29,035,466</u> =====	<u>20,271,684</u> =====	<u>2,195,017,052</u> =====	<u>13,473,877</u> =====	<u>2,208,490,929</u> =====

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

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

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

EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)
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SEPARATE STATEMENT OF CHANGES IN EQUITY

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

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SEPARATE STATEMENT OF CHANGES IN EQUITY (Continued)

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

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CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

	Note	GROUP		BANK	
		2023	2022	2023	2022
		USD	Restated* USD	USD	Restated* USD
OPERATING ACTIVITIES					
Cash generated from/(used in) operations	40 (a)	1,333,936,885	(369,519,064)	1,323,752,451	(364,673,475)
Interest received		259,646,867	276,724,628	259,617,273	269,041,825
Interest paid		(329,441,338)	(195,983,371)	(329,441,338)	(189,034,246)
		<hr/>	<hr/>	<hr/>	<hr/>
Net cash generated from/(used in) operations		1,264,142,414	(288,777,807)	1,253,928,386	(284,665,896)
		<hr/>	<hr/>	<hr/>	<hr/>
INVESTING ACTIVITIES					
Purchase of property and equipment	26	(7,649,575)	(7,967,661)	(7,649,575)	(7,967,661)
Investment in subsidiaries	25	-	-	-	(34,289,731)
Purchase of equity investments	24	-	(2,729,000)	-	(2,729,000)
Disposal of equity investments	24	1,755,000	782,667	1,755,000	782,667
Investment in government securities	21	(9,698,266)	-	-	-
Redemption from government securities	21	15,058,364	26,722,902	15,058,364	26,722,902
Dividend received	9	1,485,356	-	1,485,356	-
Bank balances with more than 90 days to maturity	16	(206,968,399)	(145,647,839)	(206,968,399)	(145,647,839)
		<hr/>	<hr/>	<hr/>	<hr/>
Net cash used in investing activities		(206,017,519)	(128,838,931)	(196,319,255)	(163,128,662)
		<hr/>	<hr/>	<hr/>	<hr/>
FINANCING ACTIVITIES					
Proceeds from capital subscriptions	37	22,642,149	24,570,367	22,642,149	24,570,367
Proceeds from share premium	37	39,054,330	40,942,989	39,054,330	40,942,989
Payment of dividends	37	(39,011,735)	(39,115,166)	(39,011,735)	(39,115,166)
Payment of lease liabilities	34	(134,763)	(605,604)	(134,763)	(605,604)
		<hr/>	<hr/>	<hr/>	<hr/>
Net cash generated from financing activities		22,549,981	25,792,586	22,549,981	25,792,586
		<hr/>	<hr/>	<hr/>	<hr/>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,080,674,876	(391,824,151)	1,080,159,113	(422,001,972)
		<hr/>	<hr/>	<hr/>	<hr/>
Foreign exchange (gains)/losses on cash and cash equivalents	14	(2,064,275)	2,763,240	(2,240,357)	2,712,974
		<hr/>	<hr/>	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,021,327,969	1,410,388,880	410,311,646	829,600,644
		<hr/>	<hr/>	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	16	2,099,938,569	1,021,327,969	1,488,230,402	410,311,646
		=====	=====	=====	=====

*Details of restatements are disclosed in Note 45.

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

1. CORPORATE INFORMATION

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

(a) Basis of preparation

Statement of compliance

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

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

Presentation of financial statements

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

(b) Basis of consolidation

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

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

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

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

- the size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote 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. MATERIAL ACCOUNTING POLICY INFORMATION (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.

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

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

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

For credit exposures 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) Significant increase of credit risk

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

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

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

(iv) Classification and measurement of financial assets

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

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

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

**EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)
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FOR THE YEAR ENDED 31 DECEMBER 2023**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

(iv) Classification and measurement of financial assets (Continued)

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

(d) Key sources of estimation uncertainty

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

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

- (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;

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(e) Revenue recognition

i. Interest income from loans and investment

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

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

Effective interest rate

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

- 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. A purchased or originated credit impaired asset (POCI) refers to assets for which on initial recognition one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, such as significant financial difficulty, default, and additional events.

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

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

Amortised cost and gross carrying amount.

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

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

Calculation of interest income

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(e) Revenue recognition (continued)

Calculation of interest income

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 drawdown fees, arrangement fees, document handling fees and others that do not form an integral part of the effective interest rate of the facilities are recognised on completion of the underlying transaction. Other fees are recognised at the point when the service is completed or significant act is performed.

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

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(f) Borrowings and financing costs

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

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

(g) Foreign currencies

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

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

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

(h) Property and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

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

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

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

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(h) Property and equipment (continued)

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

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

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

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

(i) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured at fair value through profit or loss.

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

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

(j) Intangible assets

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

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

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(k) Taxation

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

(l) Share capital

In accordance with Article 7 of the Charter, for class A shares, issued and called-up shares are paid for in 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 there-from. For Class B and Class C payments of the amount subscribed by subscribers shall be paid in full within 90 days from the date of subscription. For Class B and Class C shares, payment of the amount subscribed by subscribers shall be paid in full within a period determined by the Board of Directors.

(m) Financial instruments

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

Initial recognition and measurement

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

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

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

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

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

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

Fair value through other comprehensive income (FVOCI) - Equity

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

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(m) Financial instruments (continued)

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.

In making the assessment, the Group considered:

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

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

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(m) Financial instruments (continued)

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.

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.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(m) Financial instruments (continued)

Derecognition and modification (Continued)

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

Reclassification

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

Write-off

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

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of the amount due. Loans that are written off and therefore not forgiven appropriate measures are subsequently undertaken to 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.

Financial liabilities

Initial measurement of financial liabilities

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

Subsequent measurement

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

Derecognition

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(m) Financial instruments (continued)

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.

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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(m) Financial instruments (continued)

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 issues 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 economies 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 assets 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>
Stage 2	<p>Loans classified under stage 2 have adequate capacity to meet financial obligations, but adverse conditions or changing circumstances are more likely to lead to weakened capacity to meet financial commitments. Company is newly formed (green field) or of average size within its industry and is facing adverse conditions and having challenges access funding. For existing clients, more regular monitoring required as the result of deterioration in earnings or cash flow, irregularities in the conduct of the accounts, lack of customer co-operation, announcement of litigation or some other negative factors. Capacity to repay as measured by key loan repayment indicators remains acceptable.</p> <p>The qualitative and quantitative factors which trigger a reclassification from stage 1 to stage 2 have been defined, under note 46. These meet the specific requirements of IFRS 9 and aligns with the Group's credit risk management practices. Stage 2 assets are considered to be cured (i.e., reclassified back into stage 1), when there is no longer evidence of a significant increase in credit risk, and in accordance with the Group's credit risk management cure criteria.</p> <p>The Group has made an assessment that this classification and explanation is consistent with the requirements of IFRS 9.</p>

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(m) Financial instruments (continued)

Stage 3	<p>Asset has one or more well-defined weaknesses that make the full collection of principal and interest questionable such as weak financial condition including net worth, insufficient collateral, etc. The possibility of loss is very high. A full or partial provision of principal, interest or both may be required. Account has been classified as a non-performing/non-accrual loan. Asset is deemed uncollectible and of such little value that that their continuance as bankable assets is not warranted. Full write off remaining principal and interest will be required in due course, even though partial recovery may be affected in future. Loans for which the principal and/or the interest remain outstanding for:</p> <ul style="list-style-type: none"> - more than 90 days past due on any material credit obligation to the Group for corporate borrowers - more than 180 days past due on any material credit obligation to the group for sovereign borrowers, and as approved by the Board of Directors. <p>Defaulted assets are considered to be cured once the original event triggering default no longer exists, and the defined probation period (that is, the required consecutive months of performance) has been met.</p>
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Financial guarantees, letters of credit, and loan commitments

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

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

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

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

Derivative financial instruments

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

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

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(n) 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.

(o) Retirement benefit costs

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

(p) Contingent liabilities

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

(q) Cash and cash equivalents

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

(r) Leases

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

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

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

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(r) Leases (continued)

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

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

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

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

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

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

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

(s) Provisions for other liabilities

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

(t) Collection accounts deposits

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

(u) Segment reporting

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(u) 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. Transactions between the business segments are on normal commercial terms and conditions. Segment assets and liabilities comprise operating assets and liabilities, which form the majority of the statement of financial position.

(w) 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.

(v) Comparative information

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

**EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)
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FOR THE YEAR ENDED 31 DECEMBER 2023**

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, 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 Bank's subsidiary, TCI, is in insurance business and therefore adopted IFRS 17 in their financial statements. TCI provides insurance services solely to TDB, and the transactions are eliminated on consolidation. Consequently, the Directors have not adopted IFRS 17 in these financial statements. The impact on the financial statements of the Group is nil.</p>
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**EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)
ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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)

Amendments to IAS 8: Definition of accounting estimates	<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>
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**EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)
ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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>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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**EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)
ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

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

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

At the date of 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.

<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.</p> <p>The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.</p> <p>The changes did not have material impact on the financial statements of the Group.</p>
<p>Amendments to IAS 1 - Presentation of Financial Statements— Non-current Liabilities with Covenants</p>	<p>The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).</p>

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

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

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

<p>Amendments to IAS 1 - Presentation of Financial Statements— Non-current Liabilities with Covenants (Continued)</p>	<p>The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity’s right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.</p> <p>The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024.</p> <p>The amendments are not expected to have a material impact on these financial statements.</p>
<p>Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures— Supplier Finance Arrangements</p>	<p>The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity’s liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity’s exposure to concentration of liquidity risk.</p> <p>To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:</p> <ul style="list-style-type: none"> • the terms and conditions of the arrangements; • the carrying amount, and associated line items presented in the entity’s statement of financial position, of the liabilities that are part of the arrangements; • the carrying amount, and associated line items for which the suppliers have already received payment from the finance providers; • ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance • liquidity risk information. <p>The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024.</p> <p>The amendments are not expected to have a material impact on these financial statements.</p>

**EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)
ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

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

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

<p>Amendments to IFRS 16- Lease Liability in a Sale and Leaseback</p>	<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.</p> <p>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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**EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)
ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		BANK	
	2023	2022	2023	2022
	USD	Restated* USD	USD	Restated* USD
4. INTEREST INCOME				
<i>Effective Interest Rate Income:**</i>				
On loans and facilities:				
Project finance loans	214,740,531	166,475,947	214,740,531	166,475,947
Trade finance loans	395,676,899	308,446,256	395,581,580	308,446,256
	<hr/>	<hr/>	<hr/>	<hr/>
Total interest income on loans and facilities:	610,417,430	474,922,203	610,322,111	474,922,203
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Other interest income:</i>				
Deposits/Held at amortised cost	113,055,932	82,860,162	111,568,564	82,860,162
Other	107,045	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other interest income	113,162,977	82,860,162	111,568,564	82,860,162
	<hr/>	<hr/>	<hr/>	<hr/>
Total effective interest income	723,580,407	557,782,365	721,890,675	557,782,365
	=====	=====	=====	=====
5. INTEREST EXPENSE				
Effective interest expense:				
Regional and international bond markets	63,505,064	69,382,530	63,505,064	69,382,530
Interest on funds borrowed from:				
- Banks and financial institutions	311,892,421	128,242,800	311,693,273	128,242,800
- Amortisation of deferred borrowing costs	22,205,622	15,755,100	22,205,622	15,755,100
- Other institutions	18,767,733	13,661,935	18,767,733	13,661,935
	<hr/>	<hr/>	<hr/>	<hr/>
	416,370,840	227,042,365	416,171,692	227,042,365
	=====	=====	=====	=====
6. OTHER BORROWING COSTS				
Bank commission	75,969	139,915	75,969	139,915
Other costs	3,434,775	4,176,461	3,434,775	4,176,461
	<hr/>	<hr/>	<hr/>	<hr/>
	3,510,744	4,316,376	3,510,744	4,316,376
	=====	=====	=====	=====

*Details of restatements are disclosed in Note 45.

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

	GROUP		BANK	
	2023	2022 Restated*	2023	2022 Restated*
7. FEES AND COMMISSIONS INCOME	USD	USD	USD	USD
Letter of credit fees in trade finance	10,031,708	6,176,899	10,031,708	6,176,899
Syndication fees in trade finance	3,279,412	-	3,279,412	-
Commitment fees on project finance	1,259,309	2,134,906	1,259,309	2,134,906
Other project fees	782,827	241,742	782,827	241,742
Guarantee fees in trade finance	390,775	232,585	390,775	232,585
Syndication fees in project finance	206,282	1,084,493	206,282	1,084,493
Guarantee fees in project finance	187,474	25,000	187,474	25,000
Other fees in trade finance	162,038	90,765	162,038	90,765
Commitment fees in trade finance	42,519	140,383	42,519	140,383
Letter of credit fees in project fees	26,218	-	26,218	-
	16,368,562	10,126,773	16,368,562	10,126,773
	=====	=====	=====	=====
8. RISK MITIGATION COSTS				
Insurance cover costs*	37,171,602	31,138,236	40,834,742	31,138,236
Risk participation costs**	3,898,950	11,146,230	3,898,950	11,146,230
	41,070,552	42,284,466	44,733,692	42,284,466
	=====	=====	=====	=====

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

**Risk participation costs relate to fees paid to other financial institutions in agreements where the Bank sells its exposures to contingent obligations. During the year 2023, TDB risk participation amounted to USD 606.87 million (2022: USD 593.08 million).

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	
	2023	2022 Restated*	2023	2022
9. OTHER INCOME	USD	USD	USD	USD
Other income	4,147,499	1,195,377	4,049,402	648,272
Dividend income	1,485,356	1,918,706	1,485,356	1,918,706
Interest on staff loans	474,007	307,410	474,007	307,410
Impaired assets recovered	381,887	5,545,643	381,887	5,545,643
Rental income	227,993	231,019	227,993	231,019
	<u>6,716,742</u>	<u>9,198,155</u>	<u>6,618,645</u>	<u>8,651,050</u>
	=====	=====	=====	=====
10. GRANT EXPENSES				
Paid by TDB to TDF**	-	-	1,120,000	-
	<u>-</u>	<u>-</u>	<u>1,120,000</u>	<u>-</u>
	=====	=====	=====	=====
11 (a). OPERATING EXPENSES				
Staff costs (Note 11. b)	35,993,801	32,433,915	35,239,631	32,433,915
Consultants and advisers	6,020,606	4,467,525	5,388,364	4,467,525
Other operating expenses	3,168,971	8,550,769	2,222,739	2,039,483
Official missions	1,957,402	1,443,493	1,825,793	1,443,493
Depreciation of property and equipment	1,786,178	1,001,654	1,786,178	1,001,654
Business promotion	1,540,592	1,265,823	1,537,762	1,265,823
Board of Directors meetings	808,814	774,668	718,302	774,668
Board of Governors meetings	621,752	793,589	610,092	793,589
Amortisation of intangible assets	518,208	794,065	518,208	794,065
Short term leases and other rentals	384,977	137,568	384,977	137,568
Depreciation of right-of-use assets	190,775	610,672	190,775	610,672
Audit fees	176,013	189,995	88,500	86,200
Loss on disposal of property and Equipment	108,839	1,073	108,839	1,073
Interest on lease liability	23,819	102,734	23,819	102,734
	<u>53,300,747</u>	<u>52,567,542</u>	<u>50,643,979</u>	<u>45,952,462</u>
	=====	=====	=====	=====

*Details of restatements are disclosed in Note 45.

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

EASTERN AND SOUTHERN AFRICAN TRADE DEVELOPMENT BANK (TDB)
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FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

12. NET TRADING INCOME & OPERATING INCOME

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

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

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

	GROUP		BANK	
	2023	2022	2023	2022
	USD	USD	USD	USD
13. OTHER FINANCIAL ASSETS IMPAIRED AND WRITTEN OFF				
Other receivables (Note 23)**	365,579	4,069,955	365,579	4,069,955
	=====	=====	=====	=====

14. NET FOREIGN EXCHANGE LOSSES

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	GROUP		BANK	
	2023 USD	2022 USD	2023 USD	2022 USD
(ii) Call and term deposits with banks:				
United States Dollars (USD)	2,092,329,365	1,512,680,042	2,070,470,954	1,512,680,042
Amounts maintained in other currencies:				
Euro	295,771,671	37,347,799	295,771,671	37,347,799
United Arab Emirates Dirham	19,895,231	-	19,895,231	-
Ethiopian Birr	9,821,429	-	9,821,429	-
Ugandan Shillings	5,853,355	5,971,029	5,853,355	5,971,029
Sudanese Pounds	2,506,004	2,828,469	2,506,004	2,828,469
	333,847,690	46,147,297	333,847,690	46,147,297
	2,426,177,055	1,558,827,339	2,404,318,644	1,558,827,339
(iii) Movement in over 90 days balances				
At the beginning of period	716,288,869	570,641,030	716,288,869	570,641,030
Additions	250,424,216	122,279,940	250,424,216	122,279,940
Maturities	(100,000,000)	(25,110,967)	(100,000,000)	(25,110,967)
Interest earned	56,544,183	48,478,866	56,544,183	48,478,866
	923,257,268	716,288,869	923,257,268	716,288,869

(iv) Effective interest rates on deposits with banks

	GROUP AND BANK	
	2023 %	2022 %
United States Dollars	6.64%	5.92%
Euro	3.90%	1.95%
United Arab Emirates Dirham	5.42%	4.50%
Ethiopian Birr	9.00%	0.00%
Ugandan Shillings	13.35%	13.35%
Sudanese Pounds*		
Zambian Kwacha	31.10%	30.23%

* The Sudanese Pound rate did not change from 2022 to 2023.

17. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

17. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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

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

	GROUP		BANK	
	2023	2022	2023	2022
	USD	USD	USD	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	71,287,751	268,931,651	71,287,751	268,931,651
Net amounts settled	(61,559,555)	(353,437,555)	(61,559,555)	(353,437,555)
Fair value gains through profit or loss	12,347,138	9,044,686	12,347,138	9,044,686
	-----	-----	-----	-----
Net closing balance as at end of period	4,248,951	(17,826,383)	4,248,951	(17,826,383)
	=====	=====	=====	=====

18. TRADE FINANCE LOANS

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

As at 31 December 2023, as disclosed in Note 46 (b) the gross non-performing trade finance loans (stage 3) amounted to USD 122,715,655 (2022- USD 118,796,034). The specific impairment provisions related to these loans amounted to USD 86,115,622 (2022 - USD 74,809,139) hence the carrying amount of the stage 3 loans amounted to USD 36,600,033 (2022- USD 43,986,895). The provisions related to stage 1 and stage 2 trade finance loans amounted to USD 103,270,228 (2022 - USD 99,653,294).

*Details of restatements are disclosed in Note 45.

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

19. PROJECT LOANS

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

20. IMPAIRMENT ALLOWANCE ON PROJECT AND TRADE FINANCE LOANS

The movement in provisions is as follows:

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

20. IMPAIRMENT ALLOWANCE ON PROJECT AND TRADE FINANCE LOANS

The movement in provisions is as follows:

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

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21. INVESTMENTS IN GOVERNMENT SECURITIES

Held at Amortised Cost:	GROUP		BANK	
	2023	2022	2023	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
Investment in treasury bills	9,698,266	-	-	-
Maturities	(15,058,364)	(26,722,902)	(15,058,364)	(26,722,902)
	-----	-----	-----	-----
At 31 December:	51,867,034	57,227,132	42,168,768	57,227,132
	=====	=====	=====	=====
ECL Impairment provisions	493,375	1,802,655	493,375	1,802,655
	=====	=====	=====	=====

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

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

22. TRADE FUND LOAN RECEIVABLES

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

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

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23. OTHER RECEIVABLES	GROUP		BANK	
	2023	2022	2023	2022
	USD	Restated* USD	USD	USD
Prepayments and other receivables**	19,514,383	39,455,632	33,007,437	26,918,835
Staff loans and advances***	22,321,011	21,230,498	22,321,011	21,230,498
Appraisal fees***	497,750	480,808	497,750	480,808
	42,333,144	61,166,938	55,826,198	48,630,141
	=====	=====	=====	=====
Appraisal fees receivable****				
At the beginning of the year	480,808	323,564	480,808	323,564
Accrued Income	726,329	4,577,837	726,329	4,577,837
Receipts	(343,808)	(350,638)	(343,808)	(350,638)
Impaired and written off amounts (Note 13)	(365,579)	(4,069,955)	(365,579)	(4,069,955)
	497,750	480,808	497,750	480,808
	=====	=====	=====	=====
Amounts due within one year	3,096,182	41,482,106	3,096,182	29,485,215
Amounts due after one year	39,236,962	19,144,927	52,730,016	19,144,927
	42,333,144	61,166,938	55,826,198	48,630,142
	=====	=====	=====	=====

*Details of restatements are disclosed in Note 45.

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

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

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

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

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24. EQUITY INVESTMENTS

(i) Equity participation: At fair value through OCI	GROUP AND BANK						
	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	TDB's Share- holding* %
As at 31 December 2023 :							
African Export Import Bank	2,364,160	-	2,364,160	8,099,000	9,567,000	(1,468,000)	0.2
PTA Reinsurance	31,938,654	-	31,938,654	57,749,000	56,136,000	1,613,000	18.7
Tanruss	1,755,000	(1,755,000)	-	-	(194,417)	-	-
Africa Trade Insurance Company	1,000,000	-	1,000,000	1,325,000	1,215,000	110,000	0.3
Gulf African Bank	1,978,734	-	1,978,734	1,905,000	1,887,000	18,000	5.2
Pan African Housing Fund	772,431	-	772,431	73,869	112,515	(38,646)	2.4
Cable and Wireless	2,729,000	-	2,729,000	2,729,000	2,729,000	-	2.8
TOTAL	42,537,979	(1,755,000)	40,782,979	71,880,869	71,452,098	234,354	
As at 31 December 2022 :							
African Export Import Bank	2,364,160	-	2,364,160	9,567,000	7,903,000	1,664,000	0.2
PTA Reinsurance	31,938,654	-	31,938,654	56,136,000	49,609,000	6,527,000	18.8
Tononoka	628,653	(628,653)	-	-	706,000	44,000	-
Tanruss	1,755,000	-	1,755,000	(194,417)	(375,000)	180,583	4
Africa Trade Insurance Company	1,000,000	-	1,000,000	1,215,000	1,170,000	45,000	0.3
Gulf African Bank	1,978,734	-	1,978,734	1,887,000	1,809,000	78,000	5.2
Pan African Housing Fund	805,098	(32,667)	772,431	112,515	256,070	(110,888)	2.4
Cable and Wireless	-	2,729,000	2,729,000	2,729,000	-	-	2.8
TOTAL	40,470,299	2,067,680	42,537,979	71,452,098	61,078,070	8,427,695	

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

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

24. EQUITY INVESTMENTS (continued)	GROUP AND BANK	
(ii) Installments paid:	2023	2022
	USD	USD
Total subscribed capital*	42,159,115	43,965,548
Less: Installments not due – Note 24(iii)	(1,376,136)	(1,427,569)
	40,782,979	42,537,979
	40,782,979	42,537,979
* 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*	176,136	227,569
	1,376,136	1,427,569
	1,376,136	1,427,569
*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 24(i)	-	2,729,000
Divestiture– Note 24(i)	(1,755,000)	(661,320)
	40,782,979	42,537,979
	40,782,979	42,537,979

25. INVESTMENT IN SUBSIDIARIES - AT COST

(a) TDB Subsidiaries

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

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

TDB Acquisition of 100% interest in ESATAL

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

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

25. INVESTMENT IN SUBSIDIARIES (Continued)

(a) TDB Subsidiaries (Continued)

(ii) Trade and Development Fund (TDF)

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

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

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

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

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

(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 44.00% (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.

(vi) COMESA Infrastructure Fund (CIF)

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

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

25. INVESTMENT IN SUBSIDIARIES (Continued)

(b) TDB Investment in subsidiaries

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

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

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

25. INVESTMENT IN SUBSIDIARIES (Continued)

(c) Summarised Financial Information

As at 31 December 2023

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

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

25. INVESTMENT IN SUBSIDIARIES (Continued)

(c) Summarised Financial Information

As at 31 December 2022

	ESATF USD	TOTAL USD
(i) Statement of Financial Position		
Total assets	122,508,785	122,508,785
Total liabilities	(279,248)	(279,248)
	-----	-----
Net assets	122,229,537	122,229,537
	=====	=====
Non-controlling interest	65,246,073	65,246,073
	=====	=====
(ii) Statement of Profit and Loss and Other Comprehensive Income		
Income	8,062,189	8,062,189
Expenditure	(2,224,134)	(2,224,134)
	-----	-----
Comprehensive income/loss	5,838,055	5,838,055
	=====	=====
Attributable to owners of the Bank	4,378,541	4,378,541
Non-controlling interest	1,459,514	1,459,514
	-----	-----
	5,838,055	5,838,055
	=====	=====
(iii) Statement of Cash Flows		
Net cash (used in)/ generated from operating activities	2,332,854	2,332,854
Net cash generated from/(used in) financing activities	(16,052,133)	-16,052,133
Net cash generated from investing activities	9,680,730	9,680,730
	-----	-----
Net increase/(decrease) in cash and cash equivalents	(4,038,549)	(4,038,549)
Cash and cash equivalents at beginning of year	9,092,449	9,092,449
	-----	-----
Cash and cash equivalents at end of year	5,053,900	5,053,900
	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued)

26. PROPERTY AND EQUIPMENT

	GROUP AND BANK						
	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	18,839,370	1,071,057	1,748,578	3,204,666	49,602,107
Additions	1,710	2,209,631	693,711	135,700	1,400,161	3,208,662	7,649,575
Disposals	-	-	(1,589,804)	-	(245,195)	(251,524)	(2,086,523)
Capitalization of Building Under Construction	-	(26,807,667)	26,807,667	-	-	-	-
Transfer to Investment Property (Note 27)	-	-	(3,011,356)	-	-	-	(3,011,356)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2023	142,110	-	41,739,588	1,206,757	2,903,544	6,161,804	52,153,803
DEPRECIATION							
As at 1 January 2023	-	-	9,796,659	909,517	1,479,993	2,737,340	14,923,509
Charge for the year	-	-	1,072,297	99,311	191,962	422,608	1,786,178
Disposals	-	-	(1,589,824)	-	(141,899)	(245,961)	(1,977,684)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2023	-	-	9,279,132	1,008,828	1,530,056	2,913,987	14,732,003
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE	142,110	-	32,460,456	197,929	1,373,488	3,247,817	37,421,800
	=====	=====	=====	=====	=====	=====	=====

Building Under Construction

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

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

26. PROPERTY AND EQUIPMENT (Continued)

Nairobi Property

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

Transfer to Investment Property (Note 27)

Bujumbura Property

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

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

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

	GROUP AND BANK 2021 USD
(a) Before fair valuation	
Cost	19,915,434
Accumulated depreciation	7,227,854

Carrying amount	12,687,580
	=====
Allocated to:	
Building recognised under IAS 16 - Property and Equipment	4,838,325
Building recognised under IAS 40- Investment Property	7,849,255

Total	12,687,580
	=====
(b) Fair valuation	
Building recognised under IAS 40- Investment Property (Note 27)	5,009,560
	=====
(c) Fair Value loss (b-a):	
Fair valuation of building recognised under IAS 40- Investment	5,009,560
Carrying amount before valuation allocated to building recognised under IAS 40- Investment Property	(7,849,255)

Fair Value loss - Building recognised under IAS 40- Investment Property	(2,839,695)
	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued)

26. PROPERTY AND EQUIPMENT (Continued)

	GROUP AND BANK						
	Freehold Land USD	Building Under Construction USD	Restated Buildings USD	Motor vehicles USD	Furniture and fittings USD	Office equipment USD	Total USD
COST							
As at 1 January 2022							
As previously stated	140,400	17,001,300	26,688,625	1,047,989	1,745,887	2,867,770	49,491,971
Restatement (Note 45)	-	-	(7,849,255)	-	-	-	(7,849,255)
As at 1 January 2022-Restated	140,400	17,001,300	18,839,370	1,047,989	1,745,887	2,867,770	41,642,716
Additions		7,596,736	-	23,068	2,691	345,166	7,967,661
Disposals	-	-	-	-	-	(8,270)	(8,270)
As at 31 December 2022	140,400	24,598,036	18,839,370	1,071,057	1,748,578	3,204,666	49,602,107
DEPRECIATION							
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	9,042,711	161,540	268,585	467,326	34,678,598
	=====	=====	=====	=====	=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued)

27. INVESTMENT PROPERTY	GROUP AND BANK		
	Bujumbura Office	Nairobi Office	Total
Total space -Square meters	6,566.77	22,948.00	29,514.77
Lettable space -square meters	4,106.62	2,482.00	6,588.62
Leased space-Square meters	2,498.48	-	2,498.48
Lettable space -%	62.54%	10.82%	22.32%
Leased space -%	38.05%	0.00%	8.47%
	USD	USD	USD
COST/FAIR VALUE			
As at 1 January 2023	5,009,560	-	5,009,560
Transfer from Property & Equipment (Note 26)	-	3,011,356	3,011,356
	-----	-----	-----
As at 31 December 2023	5,009,560	3,011,356	8,020,916
	=====	=====	=====
Revaluation	-	-	-
NET CARRYING AMOUNT			
As at 31 December 2023	5,009,560	3,011,356	8,020,916
	=====	=====	=====
As at 31 December 2022			
As previously stated	-	-	-
Restatement (Notes 26 and 45)	5,009,560	-	5,009,560
	-----	-----	-----
As at 31 December 2022- Restated	5,009,560	-	5,009,560
	=====	=====	=====

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

28. RIGHT-OF-USE ASSETS

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

COST	GROUP		BANK	
	2023 USD	2022 USD	2023 USD	2022 USD
At the beginning of the year	4,824,392	4,690,034	4,824,392	4,690,034
Additions/ lease asset recognized	-	134,358	-	134,358
Lease derecognized*	(2,370,544)	-	(2,370,544)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At the end of the year	2,453,848	4,824,392	2,453,848	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 year	190,775	610,672	190,775	610,672
Lease derecognized	(2,237,242)	-	(2,237,242)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At the end of the year	200,341	2,246,808	200,341	2,246,808
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE				
At the end of the year	2,253,507	2,577,584	2,253,507	2,577,584
	=====	=====	=====	=====
<i>Amounts recognised in profit and loss:</i>				
Depreciation expense on right-of-use assets	190,775	610,672	190,775	610,672
Interest expense on lease liabilities (Note 9)	23,819	102,734	23,819	102,734
Expense relating to short term lease contracts	39,837	36,144	39,837	36,144
	<hr/>	<hr/>	<hr/>	<hr/>
At the end of the year	254,431	749,550	254,431	749,550
	=====	=====	=====	=====

*The lease derecognised during the year relates to the previously rented premise for Nairobi office at 197 Lenana Place. From June 2023, The Nairobi office moved to its own newly constructed building at 184 TDB Tower on Lenana Road.

The balance on the account relates to leasehold land for the Nairobi office.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Intangible assets relate to cost of acquired computer software.
Computer software are amortised over their estimated useful lives, which is 5 years on average.

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

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

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

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

The lease liabilities were NIL as at 31 December 2023.

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

32. SHORT TERM BORROWINGS

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

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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

34. REDEEMABLE PARTICIPATING SHARES

	GROUP			
	As at 31 December 2023		As at 31 December 2022	
	No. of Shares	USD	No. of Shares	USD
As at 1 January	1,060,361	122,231,437	973,785	106,710,652
Shares issued		9,680,730	86,576	9,680,730
Increase in Net Asset Value		5,840,055	-	5,840,055
	-----	-----	-----	-----
As at 31 December	1,060,361	137,752,222	1,060,361	122,231,437
	=====	=====	=====	=====
TDB Share 44% (2022: 46.62%)		60,610,978		56,984,296
		=====		=====
Non -controlling interest		79,064,874		65,246,073
		=====		=====
<i>Maturity Analysis:</i>				
Amounts due within one year		-		-
Amounts due after one year		79,064,874		65,246,073
		-----		-----
		79,064,874		65,246,073
		=====		=====

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

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34. REDEEMABLE PARTICIPATING SHARES (Continued)

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

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

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

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

35. OTHER PAYABLES

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

*Details of restatements are disclosed in Note 45.

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

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

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36. LONG TERM BORROWINGS

Lender	Date of Renewal/ disbursement	Maturity Date	Currency	Amount in Currency	GROUP AND BANK As at 31 December 2023		
					Balance outstanding USD	Amount due within one year USD	Amount due after one year USD
African Development Bank	Nov-08	Feb-32	USD	150,000,000	150,000,000	24,000,000	126,000,000
African Economic Research Consortium	Nov-19	Nov-26	USD	3,163,945	3,163,945	-	3,163,945
US\$ 1.0 Billion Euro Medium Term Note Programme: Second Tranche	May-19	May-24	USD	750,000,000	750,000,000	750,000,000	-
US\$ 1.0 Billion Euro Medium Term Note Programme: 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	30,000,000	30,000,000	-	30,000,000
KfW	Dec-13	Nov-36	USD	104,761,905	104,761,905	15,238,095	89,523,810
European Investment Bank	Aug-16	Nov-33	USD	65,248,000	65,248,000	11,749,333	53,498,667
British International Investment	Oct-16	May-26	USD	20,833,333	20,833,333	8,333,333	12,500,000
Standard Chartered Bank / USAID	Sep-17	Sep-24	USD	4,227,905	4,227,905	4,227,905	-
Finnish Export Credit -Sumitomo Mitsui Banking Corporation	Jul-17	Dec-29	USD	37,756,347	37,756,347	6,292,724	31,463,623
Agence Francaise De Development	Dec-17	Jun-36	USD	128,425,000	128,425,000	7,916,667	120,508,333
Industrial Development Corporation	Mar-18	Feb-26	USD	33,521,728	33,521,728	13,408,691	20,113,037
Arab Bank for Economic Development in Africa	Feb-18	Jan-28	USD	57,500,000	57,500,000	1,875,000	55,625,000
Development Bank of the Republic of Belarus -I	Jun-20	Apr-25	USD	19,012,312	19,012,312	-	19,012,312
Oesterreichische Entwicklungsbank AG	Jun-20	Jun-30	USD	19,117,647	19,117,647	2,941,176	16,176,471
MIGA Guaranteed Syndicated	Jul-20	Jun-30	EUR	334,434,878	366,356,688	-	366,356,688
MIGA Guaranteed Syndicated	Dec-23	Jun-30	EUR	300,000,000	328,635,000	-	328,635,000
Cassa Depositi e Prestiti	Jul-20	Jun-30	EUR	38,235,294	41,884,853	6,443,824	35,441,029
World Bank Facility-Infrastructure Facility	Mar-21	Aug-39	USD	75,560,000	75,560,000	-	75,560,000
World Bank Facility-Technical Assistance Facility	Jan-21	Aug-58	USD	5,265,846	5,265,846	-	5,265,846
Development Finance institute Canada-FinDev Canada	Nov-21	Nov-29	USD	17,142,857	17,142,857	2,857,143	14,285,714
Japan Bank for International Corporation	Dec-23	Dec-27	USD	98,590,500	98,590,500	-	98,590,500
					3,007,003,866	855,283,891	2,151,719,975
					=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued)

36. LONG TERM BORROWINGS (continued)

	GROUP AND BANK		
	As at 31 December 2023		
	Balance outstanding USD	Amount due within one year USD	Amount due after one year USD
Total for long term borrowings	3,007,003,866	855,283,891	2,151,719,975
Interest payable	36,021,779	36,021,779	-
Total long term borrowings	3,043,025,645	891,305,670	2,151,719,975
Deferred expenditure	(76,665,459)	(24,007,115)	(52,658,344)
	2,966,360,186 =====	867,298,555 =====	2,099,061,631 =====

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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36. LONG TERM BORROWINGS (continued)

Lender	Date of Renewal/ disbursement	Maturity Date	Currency	Balance outstanding USD	GROUP AND BANK As at 31 December 2022	
					Amount due within one year USD	Amount due after one Year USD
African Development Bank	Nov-08	Feb-32	USD	176,250,000	176,250,000	146,000,000
African Economic Research Consortium	Nov-19	Nov-26	USD	3,050,424	3,050,424	3,050,424
Agence Francaise De Development	Dec-17	Jun-36	USD	112,075,000	112,075,000	105,825,000
Arab Bank for Econmic Development in Africa	Feb-18	Jan-28	USD	59,375,000	59,375,000	57,500,000
Cassa Depositi e Prestiti	Jul-20	Jun-30	EUR	44,117,647	47,040,441	40,768,382
CDC Group	Oct-16	May-26	USD	29,166,667	29,166,667	20,833,334
Development Bank of the Republic of Belarus -I	Jun-20	Apr-25	USD	18,750,053	18,760,053	13,417,484
Development Finance institute Canada -FinDev Canada	Nov-21	Nov-29	USD	20,000,000	20,000,000	17,142,857
European Investment Bank	Aug-16	Nov-33	USD	76,997,333	76,997,333	65,248,000
Finnish Export Credit -Sumitomo Mitsui Banking Corporation	Jul-17	Dec-29	USD	44,049,071	44,049,071	37,756,347
Industrial Development Corporation	Mar-18	Feb-26	USD	46,930,419	46,930,419	33,521,728
KfW	Dec-13	Nov-31	USD	120,000,000	120,000,000	104,761,905
MIGA Guaranteed Syndicated	Jul-20	Jun-30	EUR	334,434,877	356,591,188	356,591,188
Oesterreichische Entwicklungsbank AG	Jun-20	Jun-30	USD	22,058,824	22,058,824	19,117,648
Opec Fund for International Development	Mar-19	Jun-23	USD	50,000,000	50,000,000	30,000,000
Standard Chartered Bank / USAID	Sep-17	Sep-24	USD	8,455,811	8,455,811	4,227,905
US\$ 1.0 Billion Euro Medium Term Note Programme: Second Tranche	May-19	May-24	USD	750,000,000	750,000,000	750,000,000
US\$ 1.0 Billion Euro Medium Term Note Programme: Third Tranche	Jun-21	Jun-28	USD	650,000,000	650,000,000	650,000,000
World Bank Facility-Infrastructure Facility	Mar-21	Aug-39	USD	25,560,000	25,560,000	25,560,000
World Bank Facility-Technical Assistance Facility	Jan-21	Aug-58	USD	1,641,000	1,641,000	1,641,000
				2,618,001,231	135,038,029	2,482,963,202
				=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued)

36. LONG TERM BORROWINGS (continued)

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

37. SHARE CAPITAL

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

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

Authorised capital:

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

Subscribed capital:

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

Callable capital:

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

Payable capital:

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

Capital due:

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

Paid up Capital:

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

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37. SHARE CAPITAL (Continued)

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

37. SHARE CAPITAL (Continued)

	GROUP AND BANK			TOTAL
	As at 31 December 2022			
	CLASS 'A'	CLASS 'B'	CLASS 'C'	
	USD	USD	USD	USD
Movement in paid - up share capital				
At beginning of year	409,829,088	146,039,579	-	555,868,667
African Economic Research Consortium	-	18,134	-	18,134
African Development Bank	503,227	-	-	503,227
African Reinsurance Corporation	-	90,668	-	90,668
AGDF Corporate Trust Ltd (Rwanda)	-	2,665,639	-	2,665,639
Arab Bank for Economic Development in Africa	-	113,335	-	113,335
National Pensions Fund Mauritius	-	222,137	-	222,137
Board of Trustees of the National Social Security Fund of Tanzania	-	3,626,720	-	3,626,720
OPEC Fund for International Development	-	3,273,115	-	3,273,115
Sacos Group Limited	-	(612,013)	979,218	367,205
SICOM Global Fund Limited	-	652,810	-	652,810
Eastern and Southern African Trade and Development Bank Provident Fund	-	(8,586,290)	11,215,663	2,629,373
Belarus	145,069	-	-	145,069
Burundi	194,936	-	-	194,936
People's Republic of China	566,675	412,539	-	979,214
Comoros	22,667	-	-	22,667
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	1,876,794	12,194,881	24,570,367
At end of year	420,327,780	147,916,373	12,194,881	580,439,034
	=====	=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued)

37. SHARE CAPITAL (Continued)

SHARE PREMIUM

As at 31 December 2023	Number of Shares	GROUP AND BANK		Share Premium USD
		Share Value USD	Price Paid USD	
Share Premium - Class B:				
As at 1 January 2023	32,628	147,916,373	288,857,345	140,940,972
Additions – Cash paid	638	2,892,310	9,793,938	6,901,628
Disposals	(283)	(1,282,960)	(4,344,339)	(3,061,379)
	=====	=====	=====	=====
As at end of year	32,983	149,525,723	294,306,944	144,781,221
	=====	=====	=====	=====
Share Premium - Class C:				
As at 1 January 2023	2,690	12,194,881	11,716,772	(478,109)
Additions – Cash paid	2,376	10,771,358	29,033,728	18,262,370
Maturities during the year - Note 43 (g)	(871)	(3,948,591)	(13,370,721)	(9,422,130)
	=====	=====	=====	=====
As at end of year	4,195	19,017,648	27,379,779	8,362,131
	=====	=====	=====	=====
Share Premium - Class A:				
As at 1 January 2023	128,082	49,154,561	131,969,322	76,668,624
Additions – Cash paid without shares	-	6,362,737	14,011,312	7,648,575
Additions - GCI with shares	248	1,124,283	3,807,048	2,682,765
Additions - GCI without shares	-	6,723,032	22,765,533	16,042,501
	=====	=====	=====	=====
As at end of year	128,330	63,364,613	172,553,215	103,042,465
	=====	=====	=====	=====
TOTAL PREMIUM				
As at 31 December 2023	165,508	231,907,984	494,239,938	256,185,817
	=====	=====	=====	=====
Additional Premium for the year	2,108	22,642,169	61,696,499	39,054,330
	=====	=====	=====	=====
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
Maturities during the year - Note 43 (g)	(173)	(784,278)	(2,445,816)	(1,661,538)
	=====	=====	=====	=====
As at end of year	32,628	147,916,373	288,857,345	140,940,972
	=====	=====	=====	=====
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 year	2,690	12,194,881	11,716,772	(478,109)
	=====	=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued)

37. 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	60,441,490
Additions - Without share premium	217	2,565,220	2,565,220	-
Additions – Cash paid	1,750	7,933,450	24,160,584	16,227,134
Additions – GCI Allotment	33,225	-	-	-
	-----	-----	-----	-----
As at end of year	128,082	49,154,561	131,969,322	76,668,624
	=====	=====	=====	=====
TOTAL PREMIUM				
As at 31 December 2022	163,400	209,265,815	432,543,439	217,131,487
	=====	=====	=====	=====
Additional premium for the year	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 16,413.84(December 2022: USD 15,350.96) that is determined after a valuation of the Group's shares. The share premium is used to finance the operations of the Group. The share premium for Class 'A' shares was introduced in 2019.

CLASS 'A', 'B', and 'C' SHARES

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

DIVIDEND

	GROUP AND BANK	
	2023 USD	2022 USD
Dividend on ordinary shares declared and paid:		
Final dividend for 2022: USD 385.42 (2021: USD 339.71 per share)		
Declared and paid	39,011,735	32,629,077
Declared and not paid/payable	10,420,088	8,774,902
	-----	-----
	49,431,823	41,403,979
	=====	=====
Proposed dividend on ordinary shares:		
Dividend for 2023: USD 377.70 (December 2022: USD 385.42per share)	49,498,565	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. Dividends are paid as per provisions of the Dividend Policy, which is mandated by the Bank Charter.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

38. FAIR VALUE RESERVE

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

39. MANAGEMENT RESERVE

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

40. NOTES TO THE STATEMENT OF CASH FLOWS:

	GROUP		BANK	
	2023	2022	2023	2022
		Restated		Restated
(a) Cash generated from/(used in) operations:	USD	USD	USD	USD
Profit for the year	229,598,786	207,369,159	208,415,009	208,133,993
<i>Adjustments:</i>				
Depreciation on property and equipment	1,786,178	1,001,654	1,786,178	1,001,654
Depreciation of right of use assets	190,775	610,672	190,775	610,672
Amortisation of intangible assets	518,208	794,065	518,208	794,065
Loss from disposal of property and equipment	108,839	1,073	108,839	1,073
Losses on foreign exchange	3,068,038	-	3,244,120	-
Unrealized losses on non-cash items	(1,003,763)	(2,763,240)	(1,003,763)	(2,712,974)
Loss on impairment of subsidiary	-	-	1,227,054	-
Gain on disposal of equity investment	(1,949,417)	-	(1,949,417)	-
Interest income	(723,580,407)	(557,833,383)	(721,890,675)	(557,782,365)
Interest expense	416,370,840	227,042,365	416,171,692	227,042,365
Dividend income	(1,485,356)	-	(1,485,356)	-
Provision for impairment on loans and advances	25,650,346	51,752,149	25,479,074	51,752,149
Increase/(decrease) in provision for service and leave pay	1,288,470	(1,004,961)	1,149,844	(1,004,961)
Provision for impairment on off-balance sheet items	2,314,078	3,956,300	2,314,078	3,956,300
Impairment on other financial assets	365,579	-	365,579	-
Un-earned premiums	-	59,152	-	-
Interest on lease liability	23,819	102,734	23,819	102,734
	-----	-----	-----	-----
Profit before working capital changes	(46,734,987)	(68,912,261)	(65,334,942)	(68,105,295)
Decrease/(increase) in other receivables	22,424,400	(66,019,735)	(16,131,013)	(7,726,982)
(Increase) in Trade Fund receivables	(31,127,142)	-	-	-
(Increase)/decrease in derivatives financial instruments - Assets	(4,248,951)	57,634,835	(4,248,951)	57,634,835
(Decrease)/increase in derivatives financial instruments - Liabilities	(17,826,383)	17,826,383	(17,826,383)	17,826,383
Decrease/(Increase) in trade finance loans	46,721,085	(518,569,734)	47,990,841	(502,336,465)
(Increase)/decrease in project loans	(88,690,228)	142,846,122	(88,690,228)	142,846,122
Increase in collection accounts deposits	165,678,475	58,779,974	165,678,474	58,779,974
Increase in non-controlling payables	13,818,801	-	-	-
Increase in other payables	60,685,688	26,271,068	88,879,379	(35,100,808)
Provision for service and leave pay paid	295,974	1,183,296	295,974	1,183,296
Decrease/(increase) in borrowings - Note 40 (b)	1,212,940,153	(20,559,012)	1,213,139,301	(29,674,535)
	-----	-----	-----	-----
Net cash generated from/(used in) operations	1,333,936,885	(369,519,064)	1,323,752,451	(364,673,475)
	=====	=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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

(d) Facilities available for lending

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

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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

(d) Facilities available for lending (continued)

As at 31 December 2023 (continued)

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

Note:

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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

(d) Facilities available for lending (continued)

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

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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

(d) Facilities available for lending (continued)

As at 31 December 2022 (continued)

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

41. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Instruments Recorded at Fair Value

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

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

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

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

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

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

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

Determination of Fair Value and Fair Value hierarchy

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

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 : Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Determination of Fair Value and Fair Value hierarchy (Continued)

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

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

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

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

There were no transfers in between fair value hierarchy levels.

*Details of restatements are disclosed in Note 45.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Valuation Techniques for Financial Instruments Recorded at Fair Value

Quoted investments:

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

Unquoted investments valuation:

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

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

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

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

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

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

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

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41. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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

As at 31 December 2022	GROUP			Fair value USD	Carrying value USD
	Level 1 USD	Level 2 USD	Level 3 USD		
Cash and balances held with other banks	-	-	1,737,616,838	1,737,616,838	1,737,616,838
Project and Trade finance loans	-	-	6,240,737,871	6,240,737,871	6,240,737,871
Investment in Government securities	-	-	57,227,132	57,227,132	57,227,132
Other receivables	-	-	61,166,938	61,166,938	61,166,938
Other assets	-	-	35,392,090	35,392,090	35,392,090
	-----	-----	8,132,140,869	8,132,140,869	8,132,140,869
	=====	=====	=====	=====	=====
<i>Liabilities:</i>					
Collection accounts	-	-	123,759,079	123,759,079	123,759,079
Short term and long term borrowings	-	-	6,045,892,493	6,045,892,493	6,045,892,493
Other payables and provisions	-	-	164,568,731	164,568,731	164,568,731
	-----	-----	6,334,220,302	6,334,220,302	6,334,220,302
	=====	=====	=====	=====	=====
As at 31 December 2023	BANK			Fair value USD	Carrying value USD
	Level 1 USD	Level 2 USD	Level 3 USD		
<i>Assets:</i>					
Cash and balances held with other banks	-	-	2,058,871,432	2,058,871,432	2,058,871,432
Project and Trade finance loans	-	-	6,715,917,508	6,715,917,508	6,715,917,508
Investment in Government securities	-	-	42,168,768	42,168,768	42,168,768
Other receivables	-	-	55,826,198	55,826,198	55,826,198
Other assets	-	-	129,349,171	129,349,171	129,349,171
	-----	-----	9,002,133,077	9,002,133,077	9,002,133,077
	=====	=====	=====	=====	=====
<i>Liabilities:</i>					
Collection accounts	-	-	289,437,554	289,437,554	289,437,554
Short term and long term borrowings	-	-	7,345,762,149	7,345,762,149	7,345,762,149
Other payables and provisions	-	-	190,792,048	190,792,048	190,792,048
	-----	-----	7,825,991,750	7,825,991,750	7,825,991,750
	=====	=====	=====	=====	=====
As at 31 December 2022	BANK			Fair value USD	Carrying value USD
	Level 1 USD	Level 2 USD	Level 3 USD		
<i>Assets:</i>					
Cash and balances held with other banks	-	-	1,697,241,545	1,697,241,545	1,697,241,545
Project and Trade finance loans	-	-	6,240,737,871	6,240,737,871	6,240,737,871
Investment in Government securities	-	-	57,227,132	57,227,132	57,227,132
Other receivables	-	-	48,630,141	48,630,141	48,630,141
Other assets	-	-	120,105,931	120,105,931	120,105,931
	-----	-----	8,163,942,620	8,163,942,620	8,163,942,620
	=====	=====	=====	=====	=====
<i>Liabilities:</i>					
Collection accounts	-	-	123,759,079	123,759,079	123,759,079
Short term and long term borrowings	-	-	6,045,892,493	6,045,892,493	6,045,892,493
Other payables and provisions	-	-	90,291,011	90,291,011	90,291,011
	-----	-----	6,259,942,582	6,259,942,582	6,259,942,582
	=====	=====	=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued)

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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

Cash and Balances Held With Other Banks:

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

Project and Trade Finance Loans:

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

Investment in Government Securities:

Government securities at amortised costs are non-derivative financial assets with fixed or determinable payments and fixed maturities that the directors have the positive intention and ability to hold to maturity. They are initially recognised at fair value and measured subsequently at amortised cost, using the effective interest method.

Other receivables and Other Assets:

The carrying amounts of these balances approximate their fair values.

Collection Accounts:

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

Short Term and Long Term Borrowings:

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

Other Payables and Provisions:

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

Unobservable Inputs Sensitivity Analysis

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

41. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Unobservable Inputs Sensitivity Analysis (Continued)

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

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

Level 3 reconciliation

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

42. SEGMENT REPORTING

The Group's main business is offering loan products, which are carried out in distinct geographic coverage areas. As such, the Group has chosen to 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.

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

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

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

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

The Group's main coverage areas are:

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

42. SEGMENT REPORTING (Continued)

STATEMENT OF COMPREHENSIVE INCOME

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

*Details of restatements are disclosed in Note 45.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

42. SEGMENT REPORTING (Continued)

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023 :	Trade finance USD	Project finance USD	Other USD	Subsidiaries USD	Total USD
Assets:					
Cash and balances held with other banks	2,506,003	-	2,979,622,697	41,067,137	3,023,195,837
Investment in Government securities	-	-	42,168,768	9,698,266	51,867,034
Derivative financial instruments	4,248,951	-	-	-	4,248,951
Other receivables	-	-	55,826,198	(13,493,054)	42,333,144
Trade Fund loan receivables	-	-	-	146,140,978	146,140,978
Trade finance loans	4,584,822,529	-	-	2,758,621	4,587,581,150
Project loans	-	2,131,094,979	-	-	2,131,094,979
Equity investments - at fair value through OCI	-	71,880,869	-	-	71,880,869
Property and equipment	-	-	37,421,800	-	37,421,800
Investment property	-	-	8,020,916	-	8,020,916
Right of use asset	-	-	2,253,507	-	2,253,507
Intangible assets	-	-	195,284	-	195,284
	4,591,577,483	2,202,975,848	3,125,509,170	186,171,948	10,106,234,449
Total Assets	4,591,577,483	2,202,975,848	3,125,509,170	186,171,948	10,106,234,449
Liabilities:					
Short term borrowings	4,379,401,963	-	-	-	4,379,401,963
Long term borrowings	-	2,966,360,186	-	-	2,966,360,186
Collection account deposits	289,437,554	-	-	-	289,437,554
Provision for service and leave pay	-	-	13,050,513	-	13,050,513
Non-controlling interest payables	-	-	79,064,874	-	79,064,874
Other payables	-	-	170,428,430	-	170,428,430
	4,668,839,517	2,966,360,186	262,543,817	-	7,897,743,520
Total Liabilities	4,668,839,517	2,966,360,186	262,543,817	-	7,897,743,520
Shareholders' funds	-	-	2,195,017,052	-	2,195,017,052
Non-controlling Interest	-	-	-	13,473,877	13,473,877
	-	-	2,195,017,052	13,473,877	2,208,490,929
Total Equity	-	-	2,195,017,052	13,473,877	2,208,490,929
Total Equity and Liabilities	4,668,839,517	2,966,360,186	2,457,560,868	13,473,877	10,106,234,449

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NOTES TO THE FINANCIAL STATEMENTS (continued)

42. SEGMENT REPORTING (Continued)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022 - Restated*	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	-	-	48,630,141	12,536,797	61,166,938
Trade Fund loan receivables	-	-	-	115,013,836	115,013,836
Trade finance loans	4,259,984,440	-	-	-	4,259,984,440
Project loans	-	1,980,753,431	-	-	1,980,753,431
Equity investments at fair value through	-	71,452,098	-	-	71,452,098
Property and equipment	-	-	34,678,598	-	34,678,598
Investment property	-	-	5,009,560	-	5,009,560
Right of use asset	-	-	2,577,584	-	2,577,584
Intangible assets	-	-	713,492	-	713,492
Total Assets	4,320,040,041	2,052,205,529	1,786,022,451	167,925,926	8,326,193,948
Liabilities:					
Short term borrowings	3,489,331,681	-	-	-	3,489,331,681
Long term borrowings	-	2,556,560,813	-	-	2,556,560,813
Derivative financial instruments	17,826,383	-	-	-	17,826,383
Collection account deposits	123,759,079	-	-	-	123,759,079
Lease liability	-	-	244,246	-	244,246
Provision for service and leave pay	-	-	11,466,069	-	11,466,069
Non-controlling interest payables	-	-	65,246,073	-	65,246,073
Other payables	-	-	78,580,695	20,741,963	99,322,658
Total Liabilities	3,630,917,143	2,556,560,813	155,537,083	20,741,963	6,363,757,002
Shareholders' funds	-	-	1,958,978,593	-	1,958,978,593
Non-controlling Interest	-	-	-	3,458,353	3,458,353
Total Equity	-	-	1,958,978,593	3,458,353	1,962,436,946
Total Liabilities and Equity	3,630,917,143	2,556,560,813	2,114,515,676	24,200,316	8,326,193,948

*Details of restatements are disclosed in Note 45.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

42. SEGMENT REPORTING (Continued)

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

STATEMENT OF COMPREHENSIVE INCOME (Continued)

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

42. SEGMENT REPORTING (Continued)

STATEMENT OF COMPREHENSIVE INCOME (Continued)

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

*Details of restatements are disclosed in Note 45.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

43. CONTINGENCIES AND COMMITMENTS

	GROUP AND BANK	
	2023	2022
	USD	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	131,334,919	101,339,795
Trade finance loans	371,187,288	332,074,941
	-----	-----
	502,522,207	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	
	2023	2022
	USD	USD
Letters of credit - Project loans	12,376,445	67,600
- Trade loans	27,608,629	19,890,196
	-----	-----
	39,985,074	19,957,796
Guarantees	10,000,000	2,000,000
	-----	-----
	49,985,074	21,957,796
	=====	=====

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. RELATED PARTY TRANSACTIONS

(a) Membership and Governance

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

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

(b) Loans with Member States

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

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

(c) Borrowings from Member States

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

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

44. RELATED PARTY TRANSACTIONS (Continued)

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

(e) Other Related Parties

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

Salaries and other short-term benefits	4,568,203	4,110,188
Defined contribution provident fund	682,353	610,843
Board of Directors' and Board of Governors' allowances	404,429	361,787
Post-employment benefits: Other long term employee benefits	270,775	242,398
	-----	-----
	5,925,760	5,325,216
	=====	=====

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

These relate to the Bank's balances with subsidiaries.
The balances have been eliminated on consolidation at Group level.

(g) 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)

45. PRIOR YEAR ADJUSTMENTS

A) VOLUNTARY CHANGE IN ACCOUNTING POLICY

i) Valuation of the Bujumbura Land And Building - Investment Property

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

In 2023, the old carrying value of the Bujumbura property was derecognised, and the components of leasehold land, investment property and building for own use were separately recognised. The effect of the revaluation is applied retrospectively to the 1 January 2022 opening reserves.

B) CORRECTION OF PRIOR PERIOD ERRORS

i) Recognition of Fee and Commission Income Under IFRS 9, Previously Under IFRS 15

In the previous years, some items of fees which are integral to the loan contracts were recognised using IFRS 15 under fee and commission income. The correction has now been made in the 2022 and 2023 financial statements and these fees are now recognised as interest income as per IFRS 9.

ii) Recognition of Interest Expense Integral to Borrowings From Other Borrowing Costs

There was reclassification of costs which are integral to borrowings from 'Other Borrowing Costs' to 'Interest Expenses' in 2023 and 2022 restated. This is in compliance with IFRS 9 reporting requirements.

iii) Disclosure of Interest Received and Interest Paid Within the Statement of Cash Flows

TDB prepares its cashflow statement using the indirect method. Among items that are adjusted from profit for the year are 'Interest Received' and 'Interest Paid'. Previously, the cash element of the Interest Received and Interest Paid was not shown separately in the cash flow statement. This has been corrected in the 2022 and appropriately disclosed in the 2023 statement of cash flows.

iv) Correction of Cash and Cash Equivalents in the Statement of Cash Flows

In the previous year, the Group cash and cash equivalents at the beginning of the period (i.e 2021) in the statement of cash flows for 2022 was shown as USD 1,971,937,461 instead of USD 1,981,029,910 (Now split into amounts maturing within 90 days USD 1,410,388,880, and amounts maturing over 90 days - USD 570,641,030) and for the Bank was shown as USD 1,970,882,704 instead of USD 829,600,644 (Now split into amounts maturing within 90 days USD 1,400,241,674, and amounts maturing over 90 days - USD 570,641,030) as per Note 16 and 2021 statement of financial position). Cash and cash equivalents relating to ESATF of USD 9,092,451 had also been erroneously classified as 'other receivables' for the year 2022. This has been corrected in the 2022 opening balance of statement of cash flows.

v) LC Discounting and Forfeiting Deferred Income

In the previous year, deferred income relating to LC discounting and forfeiting was carried on-balance sheet as part of 'Other Payables', with the contra entries being recognised in trade finance loan assets. This resulted in overstatement of both assets and liabilities by USD 60,282,704 (2021: USD 16,284,287). A restatement has been made to correctly recognise this deferred income.

vi) Presenting Cash and Balances With Other Banks - Less Than 90 Days and More Than 90 Days

In the previous year, cash and balances with other banks was presented in the statement of financial position as one line item. A restatement has been made to correctly present cash and balances with other banks, those with maturity less than 90 days and those with maturity of more than 90 days as separate line items in the statement of financial position.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

45. PRIOR YEAR ADJUSTMENTS (Continued)

B) CORRECTION OF PRIOR PERIOD ERRORS (Continued)

vii) Recognition trade fund loan receivables to be carried at fair value through profit or loss from amortised cost

TDB has subsidiary – ESATF whose principal activity is to invest in trade finance transactions. It has fair value business model. In 2022, ESATF had loans receivables which were classified at amortized cost instead of fair value as the business model was fair value. Due to this, in the consolidated financial statements of the Group, loans receivables were also classified and disclosed at amortized cost. A restatement has been passed to correct this error.

C) IMPACT OF ADJUSTMENTS ON GROUP ACCOUNTS

Effect on Statement of Financial position

		Balance as Previously Stated USD	Adjustment for Restatement USD	Restated USD
As at 31 December 2021:				
<i>Group:</i>				
Cash and balances with other banks - less than 90 days	B (vi)	1,981,029,910	(570,641,030)	1,410,388,880
Cash and balances with other banks - more than 90 days	B (vi)	-	570,641,030	570,641,030
Trade fund loan receivable	B (vii)	143,451,976	(99,777,845)	43,674,131
Other receivable	B (vii)	-	99,777,845	99,777,845
Property and equipment	A (i)	35,562,919	(7,849,255)	27,713,664
Investment property	A (i)	-	5,009,560	5,009,560
Group retained earnings	A (i)	(915,153,426)	2,839,695	(912,313,731)
Trade finance loans	B (v)	3,579,041,684	(16,284,287)	3,562,757,397
Other payables	B (v)	(103,152,269)	16,284,287	(86,867,979)
<i>Bank:</i>				
Cash and balances with other banks - less than 90 days	B (vi)	1,970,882,704	(570,641,030)	1,400,241,674
Cash and balances with other banks - more than 90 days	B (vi)	-	570,641,030	570,641,030
Property and equipment	A (i)	35,562,919	(7,849,255)	27,713,664
Investment property	A (i)	-	5,009,560	5,009,560
Bank retained earnings	A (i)	(913,709,461)	2,839,695	(910,869,766)
Trade finance loans	B (v)	3,579,041,684	(16,284,287)	3,562,757,397
Other payables	B (v)	(95,108,410)	16,284,287	(78,824,118)
As at 31 December 2022:				
<i>Group:</i>				
Cash and balances with other banks - less than 90 days	B (vi)	1,737,616,838	(716,288,869)	1,021,327,969
Cash and balances with other banks - more than 90 days	B (vi)	-	716,288,869	716,288,869
Trade fund loan receivable	B (vii)	178,610,702	(115,420,879)	63,189,823
Other receivable	B (vii)	-	115,013,836	115,013,836
Property and equipment	A (i)	42,527,853	(7,849,255)	34,678,598
Investment property	A (i)	-	5,009,560	5,009,560
Group retained earnings	A (i)	(1,068,367,493)	2,839,695	(1,065,571,798)
Trade finance loans	B (v)	4,320,267,145	(60,282,704)	4,259,984,440
Other payables	B (v)	(159,605,368)	60,282,704	(99,322,659)
<i>Bank:</i>				
Cash and balances with other banks - less than 90 days	B (vi)	1,697,241,545	(716,288,869)	980,952,676
Cash and balances with other banks - more than 90 days	B (vi)	-	716,288,869	716,288,869
Property and equipment	A (i)	42,527,853	(7,849,255)	34,678,598
Investment property	A (i)	-	5,009,560	5,009,560
Bank retained earnings	A (i)	(1,069,594,284)	2,839,695	(1,066,754,589)
Trade finance loans	B (v)	4,320,267,145	(60,282,704)	4,259,984,440
Other payables	B (v)	(138,863,405)	60,282,704	78,580,695

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NOTES TO THE FINANCIAL STATEMENTS (continued)

45. PRIOR YEAR ADJUSTMENTS (Continued)

Effect on Profit or Loss and Other Comprehensive Income

As at 31 December 2022:	Note 45	Balance as Previously Stated USD	Adjustment for Restatement USD	Restated USD
<i>Group:</i>				
Interest income	B (i),(vii)	525,046,694	32,735,671	557,782,365
Fee and commission income	B (i)	50,545,247	(40,418,474)	10,126,773
Interest expense	B (ii)	220,652,803	6,389,562	227,042,365
Other borrowing costs	B (ii)	10,705,938	(6,389,562)	4,316,376
Gains on FVTPL - Trade Fund loan assets	B (vii)	-	5,252,875	5,252,875
		=====	=====	=====
<i>Bank:</i>				
Interest income	B (i)	517,363,891	40,418,474	557,782,365
Fee and commission income	B (i)	50,545,247	(40,418,474)	10,126,773
Interest expense	B (ii)	220,652,803	6,389,562	227,042,365
Other borrowing costs	B (ii)	10,705,938	(6,389,562)	4,316,376
		=====	=====	=====

Effect on Statement of Cash Flows

As at 31 December 2022:

<i>Group:</i>				
Interest income	B (i)	(276,724,628)	(288,791,558)	(565,516,186)
Interest expense	B (ii)	195,983,371	31,058,994	227,042,365
Increase in trade finance loans	B (i),(v)	(811,797,194)	293,227,460	(518,569,734)
Decrease in project loans	B (v)	86,999,320	55,846,802	142,846,122
Net increase in borrowings	B (ii)	10,499,982	(31,058,994)	(20,559,012)
Other payables	B (v)	86,553,773	(60,282,704)	26,271,069
Other receivables	B (iv)	(51,674,410)	(9,092,451)	(60,766,861)
Bank balances with more than 90 days to maturity	B (vi)	-	(145,647,839)	(145,647,839)
Cash and cash equivalents at the beginning of year	B (iv)	1,971,937,461	(561,548,581)	1,410,388,880
Cash and cash equivalents at the end of year	B (vi)	(1,737,616,838)	716,288,869	(1,021,327,969)
		=====	=====	=====
<i>Bank:</i>				
Interest income	B (i)	(269,041,825)	(288,740,540)	(557,782,365)
Interest expense	B (ii)	189,034,246	38,008,119	227,042,365
Increase in trade finance loans	B (i),(v)	(811,797,194)	309,460,729	(502,336,465)
Decrease in project loans	B (v)	86,999,320	55,846,802	142,846,122
Net increase in borrowings	B (ii)	8,333,583	(38,008,119)	(29,674,536)
Other payables	B (v)	41,466,184	(76,566,991)	(35,100,807)
Bank balances with more than 90 days to	B (vi)	-	(145,647,839)	(145,647,839)
Cash and cash equivalents at the beginning of year	B (iv)	1,970,882,704	(1,141,282,060)	829,600,644
Cash and cash equivalents at the end of year	B (vi)	(1,697,241,545)	1,286,929,899	(410,311,646)
		=====	=====	=====

The effects of the changes in the consolidated and separate financial statements arise from the outlined changes above have been reflected in the primary statements. In addition, consequential amendments arising from the adjustments have been made in the respective notes in the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

46. CURRENCY

The financial statements are presented in United States Dollars (USD). At the reporting date, the conversion rates between one USD and certain other currencies were as analysed below:

	GROUP AND BANK	
	2023	2022
British Pound	0.7914	0.8285
Euro	0.9129	0.9379
United Arab Emirates Dirham	3.6727	3.6727
Zambian Kwacha	25.7550	18.0921
South Africa Rand	18.5296	16.9459
Mauritian Rupee	44.3352	44.3134
Ethiopian Birr	56.0000	53.5634
Kenya Shilling	157.1850	123.4050
Japanese Yen	141.9350	131.8600
Sudanese Pound	647.8102	573.9552
Malawi Kwacha	1,676.2981	1,029.0000
Tanzania Shilling	2,515.5000	2,329.9050
Burundi Franc	2,847.5298	2,046.0000
Uganda Shilling	3,792.5100	3,117.7700
Zimbabwe Dollar	6,166.7154	660.4462
	=====	=====

47. FINANCIAL RISK MANAGEMENT

The financial risk management objective and policies are as outlined below:

(a) Introduction

Risk is inherent in the group's activities, but is managed through a process of ongoing identification measurement monitoring and reporting, subject to risk limits and other governance controls. This process of risk management is critical to the group's sustainability and each individual within the Group is accountable for the risk exposure relating to his or her responsibilities. The Group is exposed to credit risk, Liquidity risk and market risk (non-trading risks) it is also subject to country risk Management structure.

Risk management structure

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk appetite Statement and risk management framework. As part of its governance structure, the board of directors has embedded a comprehensive Risk appetite statement and risk management framework for measuring monitoring controlling and mitigation of the Group's risk, the policies are integrated in the overall management information.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures aims to develop a disciplined and constructive control environment, in which all employees and other stakeholders understand their roles and obligations.

The Bank-Wide integrated Risk Management Committee (BIRMC) is responsible for monitoring compliance with the Group's management policies and procedures and review of the adequacy of the risk management framework in relation to the risks faced by the group, BIRMC undertakes both regular and ad hoc reviews management controls and procedures, the result of which are reported to the Board.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (continued)

Risk measurement and reporting systems

The Group's risks are measured using a method that reflects both expected loss likely to arise in normal circumstance and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economics environment, the Group also runs worst-case scenarios that would arise if extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks are primarily performed based on prudential limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept. In addition, the Group's policy is to measure and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

The notes below provide detailed information on each of the above risks and the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

(b) Credit risk

The Group defines credit risk as the risk that adverse changes in the credit quality of borrowers will negatively affect the Group's financial performance and financial condition. Credit risk arises from both client-specific risks and country risks. The Group, through its lending operations to private sector and public sector entities in its Member Countries, and to a lesser extent, treasury operations is exposed to credit risk.

Credit risk appetite

The Group adheres to a defined credit risk appetite which considers the maximum credit losses the Group is prepared to absorb from its lending activities in pursuit of corporate objectives.

All limits were within approved risk appetite thresholds as at 31 December 2023.

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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (continued)

Client specific risk

The Group uses credit assessment and risk profiling systems, including borrower and facility risk rating models to evaluate the credit risk of the investment proposals both at loan origination and during the life of the loan.

The Group seeks to mitigate credit risk in its lending operations and calls for risk mitigating measures such as security in the form of tangible collateral, personal and corporate guarantees, and other acceptable credit enhancements. Such collateral is re-valued every three years or earlier should there be any evidence of diminution in value.

Country risk

The Group considers country-specific political, social and economic events and factors which may have an adverse impact on the credit quality of its borrowers. To mitigate such risks, the Group uses prudent country exposure limit management policies. In addition, the Group considers the economic, social and political profile of the country in which the investment project is domiciled before approval is granted. The investment proposal is also loaded with the risk premium that reflects the risk rating of the host country.

Notes 51 and 52 of the Financial Statements contain further country exposure analysis.

Credit-related commitment risks

The Group makes guarantees available to its customers that may require that the Group makes payments on their behalf. The group also enters into commitments to extend credit lines to secure the customers' liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Group to make payments on behalf of customers in the event of a specific act, 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 43(b).

Credit quality

The following tables sets out information about the credit quality and credit risk exposure of financial assets measured at amortised cost and loans and receivables. Unless specifically indicated, the amounts in the table represent gross carrying amounts. For loan commitments the amounts in the table represent the undrawn portion of amounts committed. Loan commitments are undisbursed facilities including letters of credit. Explanation of the terms Stage 1', Stage 2', Stage 3', and purchased originated credit impaired (POCI) assets is including in Note 2 (m).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (continued)

	GROUP AND BANK				As at 31 December 2022 - Restated*			
	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:								
Pass/acceptable	1,632,500,529	-	-	1,632,500,529	1,565,485,181	-	-	1,565,485,181
Special mention	-	408,796,185	-	408,796,185	-	376,991,614	-	376,991,614
Substandard, doubtful & loss	-	-	127,563,249	127,563,249	-	-	68,997,525	68,997,525
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gross amount	1,632,500,529	408,796,185	127,563,249	2,168,859,963	1,565,485,181	376,991,614	68,997,525	2,011,474,320
Loss allowance	(8,043,478)	(13,219,181)	(16,502,325)	(37,764,984)	(5,387,170)	(15,217,693)	(10,116,026)	(30,720,889)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net carrying amount	1,624,457,051	395,577,004	111,060,924	2,131,094,979	1,560,098,011	361,773,921	58,881,499	1,980,753,431
	=====	=====	=====	=====	=====	=====	=====	=====
Trade finance loans:								
Pass/acceptable**	2,270,212,083	-	-	2,270,212,083	4,223,005,759	-	-	4,223,005,759
Special mention	-	2,384,039,262	-	2,384,039,262	-	92,645,080	-	92,645,080
Substandard, doubtful & loss	-	-	122,715,655	122,715,655	-	-	118,796,034	118,796,034
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gross amount	2,270,212,083	2,384,039,262	122,715,655	4,776,967,000	4,223,005,759	92,645,080	118,796,034	4,434,446,873
Loss allowance**	(11,138,168)	(92,132,060)	(86,115,622)	(189,385,850)	(98,800,281)	(853,013)	(74,809,139)	(174,462,433)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net carrying amount**	2,259,073,915	2,291,907,202	36,600,033	4,587,581,150	4,124,205,478	91,792,067	43,986,895	4,259,984,440
	=====	=====	=====	=====	=====	=====	=====	=====

*Details of restatements are disclosed in Note 45.

*Included in trade finance gross loans in Stage 1 is USD 2,929,893 relating to TDF loans. The impairment allowance is USD 171,272 and the net loan amount is USD 2,758,621 (2022: Nil)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (continued)

	As at 31 December 2023			GROUP AND BANK		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
Undisbursed commitments and guarantees:								
Pass/acceptable	512,522,207	-	-	512,522,207	435,414,736	-	-	435,414,736
Loss allowance	(4,969,239)	-	-	(4,969,239)	(2,491,757)	-	-	(2,491,757)
	-----	-----	-----	-----	-----	-----	-----	-----
carrying amount	507,552,968	-	-	507,552,968	432,922,979	-	-	432,922,979
	=====	=====	=====	=====	=====	=====	=====	=====
Letters of credit:								
Pass/acceptable	39,985,074	-	-	39,985,074	19,957,796	-	-	19,957,796
Loss allowance	(407,274)	-	-	(407,274)	(140,318)	-	-	(140,318)
	-----	-----	-----	-----	-----	-----	-----	-----
	39,577,800	-	-	39,577,800	19,817,478	-	-	19,817,478
	=====	=====	=====	=====	=====	=====	=====	=====
Total off-balance sheet items:								
Gross amount	552,507,281	-	-	552,507,281	455,372,532	-	-	455,372,532
Loss allowance	(5,376,513)	-	-	(5,376,513)	(2,632,075)	-	-	(2,632,075)
	-----	-----	-----	-----	-----	-----	-----	-----
	547,130,768	-	-	547,130,768	452,740,457	-	-	452,740,457
	=====	=====	=====	=====	=====	=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (continued)

Maximum exposure to credit risk before collateral held:

On - Statement of financial position items:	GROUP			
	2023 USD	%	2022 - Restated* USD	%
Cash and balances held with other banks	2,099,938,569	22.60%	1,021,327,969	13.26%
Investment in government securities	51,867,034	0.56%	57,227,132	0.74%
Derivative financial Instruments	4,248,951	0.05%	-	-
Other receivable	42,333,144	0.46%	61,166,938	0.79%
Trade Fund loan receivables	146,140,978	1.57%	115,013,836	1.49%
Loans and advances*	6,945,826,963	74.76%	6,445,921,193	83.71%
- Trade finance loans*	4,776,967,000	51.42%	4,434,446,873	57.59%
- Project loans	2,168,859,963	23.35%	2,011,474,320	26.12%
Sub total	9,290,355,639	100.00%	7,700,657,069	100.00%

On - Statement of financial position items:	BANK			
	2023 USD	%	2022 USD	%
Cash and balances held with other banks	2,058,871,432	22.61%	980,952,676	13.02%
Investment in government securities	42,168,768	0.46%	57,227,132	0.76%
Derivative financial Instruments	4,248,951	0.05%	-	0.00%
Other receivable	55,826,198	0.61%	48,630,141	0.65%
Loans and advances*	6,945,826,963	76.27%	6,445,921,193	85.57%
- Trade finance loans*	4,776,967,000	52.45%	4,434,446,873	58.87%
- Project loans	2,168,859,963	23.82%	2,011,474,320	26.70%
Sub total	9,106,944,335	100.00%	7,532,733,165	100.00%

Off-Statement of financial position items:	GROUP AND BANK			
	2023 USD	%	2022 USD	%
Letter of credit	39,985,074	7.24%	19,957,796	4.38%
Loan commitments not disbursed	502,522,207	90.95%	433,414,736	95.18%
Guarantees and performance bonds	10,000,000	1.81%	2,000,000	0.44%
	552,507,281	100.00%	455,372,532	100.00%
Total credit exposure - Group	9,842,862,920		8,156,029,601	
Total credit exposure - Bank	9,659,451,616		7,988,105,697	

The above figures represent the worst-case scenario of credit exposure for the two years without taking into account any collateral held or other credit enhancements. Loan and advances and off-statement of financial position items for the Group took up 69.65% in December 2023 (2022: 77.82%) of the total maximum credit exposure. For the Bank, these were 60.41% in December 2023 (2022: 68.82%)

*Details of restatements are disclosed in Note 45.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (continued)

Maximum exposure to credit risk before collateral held (Continued):

Other than cash and bank balances, investment in government securities, Trade Fund loan receivables, and derivative financial instruments, all other credit risk exposures are secured by collateral in the form of cash liens, mortgages on land and buildings, securities charged over plant and machinery and third-party guarantees.

As at 31 December 2023, the fair value of collateral held for impaired loans and advances was USD 262,596,091 (December 2022: USD 190,957,194) and the gross impaired loans exposure was USD 249,088,216 (December 2022: USD 187,793,559).

Collateral held

In addition to its rigorous credit risk assessments, the Group seeks to protect its interests in the event of unpredictable and extreme factors that negatively affect the borrower's capacity to service the Group's loan by calling for credit enhancement arrangements in need. In this regard, the Group calls for security such as mortgage interest on property, registered securities over financed or third-party assets and guarantees as well as credit insurance in need. The security cover required is, at least, one and a third times the loan amount that is disbursed. Such security is subject to regular reviews and, if necessary, revaluation every three years.

The Group does not hold security over deposits placed with other banks or financial institutions and government securities. However, the Group places deposits with well-vetted and financially sound counterparties. In addition, the Group places limits on counter-party exposures which are set, monitored, and reviewed by the bank wide Integrated Risk Management Committee.

	GROUP AND BANK 2023 USD	2022 USD
(i) Total Portfolio		
Insurance and Guarantees	2,640,840,678	2,766,052,637
Cash security deposits	528,325,997	1,468,694,174
Fixed charge on plant and equipment	687,204,087	667,824,742
Other floating all asset debenture	477,842,850	553,550,500
Mortgages on properties	313,137,177	292,039,905
Sovereign undertakings	227,711,818	356,351,885
	<hr/>	<hr/>
Total security cover	4,875,062,607	6,104,513,843
Gross portfolio	(6,945,826,963)	(6,445,921,193)
	<hr/>	<hr/>
Net (gap)/Cover	(2,070,764,356)	(341,407,350)
	=====	=====
(ii) Loans not impaired		
Insurance and Guarantees	2,562,029,660	2,715,082,027
Cash security deposits	527,939,928	1,468,156,114
Fixed charge on plant and equipment	595,829,976	612,716,956
Other floating all asset debenture	475,542,850	553,550,500
Mortgages on properties	223,412,284	209,199,166
Sovereign undertakings	227,711,818	354,851,885
	<hr/>	<hr/>
Total security cover	4,612,466,516	5,913,556,648
Gross portfolio	(6,696,738,747)	(6,258,127,634)
	<hr/>	<hr/>
Net (gap)/Cover	(2,084,272,231)	(344,570,986)
	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (continued)

Collateral held for loan portfolio (continued)	GROUP AND BANK	
	2023	2022
	USD	USD
(iii) Impaired loans:		
Insurance and Guarantees	78,811,018	50,970,610
Cash security deposits	386,069	538,060
Fixed charge on plant and equipment	91,374,111	55,107,786
Other floating all asset debenture	2,300,000	-
Mortgages on properties	89,724,893	82,840,738
Sovereign undertakings	-	1,500,000
	<hr/>	<hr/>
Total security cover	262,596,091	190,957,194
Gross portfolio	(249,088,216)	(187,793,559)
	<hr/>	<hr/>
Net cover	13,507,875	3,163,635
	=====	=====

Inputs, assumptions, and techniques used for estimating impairment

Significant increase in credit risk

When determining whether the credit risk [i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience, expert credit assessment and forward-looking information.

The Group uses the following criteria for determining whether there has been a significant increase in credit risk:

- Qualitative indicators;
- Quantitative factors;

Qualitative indicators

- Project finance and Trade Finance loans rated LCC 3 and 4; and
- A backstop of 180 days past due
 - more than 90 days past due on any material credit obligation to the Group for corporate borrowers
 - more than 180 days past due on any material credit obligation to the group for sovereign borrowers, and as approved by the Board of Directors.

Quantitative factors;

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. 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	2.37%
Low risk	
Moderate risk	23.86%
High risk	
Substandard	100.00%
Bad & Doubtful loss	

Project finance loans

Grading:	12-month weighted average PD
Very low risk	4.91%
Low risk	
Moderate risk	21.45%
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)

47. 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)

47. 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.

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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (continued)

Restructured and modified loans (continued)

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, forborne 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)

47. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (continued)

Restructured and modified loans (continued)

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

	GROUP AND BANK	
	2023	2022
	USD	USD
Gross carrying amount before restructuring	11,790,283	22,479,802
Loss allowances before restructuring	250,898	33,409
	-----	-----
Net amortised cost before restructuring	12,041,181	22,513,211
Net restructuring loss	(1,813)	(122,114)
	-----	-----
Net amortised cost after restructuring	12,039,368	22,391,097
	=====	=====
Analysis of gross amounts by sector		
Manufacturing	7,290,262	6,776,979
Agribusiness	-	5,268,396
Hospitality	4,500,021	5,434,427
Energy	-	5,000,000
	-----	-----
	11,790,283	22,479,802
	=====	=====
Project finance loans	7,290,262	15,702,823
Trade finance loans	4,500,021	6,776,979
	-----	-----
	11,790,283	22,479,802
	=====	=====

The Group has continued to accrue interest on the existing restructured and modified facilities.

As at reporting date, there were no restructured loans or modifications that resulted in derecognition and recognition of new financial assets.

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).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (continued)

Inputs into measurement of ECLs (Continued)

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.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is the gross carrying amount at default. For lending commitments and non-financial guarantees, the EAD considers the amount drawn, as well as potential future amounts that may be drawn or repaid under the contract, which is estimated based on historical observations and forward-looking forecasts.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECLs considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee. For overdrafts, guarantee facilities and other revolving facilities that include both a loan and an undrawn commitment component, the Group measures ECLs over a period of one year unless the expected life of the exposure can be reasonably determined.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

ECL sensitivity analysis

If the loans categorised as stage 2 were to increase by 5% as of 31 December 2023, the ECL would increase by USD 3,448,148 which is 5.68 % (2022: USD 4,399,833 which is 2.17%).

If all loans that have been renegotiated were deemed to have suffered a significant increase in credit risk and were moved from stage 1 to stage 2 the ECL would increase by 0.16% (2022: 0.62%).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. 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 31 December 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	5,609,768	(5,609,768)	-	-
Transfer to lifetime ECL not credit impaired	(6,363)	6,363	-	-
Transfer to lifetime ECL credit impaired	-	(2,329,040)	2,329,040	-
Net re-measurement of loss allowance	(6,330,531)	3,002,372	11,673,852	8,345,693
Net financial assets originated	3,499,795	3,395,473	2,392,731	9,287,999
Financial assets derecognized*	(116,367)	(463,911)	(10,009,319)	(10,589,597)
	-----	-----	-----	-----
Balance at 31 December	8,043,478	13,219,181	16,502,325	37,764,984
	=====	=====	=====	=====
Trade Finance loans:**				
Balance at 1 January	98,800,281	853,012	74,819,139	174,472,432
Transfer to 12 months ECL	12,402,037	(182,037)	(12,220,000)	-
Transfer to lifetime ECL not credit impaired	(17,894,245)	17,894,245	-	-
Transfer to lifetime ECL credit impaired	(6,661)	(4,934,104)	4,940,765	-
Net re-measurement of loss allowance	(85,691,349)	70,581,913	58,030,262	42,920,826
Net financial assets originated	3,581,694	8,144,901	-	11,726,595
Financial assets derecognized*	(53,587)	(225,872)	(39,454,544)	(39,734,003)
	-----	-----	-----	-----
Balance at 31 December	11,138,170	92,132,058	86,115,622	189,385,850
	=====	=====	=====	=====
Undisbursed commitments:				
Balance at 1 January	2,491,757	-	-	2,491,757
Net remeasurement of loss allowance	4,969,239	-	-	4,969,239
Financial assets derecognised*	(2,491,757)	-	-	(2,491,757)
	-----	-----	-----	-----
Balance at 31 December	4,969,239	-	-	4,969,239
	=====	=====	=====	=====
Letters of credit				
Balance at 1 January	140,318	-	-	140,318
Net remeasurement of loss allowance	407,274	-	-	407,274
Financial assets derecognised**	(140,318)	-	-	(140,318)
	-----	-----	-----	-----
Balance at 31 December	407,274	-	-	407,274
	=====	=====	=====	=====

*During the year ended 31 December 2023 Project and Infrastructure Finance loans amounting to USD 2,768,970 and Trade Finance Loans amounting to USD 3,677,733 were written off (2022: Nil).

**Included in trade finance is an impairment allowance is USD 171,272 (2022: Nil).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. 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
	=====	=====	=====	=====

*During the year ended 31 December 2023 Project and Infrastructure Finance loans amounting to USD 2,768,970 and Trade Finance Loans amounting to USD 3,677,733 were written off (2022: Nil).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (continued)

Loss Allowance (Continued)

The ECL on cash and balance with other banks, trade and project finance loans and loan commitments are presented in cash and balances with other banks, Trade and Project Finance loans and other liabilities respectively in the statement of financial position.

	As at 31 December 2023				As at 31 December 2022 - Restated*			
	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	9,333,761	(15,447,540)	6,113,779	-	15,447,540	(15,447,540)	-	-
Transfer to Lifetime ECL not credit impaired	(63,688,618)	63,688,618	-	-	(53,842,372)	53,842,372	-	-
Transfer to Lifetime ECL credit impaired	(637,176)	(58,386,638)	59,023,814	-	(637,175)	(7,613,942)	8,251,117	-
Net remeasurement of loss allowance	(148,044,691)	22,427,821	3,684,911	(121,931,959)	(136,630,478)	(35,630,649)	339,853	(171,921,274)
New financial assets originated	389,939,349	19,522,314	6,771,630	416,233,293	192,168,405	-	-	192,168,405
Financial assets derecognised**	(119,887,281)	-	(17,028,410)	(136,915,691)	(101,534,530)	-	(6,333,569)	(107,868,099)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December	1,632,500,526	408,796,188	127,563,249	2,168,859,963	1,565,485,182	376,991,613	68,997,525	2,011,474,320
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Trade finance loans***:								
Balance at 1 January	4,283,038,622	92,934,923	118,756,033	4,494,729,578	3,449,260,035	132,664,318	103,018,459	3,684,942,812
Transfer to 12 months ECL	21,089,860	(6,481,943)	(14,607,917)	-	23,144,771	(6,481,943)	(16,662,828)	-
Transfer to Lifetime ECL not credit impaired	(2,034,845,867)	2,034,845,867	-	-	(635,998,953)	635,998,953	-	-
Transfer to Lifetime ECL credit impaired	(8,859,982)	(83,429,792)	92,289,774	-	-	(88,006,752)	88,006,752	-
Net remeasurement of loss allowance	(540,569,568)	276,897,810	(34,357,691)	(298,029,449)	744,179,965	(28,173,107)	(16,151,807)	699,855,051
Net financial assets originated	645,945,493	73,849,359	-	719,794,852	722,665,509	(553,066,546)	-	169,598,963
Financial assets derecognized**	(95,496,477)	(4,576,960)	(39,454,544)	(139,527,981)	(80,495,410)	-	(39,454,543)	(119,949,953)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December	2,270,302,081	2,384,039,264	122,625,655	4,776,967,000	4,222,755,917	92,934,923	118,756,033	4,434,446,873
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

*Details of restatements are disclosed in Note 45.

**During the year ended 31 December 2023 Project loans amounting to USD 2,768,970 and Trade Finance loans amounting to USD 3,677,733 were written off (2022: Nil).

***Included in trade finance gross loans in Stage 1 is USD 2,929,893 relating to TDF loans. The impairment allowance is USD 171,272 and the net loan amount is USD 2,758,621 (2022: Nil).

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47. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (continued)

Loss allowance (Continued)

The ECL on cash and balance with other banks, trade and project finance loans and loan commitments are presented in cash and balances with other banks, Trade and Project Finance loans and other liabilities respectively in the statement of financial position.

	As at 31 December 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
Undisbursed commitments:								
Balance at 1 January	424,414,736	-	-	424,414,736	651,950,533	-	-	651,950,533
Transfer to Lifetime ECL not credit impaired	-	-	-	-	-	-	-	-
Net financial assets originated or purchased	512,522,207	-	-	512,522,207	435,414,736	-	-	435,414,736
Net remeasurement of loss allowance	-	-	-	-	-	-	-	-
Financial assets derecognised	(424,414,736)	-	-	(424,414,736)	(651,950,533)	-	-	(651,950,533)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December	512,522,207	-	-	512,522,207	435,414,736	-	-	435,414,736
	=====	=====	=====	=====	=====	=====	=====	=====
Letters of credit:								
Balance at 1 January	160,069,758	-	-	160,069,758	180,069,758	-	-	180,069,758
Net financial assets originated or purchased	39,985,074	-	-	39,985,074	19,957,796	-	-	19,957,796
Net remeasurement of loss allowance	-	-	-	-	-	-	-	-
Financial assets derecognised	(160,069,758)	-	-	(160,069,758)	(180,069,758)	-	-	(180,069,758)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December	39,985,074	-	-	39,985,074	19,957,796	-	-	19,957,796
	=====	=====	=====	=====	=====	=====	=====	=====
Total	552,507,281	-	-	552,507,281	455,372,532	-	-	455,372,532
	=====	=====	=====	=====	=====	=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (continued)

Concentration of risk by sector

	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	Aggregate exposure USD	%
As at 31 December 2023									
Agri-business	1,535,186,086	22.1	115,968,262	21.0	(98,998,261)	(452,976,000)	(79,849,385)	1,019,330,702	19.2
Banking and financial services	1,271,752,357	18.3	198,357,035	35.9	(35,611,209)	(200,000,000)	-	1,234,498,183	23.3
Construction	41,492,495	0.6	-	-	(45,747)	-	-	41,446,748	0.8
Energy	230,430,696	3.3	69,725,256	12.6	-	-	-	300,155,952	5.7
Health services	29,141,377	0.4	2,006,792	0.4	-	-	-	31,148,169	0.6
Hospitality	42,315,943	0.6	5,000,000	0.9	-	-	-	47,315,943	0.9
ICT	197,397,798	2.8	-	-	(40,303,986)	-	-	157,093,812	3.0
Infrastructure	1,141,812,668	16.4	29,470,102	5.3	(852,365)	(359,535,114)	-	810,895,291	15.3
Manufacturing and heavy industries	192,923,909	2.8	67,600	-	-	-	-	192,991,509	3.6
Mining and quarrying	73,849,359	1.1	-	-	-	-	-	73,849,359	1.4
Oil and gas	1,880,365,496	27.1	36,157,885	6.5	(353,822,990)	(491,476,273)	(50,000,000)	1,021,224,118	19.3
Other	6,034,694	0.1	-	-	-	-	-	6,034,694	0.1
Real Estate	108,283,345	1.6	20,524,509	3.7	-	-	-	128,807,854	2.4
Transport	71,975,383	1.0	-	-	-	(33,115,486)	(542,271)	38,317,626	0.7
Wholesale Commodities	122,865,357	1.8	75,229,840	13.6	-	-	-	198,095,197	3.7
Balance at year end	6,945,826,963	100.00	552,507,281	100.00	(529,634,558)	(1,537,102,873)	(130,391,656)	5,301,205,157	100.00
	=====	=====	=====	=====	=====	=====	=====	=====	=====

*Included in the gross on statement of financial position exposure is an amount of USD 2,929,893 relating to TDF Trade Finance exposures in Banking & Financial Services (USD 1,292,745), Energy (USD 803,697) and Other (USD 833,451) sectors.

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (continued)

Concentration of risk by sector (continued)

As at 31 December 2022 Restated*	On statement of financial position USD	Gross exposure %	Off statement of financial position USD	%	Cash collateral/ in transit USD	Insurance USD	Other mitigants USD	Aggregate exposure USD	%
Agri-business	1,296,694,554	20.1	137,884,078	30.3	(81,095,815)	(473,082,500)	(79,665,696)	800,734,621	21.8
Banking and financial services	1,300,720,528	20.2	219,674,767	48.2	(337,009,767)	(288,597,857)	-	894,787,671	24.4
Construction	49,034,991	0.8	-		-	-	-	49,034,991	1.3
Energy	291,718,070	4.5	10,714,459	2.4	-	-	-	302,432,529	8.3
Health services	21,159,226	0.3	3,932,079	0.9	-	-	-	25,091,305	0.7
Hospitality	37,572,102	0.6	10,749,731	2.4	-	-	-	48,321,833	1.3
ICT	188,244,220	2.9	-	-	(40,303,986)	-	-	147,940,234	4.0
Infrastructure	1,120,608,851	17.4	34,688,581	7.6	-	(521,458,334)	-	633,839,098	17.3
Manufacturing and heavy industries	223,984,952	3.5	6,893,666	1.5	-	-	-	230,878,618	6.3
Mining and quarrying	65,103,957	1.0	26,428,880	5.8	-	-	-	91,532,837	2.5
Oil and gas	1,625,584,388	25.2	-	-	(913,123,076)	(407,676,233)	(50,000,000)	254,785,079	7.0
Other	5,152,830	0.1	-	-	-	-	-	5,152,830	0.1
Real estate	10,056,951	0.2	-	-	-	-	-	10,056,951	0.3
Transport	62,424,572	1.0	-	-	-	(43,164,299)	(542,271)	18,718,002	0.5
Wholesale Commodities	147,861,001	2.3	4,406,292	1.0	-	-	-	152,267,293	4.2
Balance at year end	6,445,921,193	100.00	455,372,533	100.00	(1,371,532,644)	(1,733,979,223)	(130,207,967)	3,665,573,892	100.00

*Details of restatements are disclosed in Note 45.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (continued)

Concentration of risk by country

As at 31 December 2023	On statement of financial position* USD	Gross exposure %	Off statement of financial position** USD	%	Cash collateral/ in transit USD	Insurance USD	Other mitigants USD	Aggregate exposure USD	%
Burundi	32,431,856	0.5	15,907,528	2.9	(2,475,219)	-	-	45,864,165	0.9
Comoros	18,376,249	0.3	1,564,034	0.3	-	-	-	19,940,283	0.4
Congo DRC	244,173,265	3.5	34,298,061	6.2	-	-	-	278,471,326	5.3
Djibouti	24,219,478	0.3	13,352,818	2.4	-	-	-	37,572,296	0.7
Egypt	174,517,350	2.5	75,325,292	13.6	-	-	-	249,842,642	4.7
Eswatini	46,594,118	0.7	4,953,235	0.9	-	-	-	51,547,353	1.0
Ethiopia	756,914,295	10.9	25,110,930	4.5	(929,271)	(200,000,000)	(542,271)	580,553,683	11.0
Ghana	12,209,291	0.2	1,937,500	0.4	-	-	-	14,146,791	0.3
Kenya	656,773,100	9.5	137,563,622	24.9	-	(234,660,224)	-	559,676,498	10.6
Madagascar	11,667,288	0.2	442,758	0.1	-	-	-	12,110,046	0.2
Malawi	487,983,639	7.0	79,283,037	14.3	(91,394,935)	(240,866,000)	(79,849,385)	155,156,356	2.9
Mauritius	406,822,282	5.9	-	-	(40,303,986)	-	-	366,518,296	6.9
Mozambique	148,892,376	2.1	11,762,647	2.1	(2,450,129)	-	-	158,204,894	3.0
Rwanda	568,431,237	8.2	30,745,820	5.6	-	(33,115,486)	-	566,061,571	10.7
Seychelles	21,029,511	0.3	-	-	-	-	-	21,029,511	0.4
South Sudan	192,428,635	2.8	8,141,909	1.5	-	(60,000,000)	(50,000,000)	90,570,544	1.7
Sudan	1,032,568,538	14.9	-	-	(356,138,176)	(212,110,000)	-	464,320,362	8.8
Tanzania	488,094,508	7.0	93,923,041	17.0	(50,534)	(124,874,890)	-	457,092,125	8.6
Uganda	348,969,240	5.0	3,871,247	0.7	(898,112)	-	-	351,942,375	6.6
Zambia	702,175,972	10.1	11,392,981	2.1	(33,981,639)	(347,676,233)	-	331,911,081	6.3
Zimbabwe	570,554,735	8.2	2,930,821	0.5	(1,012,557)	(83,800,040)	-	488,672,959	9.2
Balance at year end	6,945,826,963	100	552,507,281	100	(529,634,558)	(1,537,102,873)	(130,391,656)	5,301,205,157	100
	=====	=====	=====	=====	=====	=====	=====	=====	=====

*Included in the gross on statement of financial position exposure is an amount of USD 2,929,893 relating to TDF Trade Finance exposures in Burundi (USD 384), Kenya (USD 833,451), Zambia (USD 2,093,696) and Zimbabwe (USD 2,371).

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (continued)

Concentration of risk by country

As at 31 December 2022	On statement of financial position	Gross Off statement of exposure financial position	%	Cash collateral/ in transit	Insurance	Other mitigants	Aggregate exposure	%	
Restated*	USD	USD	USD	USD	USD	USD	USD	USD	
Burundi	21,190,235	0.3	15,000,000	3.3	(1,034,698)	-	-	35,155,537	0.9
Comoros	17,426,653	0.3	3,932,079	0.9	-	-	-	21,358,732	0.6
Congo DRC	123,502,834	1.9	26,496,480	5.8	-	-	-	149,999,314	4.1
Djibouti	14,292,158	0.2	-	0.0	-	-	-	14,292,158	0.4
Egypt	147,861,001	2.3	4,406,292	1.0	-	-	-	152,267,293	4.1
Eswatini	46,052,215	0.7	5,000,000	1.1	-	-	-	51,052,215	1.4
Ethiopia	1,008,638,408	15.6	76,954,928	16.9	(165,105,129)	(200,000,000)	(542,271)	719,945,936	19.5
Kenya	517,387,491	8.0	-	0.0	-	(380,000,000)	-	137,387,491	3.7
Madagascar	10,604,228	0.2	920,855	0.2	-	-	-	11,525,083	0.3
Malawi	449,031,532	7.0	60,535,598	13.3	(77,286,589)	(259,832,500)	(79,665,696)	92,782,345	2.5
Mauritius	306,282,909	4.8	6,930,818	1.5	(40,303,986)	-	-	272,909,741	7.4
Mozambique	150,923,264	2.3	100,000	0.0	-	-	-	151,023,264	4.1
Rwanda	414,441,538	6.4	19,746,573	4.3	(150,000,000)	(43,164,299)	-	241,023,812	6.5
Seychelles	48,070,613	0.7	749,731	0.2	-	-	-	48,820,344	1.3
South Sudan	113,007,060	1.8	-	0.0	-	(60,000,000)	(50,000,000)	3,007,060	0.1
Sudan	931,435,763	14.5	-	0.0	(315,807,449)	(213,250,000)	-	402,378,314	10.9
Tanzania	537,849,492	8.3	97,654,313	21.4	-	(141,458,334)	-	494,045,471	13.3
Uganda	387,002,653	6.0	7,834,435	1.7	-	-	-	394,837,088	10.7
Zambia	697,630,119	10.8	129,110,431	28.4	(171,895,831)	(347,676,233)	-	307,168,486	8.3
Zimbabwe	503,291,027	7.8	-	0.0	(450,098,962)	(88,597,857)	-	-	-
	6,445,921,193	100	455,372,533	100	(1,371,532,644)	(1,733,979,223)	(130,207,967)	3,700,979,684	100
	=====	=====	=====	=====	=====	=====	=====	=====	=====

*Details of restatements are disclosed in Note 45.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from financial liabilities. The Group's liquidity policy ensures that it has resources to meet its net disbursement and debt service obligations and allows it flexibility in deciding the appropriate time to access capital markets.

The Group holds sufficient liquid assets to enable it to continue normal operations even in the unlikely event that it is unable to obtain fresh resources from its lending partners and the capital markets for an extended period of time. To achieve this objective, the Group operates on a prudential minimum level of liquidity, which is based on projected net cash requirements.

The prudential minimum level of liquidity is updated quarterly.

The liquidity position statement is presented under the most prudent consideration of maturity dates. Liabilities are classified according to the earliest possible repayment date, while assets are classified according to the latest possible repayment date.

The Bank wide Integrated Risk Management Committee (BIRMC) is tasked with the responsibility of ensuring that all foreseeable funding commitments can be met when due, and that the Group will not encounter difficulty in meeting obligations from its financial liabilities as they occur.

BIRMC relies substantially on the Treasury Department to coordinate and ensure discipline, certify adequacy of liquidity under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (continued)

Maturities of financial assets and financial liabilities for the Group are as follows:

As at 31 December 2023	Up to 1 month USD	2 to 3 months USD	4 to 6 months USD	GROUP 6 to 12 months	1 to 5 years USD	Over 5 years USD	Total USD
Assets							
Cash and balances with other banks	1,540,097,147	559,841,422	225,946,808	5,853,355	691,457,105	-	3,023,195,837
Investment in government securities	-	-	-	14,563,500	14,723,285	22,580,249	51,867,034
Other receivables	702,655	463,748	667,880	1,261,899	7,785,277	11,937,302	22,818,761
Trade Fund loan receivables	-	-	-	146,140,978	-	-	146,140,978
Derivative financial instruments	(400,415)	31,051	4,618,315	-	-	-	4,248,951
Trade finance loans	199,614,505	309,760,265	368,091,089	2,715,218,233	1,935,762,134	-	5,528,446,226
Project loans	104,845,338	325,426,203	123,829,636	378,849,179	1,549,029,542	297,613,512	2,779,593,410
Equity investment at fair value through OCI	-	-	-	-	71,880,869	-	71,880,869
	-----	-----	-----	-----	-----	-----	-----
Total assets	1,844,859,230	1,195,522,689	723,153,728	3,261,887,144	4,270,638,212	332,131,063	11,628,192,066
	=====	=====	=====	=====	=====	=====	=====
Liabilities							
Short term borrowings	124,786,230	181,083,560	971,532	653,895,629	3,418,665,012	-	4,379,401,963
Long term borrowings	33,904,253	769,816,067	21,622,892	41,955,344	1,627,919,250	471,142,380	2,966,360,186
Collection account	289,437,554	-	-	-	-	-	289,437,554
NCI Redeemable participating shares payable	-	-	-	-	79,064,874	-	79,064,874
Other payables	37,168,011	47,824,423	23,418,757	-	12,911,887	49,022,487	170,345,565
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Off balance sheet liabilities	485,296,048	998,724,050	46,013,181	695,850,973	5,138,561,023	520,164,867	7,884,610,142
Guarantees	-	-	-	10,000,000	-	-	10,000,000
Letters of credit	3,998,507	7,997,015	11,995,522	15,994,030	-	-	39,985,074
Loan commitments	50,252,221	100,504,441	150,756,662	201,008,883	-	-	502,522,207
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Total liabilities	539,546,776	1,107,225,506	208,765,365	922,853,885	5,138,561,023	520,164,867	8,437,117,423
	=====	=====	=====	=====	=====	=====	=====
Net liquidity gap	1,305,312,454	88,297,183	514,388,363	2,339,033,259	(867,922,811)	(188,033,804)	3,191,074,643
	=====	=====	=====	=====	=====	=====	=====
Cumulative gap	1,305,312,454	1,393,609,637	1,907,997,999	4,247,031,258	3,379,108,447	3,191,074,643	3,191,074,643
	=====	=====	=====	=====	=====	=====	=====

The above table analyses financial assets and financial liabilities of the group into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

Excluded from 'other receivables' are non-financial assets particularly prepayments and other receivables in Note 23

Excluded from 'other payables' are non-financial liabilities particularly prepaid rent in Note 35

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (continued)

Maturities of financial assets and financial liabilities for the Bank are as follows:

As at 31 December 2023	Up to 1 month USD	2 to 3 months USD	4 to 6 months USD	BANK 6 to 12 months	1 to 5 years USD	Over 5 years USD	Total USD
Assets							
Cash and balances with other banks	1,499,050,003	559,821,429	225,946,808	5,853,355	691,457,105	-	2,982,128,700
Investment in government securities	-	-	-	4,865,234	14,723,285	22,580,249	42,168,768
Other receivables	702,655	463,748	667,880	1,261,899	7,785,277	11,937,302	22,818,761
Derivative financial instruments	(400,415)	31,051	4,618,315	-	-	-	4,248,951
Trade finance loans	197,585,190	308,024,511	366,723,177	2,709,941,398	1,852,033,178	-	5,434,307,454
Project loans	104,845,338	325,426,203	123,829,636	378,849,179	1,549,029,542	297,613,512	2,779,593,410
Equity investment at fair value through OCI	-	-	-	-	71,880,869	-	71,880,869
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Total assets	1,801,782,771	1,193,766,942	721,785,816	3,100,771,065	4,186,909,256	332,131,063	11,337,146,913
	=====	=====	=====	=====	=====	=====	=====
Liabilities							
Short term borrowings	124,786,230	181,083,560	971,532	653,895,629	3,418,665,012	-	4,379,401,963
Long term borrowings	33,904,253	769,816,067	21,622,892	41,955,344	1,627,919,250	471,142,380	2,966,360,186
Collection account	289,437,554	-	-	-	-	-	289,437,554
Other payables	44,619,741	47,824,423	23,418,757	-	12,911,887	49,022,487	177,797,295
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	492,747,778	998,724,050	46,013,181	695,850,973	5,059,496,149	520,164,867	7,812,996,998
Off balance sheet liabilities							
Guarantees	-	-	-	10,000,000	-	-	10,000,000
Letters of credit	3,998,507	7,997,015	11,995,522	15,994,030	-	-	39,985,074
Loan commitments	50,252,221	100,504,441	150,756,662	201,008,883	-	-	502,522,207
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Total liabilities	546,998,506	1,107,225,506	208,765,365	922,853,885	5,059,496,149	520,164,867	8,365,504,279
	=====	=====	=====	=====	=====	=====	=====
Net liquidity gap	1,254,784,265	86,541,436	513,020,451	2,177,917,180	(872,586,893)	(188,033,804)	2,971,642,634
	=====	=====	=====	=====	=====	=====	=====
Cumulative gap	1,254,784,265	1,341,325,701	1,854,346,151	4,032,263,331	3,159,676,438	2,971,642,634	2,971,642,634
	=====	=====	=====	=====	=====	=====	=====

The above table analyses financial assets and financial liabilities of the group into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

Excluded from 'other receivables' are non-financial assets particularly prepayments and other receivables in Note 23

Excluded from 'other payables' are non-financial liabilities particularly prepaid rent in Note 35

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (continued)

Maturities of financial assets and financial liabilities for the Group are as follows:

As at 31 December 2022	Up to 1 month USD	2 to 3 months USD	4 to 6 months USD	GROUP 6 to 12 months USD	1 to 5 years USD	Over 5 years USD	Total USD
Assets							
Cash and balances with other banks	621,327,969	400,000,000	100,000,000	-	616,288,869	-	1,737,616,838
Investment in government securities	-	-	6,015,681	10,059,667	41,151,784	-	57,227,132
Other receivables	475,032	397,143	585,336	1,108,868	5,108,253	12,013,789	19,688,421
Trade Fund loan receivables	-	-	-	-	115,013,836	-	115,013,836
Trade finance loans*	505,765,124	323,319,008	1,016,468,225	887,986,659	2,162,268,074	4,746,940	4,900,554,030
Project loans	190,336,799	84,598,837	109,720,766	294,637,318	1,574,686,829	409,446,595	2,663,427,144
Equity investment at fair value through OCI	-	-	-	-	71,452,098	-	71,452,098
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Total assets	1,317,904,924	808,314,988	1,232,790,008	1,193,792,512	4,585,969,743	426,207,324	9,564,979,499
	=====	=====	=====	=====	=====	=====	=====
Liabilities							
Short term borrowings	316,283,182	280,418,748	222,060,704	494,599,550	2,175,969,496	-	3,489,331,680
Long term borrowings	31,259,161	18,643,886	25,232,046	57,357,038	1,326,941,384	1,097,127,297	2,556,560,812
Derivative financial instruments	9,443,060	11,156,223	(2,772,900)	-	-	-	17,826,383
Collection account	123,759,079	-	-	-	-	-	123,759,079
NCI Redeemable participating shares payable	-	-	-	-	65,246,073	-	65,246,073
Other payables*	61,278,594	-	-	-	-	37,949,595	99,228,189
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Off balance sheet liabilities	542,023,076	310,218,857	244,519,850	551,956,588	3,568,156,953	1,135,076,892	6,351,952,216
Guarantees	-	-	-	10,000,000	-	-	10,000,000
Letters of credit	3,998,507	7,997,015	11,995,522	15,994,030	-	-	39,985,074
Loan commitments	50,252,221	100,504,441	150,756,662	201,008,883	-	-	502,522,207
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Total liabilities	596,273,804	418,720,313	407,272,034	778,959,500	3,568,156,953	1,135,076,892	6,904,459,497
	=====	=====	=====	=====	=====	=====	=====
Net liquidity gap	721,631,120	389,594,675	825,517,974	414,833,012	1,017,812,790	(708,869,568)	2,660,520,002
	=====	=====	=====	=====	=====	=====	=====
Cumulative gap	721,631,120	1,111,225,795	1,936,743,768	2,351,576,780	3,369,389,570	2,660,520,002	2,660,520,002
	=====	=====	=====	=====	=====	=====	=====

*Details of restatements are disclosed in Note 45.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (continued)

Maturities of financial assets and financial liabilities for the Bank are as follows:

As at 31 December 2022	Up to 1 month USD	2 to 3 months USD	4 to 6 months USD	BANK 6 to 12 months USD	1 to 5 years USD	Over 5 years USD	Total USD
Assets							
Cash and balances with other banks	580,952,676	400,000,000	100,000,000	-	616,288,869	-	1,697,241,545
Investment in government securities	-	-	6,015,681	10,059,667	41,151,784	-	57,227,132
Other receivables	475,032	397,143	585,336	1,108,868	7,131,138	13,121,244	22,818,761
Trade finance loans*	505,765,124	323,319,008	1,016,468,225	887,986,659	2,162,268,074	4,746,940	4,900,554,030
Project loans	190,336,799	84,598,837	109,720,766	294,637,318	1,574,686,829	409,446,595	2,663,427,144
Equity investment at fair value through OCI	-	-	-	-	71,452,098	-	71,452,098
	-----	-----	-----	-----	-----	-----	-----
Total assets	1,277,529,631	808,314,988	1,232,790,008	1,193,792,512	4,472,978,792	427,314,779	9,412,720,710
	=====	=====	=====	=====	=====	=====	=====
Liabilities							
Short term borrowings	316,283,182	280,418,748	222,060,704	494,599,550	2,175,969,497	-	3,489,331,681
Long term borrowings	31,259,161	18,643,886	25,232,046	57,357,038	1,326,941,385	1,097,127,297	2,556,560,813
Derivative financial instruments	9,443,060	11,156,223	(2,772,900)	-	-	-	17,826,383
Collection account	123,759,079	-	-	-	-	-	123,759,079
Other payables*	29,140,500	-	-	-	11,396,131	37,949,595	78,486,226
	-----	-----	-----	-----	-----	-----	-----
Off balance sheet liabilities	509,884,982	310,218,857	244,519,850	551,956,588	3,514,307,013	1,135,076,892	6,265,964,182
Guarantees	-	-	-	2,000,000	-	-	2,000,000
Letters of credit	10,134,950	7,732,486	-	2,090,360	-	-	19,957,796
Loan commitments	43,341,474	86,682,947	130,024,421	173,365,894	-	-	433,414,736
	-----	-----	-----	-----	-----	-----	-----
Total liabilities	563,361,406	404,634,290	374,544,271	729,412,842	3,514,307,013	1,135,076,892	6,721,336,714
	=====	=====	=====	=====	=====	=====	=====
Net liquidity gap	714,168,225	403,680,698	858,245,737	464,379,670	958,671,779	(707,762,113)	2,691,383,996
	=====	=====	=====	=====	=====	=====	=====
Cumulative gap	714,168,225	1,117,848,923	1,976,094,660	2,440,474,330	3,399,146,109	2,691,383,996	2,691,383,996
	=====	=====	=====	=====	=====	=====	=====

*Details of restatements are disclosed in Note 45.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (continued)

(i) Liquidity and funding management

The Group's liquidity and funding policies require:

- Entering into lending contracts subject to availability of funds,
- Projecting cash flows by major currency and considering the level of liquid assets necessary in relation thereto,
- Maintaining a diverse range of funding sources with back-up facilities,
- Investment in short term liquid instruments which can easily be sold in the market when the need arises,
- Investments in property and equipment are properly budgeted for and done when the Group has sufficient cash flows,
- The above table analyses financial assets and financial liabilities of the group into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

(ii) Contingency plans

The Group carries out contingency funding planning at the beginning of the year. This details the following measures to combat liquidity crisis:

- Unutilised lines of credit, including standby facilities, from different counter-parties.
- Term deposits with counter-parties and prospects of withdrawal and rollovers.
- Investment portfolio and its defeasance period.
- Amount of short-term resources with a time year, required to raise such resources.
- Amount which can be raised from other counter parties based on the Group's past relationships.

d) Market risk

The objective of the Group's market risk management process is to manage and control market risk exposures in order to optimise return on risk. Market risk is the risk that movement in market factors, including interest rates and foreign currency exchange rates, will reduce income or value of portfolio.

Overall responsibility for management of market risk rests with BIRMC. The Treasury Department is responsible for the development of detailed market risk management policies and for the day-to-day implementation of those policies.

The management of market risk is supplemented by the monitoring of sensitivity analysis of the key market risk variables. The Group normally uses simulation models to measure the impact of changes in interest rates on net interest income. The key assumptions used in these models include loan volumes and pricing and changes in market conditions. Those assumptions are based on the best estimates of actual positions. The models cannot precisely predict the actual impact of changes in interest rates on income because these assumptions are highly uncertain.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The extent of exposure to interest rate risk is largely determined by the length of time for which the rate of interest is fixed for a financial instrument. The Group's principal interest rate risk management objective is to generate a suitable overall net interest margin by matching the interest rate characteristic and re-pricing profile of assets with those of the underlying borrowings and equity sources respectively.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(d) Market risk (continued)

(i) Interest rate risk (continued)

The table below summarises the Group's exposure to interest rate risk.

As at 31 December 2023	GROUP					Fixed interest rate USD	Non-interest bearing USD	Total USD
	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			
Assets								
Cash and balances with other banks	1,537,591,144	559,821,429	225,946,808	5,853,355	-	691,477,098	2,506,003	3,023,195,837
Investment in government securities	-	-	-	-	-	51,867,034	-	51,867,034
Other receivables	-	-	-	-	-	-	22,818,761	22,818,761
Trade Fund loan receivables	-	-	146,140,978	-	-	-	-	146,140,978
Derivative financial instruments	-	-	-	-	-	-	4,248,951	4,248,951
Trade finance loans	-	84,065,739	1,766,722,205	381,653,147	-	2,234,372,384	120,767,675	4,587,581,150
Project loans	95,159,719	224,161,699	1,418,422,093	-	-	309,573,016	83,778,452	2,131,094,979
Equity investment at fair value through OCI	-	-	-	-	-	-	71,880,869	71,880,869
Total financial assets	1,632,750,863	868,048,867	3,557,232,084	387,506,502	-	3,287,289,532	306,000,711	10,038,828,559
Financial Liabilities								
Short term borrowings	165,708,572	3,124,213,278	209,459,500	-	-	880,020,613	-	4,379,401,963
Long term borrowings	116,847,625	533,991,405	989,022,669	-	-	1,326,498,487	-	2,966,360,186
Collection account	-	-	-	-	-	-	289,437,554	289,437,554
Other payables	-	-	-	-	-	49,022,487	121,323,078	170,345,565
Total financial liabilities	282,556,197	3,658,204,683	1,198,482,169	-	-	2,255,541,587	410,760,632	7,805,545,268
Net Interest rate exposure	1,350,194,666	(2,790,155,816)	2,358,749,915	387,506,502	-	1,031,747,945	(104,759,921)	2,233,283,291
Cumulative interest rate exposure	1,350,194,666	(1,439,961,150)	918,788,765	1,306,295,267	1,306,295,267	2,338,043,212	2,233,283,291	2,233,283,291

Fixed interest and non-interest bearing items are stated at amortised cost or their carrying amounts which approximate their fair values.

Excluded from 'other receivables' are non-financial assets particularly prepayments and other receivables in Note 23

Excluded from 'other payables' are non-financial liabilities particularly prepaid rent in Note 35

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(d) Market risk (continued)

(i) Interest rate risk (continued)

The table below summarises the Bank's exposure to interest rate risk.

As at 31 December 2023	BANK					Fixed interest rate USD	Non-interest bearing USD	Total USD
	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			
Assets								
Cash and balances with other banks	1,496,524,007	559,821,429	225,946,808	5,853,355	-	691,477,098	2,506,003	2,982,128,700
Investment in government securities	-	-	-	-	-	42,168,768	-	42,168,768
Other receivables	-	-	-	-	-	-	22,818,761	22,818,761
Derivative financial instruments	-	-	-	-	-	-	4,248,951	4,248,951
Trade finance loans	-	81,234,116	1,770,490,863	381,653,147	-	2,316,851,849	34,592,554	4,584,822,529
Project loans	95,159,719	224,161,699	1,418,422,093	-	-	309,573,016	83,778,452	2,131,094,979
Equity investment at fair value through OCI	-	-	-	-	-	-	71,880,869	71,880,869
Total financial assets	1,591,683,726	865,217,244	3,414,859,764	387,506,502	-	3,360,070,731	219,825,590	9,839,163,557
Financial Liabilities								
Short term borrowings	165,708,572	3,124,213,278	209,459,500	-	-	880,020,613	-	4,379,401,963
Long term borrowings	116,847,625	533,991,405	989,022,669	-	-	1,326,498,487	-	2,966,360,186
Collection account	-	-	-	-	-	-	289,437,554	289,437,554
Other payables	-	-	-	-	-	49,022,487	128,774,808	177,797,295
Total financial liabilities	282,556,197	3,658,204,683	1,198,482,169	-	-	2,255,541,587	418,212,362	7,812,996,998
Net Interest rate exposure	1,309,127,529	(2,792,987,439)	2,216,377,595	387,506,502	-	1,104,529,144	(198,386,772)	2,026,166,559
Cumulative interest rate exposure	1,309,127,529	(1,483,859,910)	732,517,685	1,120,024,187	1,120,024,187	2,224,553,331	2,026,166,559	2,026,166,559

Fixed interest and non-interest bearing items are stated at amortised cost or their carrying amounts which approximate their fair values.

Excluded from 'other receivables' are non-financial assets particularly prepayments and other receivables in Note 23

Excluded from 'other payables' are non-financial liabilities particularly prepaid rent in Note 35

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(d) Market risk (continued)

(i) Interest rate risk (continued)

The table below summarises the Group's exposure to interest rate risk

As at 31 December 2022 - Restated*	GROUP					Fixed interest rate USD	Non-interest bearing USD	Total USD
	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			
Assets								
Cash and balances with other banks	618,499,506	400,000,000	100,000,000	-	-	616,288,863	2,828,469	1,737,616,838
Investment in government securities	-	-	-	-	-	57,227,132	-	57,227,132
Other receivables	-	-	-	-	-	480,808	19,207,613	19,688,421
Trade Fund loan receivables	-	-	115,013,836	-	-	-	-	115,013,836
Trade finance loans*	-	74,607,384	1,971,811,460	233,506,676	-	1,861,262,885	118,796,035	4,259,984,440
Project loans	71,917,716	290,980,369	1,213,738,481	-	-	335,119,340	68,997,525	1,980,753,431
Equity investment at fair value through OCI	-	-	-	-	-	-	71,452,098	71,452,098
Total financial assets	690,417,222	765,587,753	3,400,563,777	233,506,676	-	2,870,379,028	281,281,740	8,241,736,196
Financial Liabilities								
Short term borrowings	356,813,669	2,679,474,496	-	-	-	453,043,516	-	3,489,331,681
Long term borrowings	221,288,778	306,903,144	704,596,663	-	-	1,323,772,228	-	2,556,560,813
Derivative financial instruments	-	-	-	-	-	-	17,826,383	17,826,383
Collection account	-	-	-	-	-	-	123,759,079	123,759,079
Other payables*	-	-	-	-	-	37,949,593	61,278,596	99,228,189
Total financial liabilities	578,102,447	2,986,377,640	704,596,663	-	-	1,814,765,337	202,864,058	6,286,706,145
Net Interest rate exposure	112,314,775	(2,220,789,887)	2,695,967,114	233,506,676	-	1,055,613,691	78,417,682	1,955,030,051
Cumulative interest rate exposure	112,314,775	(2,108,475,112)	587,492,002	820,998,678	820,998,678	1,876,612,369	1,955,030,051	1,955,030,051

*Details of restatements are disclosed in Note 45.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(d) Market risk (continued)

(i) Interest rate risk (continued)

The table below summarises the Bank's exposure to interest rate risk

As at 31 December 2022 - Restated*	BANK					Fixed interest rate USD	Non-interest bearing USD	Total USD
	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			
Assets								
Cash and balances with other banks	578,124,213	400,000,000	100,000,000	-	-	616,288,863	2,828,469	1,697,241,545
Investment in government securities	-	-	-	-	-	57,227,132	-	57,227,132
Other receivables	-	-	-	-	-	480,808	22,337,953	22,818,761
Trade finance loans*	-	74,607,384	1,971,811,460	233,506,676	-	1,861,262,885	118,796,035	4,259,984,440
Project loans	71,917,716	290,980,369	1,213,738,481	-	-	335,119,340	68,997,525	1,980,753,431
Equity investment at fair value through OCI	-	-	-	-	-	-	71,452,098	71,452,098
Total financial assets	650,041,929	765,587,753	3,285,549,941	233,506,676	-	2,870,379,028	284,412,080	8,089,477,407
Financial Liabilities								
Short term borrowings	356,813,669	2,679,474,496	-	-	-	453,043,516	-	3,489,331,681
Long term borrowings	221,288,778	306,903,144	704,596,663	-	-	1,323,772,228	-	2,556,560,813
Derivative financial instruments	-	-	-	-	-	-	17,826,383	17,826,383
Collection account	-	-	-	-	-	-	123,759,079	123,759,079
Other payables*	-	-	-	-	-	37,949,593	40,536,633	78,486,226
Total financial liabilities	578,102,447	2,986,377,640	704,596,663	-	-	1,814,765,337	182,122,095	6,265,964,182
Net Interest rate exposure	71,939,482	(2,220,789,887)	2,580,953,278	233,506,676	-	1,055,613,691	102,289,985	1,823,513,225
Cumulative interest rate exposure	71,939,482	(2,148,850,405)	432,102,873	665,609,549	665,609,549	1,721,223,240	1,823,513,225	1,823,513,225

*Details of restatements are disclosed in Note 45.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(d) Market risk (continued)

(i) Interest rate risk (continued)

Interest rate risk - Sensitivity analysis

The Group monitors the impact that an immediate hypothetical increase or decrease in interest rates of 100 basis points applied at the beginning of the year would have on net interest income.

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at year end. The analysis was prepared using the following assumptions:

- Interest-bearing assets and liabilities outstanding as at 31 December 2023 were outstanding at those levels for the
- Interest-bearing assets and liabilities denominated in currencies other than USD experienced similar movements in interest rates, and

If interest rates had been 100 basis points higher or lower with the above assumptions applying, the Group's net profit for the year ended 31 December 2023 of USD 227,168,858 (2022: USD 207,369,159) would increase or decrease by USD 13,949,551 (2022: USD 14,911,504) as follows:

Effect on the Group's net profit

The profit for the year ended 31 December 2023 would increase to USD 241,118,409 (2022: USD 222,280,663) or decrease to USD 213,219,307 (2022: USD 192,457,655).

The potential change is 6.1% (2022: 7.2%) of the year's profit.

(ii) Currency risk

Currency risk is defined as the potential loss that could result from adverse changes in foreign exchange rates. Currency risks are minimised and, where possible, eliminated by requiring assets to be funded by liabilities that have matching currency characteristics.

Foreign currency positions are monitored on a quarterly basis. The single currency exposure, irrespective of short or long positions should not exceed the limit of 10% of the Group's net worth.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(d) Market risk (continued)

(ii) Currency risk (continued)

The Group's currency position

As at 31 December 2023:

	USD	GBP	EURO	KES	SDG	UGX	GROUP AED	MWK	TZSH	ZMW	JPY	OTHER	TOTAL
Assets													
Cash and balances with other banks	2,221,807,404	16,966	639,853,241	154,494	2,506,003	5,891,425	19,909,676	88,272,364	4,712,574	29,130,129	1,080	10,940,481	3,023,195,837
Investment in government securities	9,698,265	-	-	-	-	-	-	-	-	42,168,769	-	-	51,867,034
Other receivables	22,818,761	-	-	-	-	-	-	-	-	-	-	-	22,818,761
Trade Fund loan receivables	146,140,978	-	-	-	-	-	-	-	-	-	-	-	146,140,978
Derivative financial instruments	1,273,327,775	-	(1,269,078,824)	-	-	-	-	-	-	-	-	-	4,248,951
Trade finance loans	2,946,366,938	-	1,641,214,212	-	-	-	-	-	-	-	-	-	4,587,581,150
Project finance loans	1,875,875,174	-	244,306,356	10,913,449	-	-	-	-	-	-	-	-	2,131,094,979
Equity investment at fair value through OCI	71,880,869	-	-	-	-	-	-	-	-	-	-	-	71,880,869
Total financial assets	8,567,916,164	16,966	1,256,294,985	11,067,943	2,506,003	5,891,425	19,909,676	88,272,364	4,712,574	71,298,898	1,080	10,940,481	10,038,828,559
Financial Liabilities													
Short term borrowings	4,012,538,207	-	366,863,756	-	-	-	-	-	-	-	-	-	4,379,401,963
Long term borrowings	2,130,047,304	-	836,312,882	-	-	-	-	-	-	-	-	-	2,966,360,186
Collection account	166,492,802	-	171	-	2,459,694	-	-	88,266,788	-	31,833,944	-	384,155	289,437,554
Other payables	170,307,034	-	-	38,086	-	-	-	-	-	-	-	445	170,345,565
Total financial liabilities	6,479,385,347	-	1,203,176,809	38,086	2,459,694	-	-	88,266,788	-	31,833,944	-	384,600	7,805,545,268
Net position	2,088,530,817	16,966	53,118,176	11,029,857	46,309	5,891,425	19,909,676	5,576	4,712,574	39,464,954	1,080	10,555,881	2,233,283,291

Excluded from 'other receivables' are non-financial assets particularly prepayments and other receivables in Note 23

Excluded from 'other payables' are non-financial liabilities particularly prepaid rent in Note 35

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47. FINANCIAL RISK MANAGEMENT (Continued)

(d) Market risk (continued)

(ii) Currency risk (continued)

The Bank's currency position

As at 31 December 2023:

	USD	GBP	EURO	KES	SDG	UGX	BANK AED	MWK	TZSH	ZMW	JPY	OTHER	TOTAL
Assets													
Cash and balances with other banks	2,180,740,267	16,966	639,853,241	154,494	2,506,003	5,891,425	19,909,676	88,272,364	4,712,574	29,130,129	1,080	10,940,481	2,982,128,700
Investment in government securities	-	-	-	-	-	-	-	-	-	42,168,768	-	-	42,168,768
Other receivables	22,818,761	-	-	-	-	-	-	-	-	-	-	-	22,818,761
Derivative financial instruments	1,273,327,775	-	(1,269,078,824)	-	-	-	-	-	-	-	-	-	4,248,951
Trade finance loans	2,943,608,317	-	1,641,214,212	-	-	-	-	-	-	-	-	-	4,584,822,529
Project finance loans	1,875,875,174	-	244,306,356	10,913,449	-	-	-	-	-	-	-	-	2,131,094,979
Equity investment at fair value through OCI	71,880,869	-	-	-	-	-	-	-	-	-	-	-	71,880,869
Total financial assets	8,368,251,163	16,966	1,256,294,985	11,067,943	2,506,003	5,891,425	19,909,676	88,272,364	4,712,574	71,298,897	1,080	10,940,481	9,839,163,557
Financial Liabilities													
Short term borrowings	4,012,538,207	-	366,863,756	-	-	-	-	-	-	-	-	-	4,379,401,963
Long term borrowings	2,130,047,304	-	836,312,882	-	-	-	-	-	-	-	-	-	2,966,360,186
Collection account	166,492,802	-	171	-	2,459,694	-	-	88,266,788	-	31,833,944	-	384,155	289,437,554
Other payables	177,758,764	-	-	38,086	-	-	-	-	-	-	-	445	177,797,295
Total financial liabilities	6,486,837,077	-	1,203,176,809	38,086	2,459,694	-	-	88,266,788	-	31,833,944	-	384,600	7,812,996,998
Net position	1,881,414,086	16,966	53,118,176	11,029,857	46,309	5,891,425	19,909,676	5,576	4,712,574	39,464,953	1,080	10,555,881	2,026,166,559

Excluded from 'other receivables' are non-financial assets particularly prepayments and other receivables in Note 23

Excluded from 'other payables' are non-financial liabilities particularly prepaid rent in Note 35

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(d) Market risk (continued)

(ii) Currency risk (continued)

The Group's currency position

As 31 December 2022 - Restated*:

	USD	GBP	EURO	KES	SDG	UGX	GROUP					OTHER	TOTAL
							AED	MWK	TZSH	ZMW			
Assets													
Cash and balances with other banks	1,602,763,206	9,750	40,397,698	236,368	2,828,469	5,974,826	8,192	75,753,718	5,062,069	3,620,996	1,168	960,378	1,737,616,838
Investment in government securities	-	-	-	-	-	-	-	-	-	57,227,132	-	-	57,227,132
Other receivables	19,688,421	-	-	-	-	-	-	-	-	-	-	-	19,688,421
Trade Fund loan receivables	115,013,836	-	-	-	-	-	-	-	-	-	-	-	115,013,836
Trade finance loans*	2,773,909,905	-	1,486,074,535	-	-	-	-	-	-	-	-	-	4,259,984,440
Project finance loans	1,685,536,000	-	295,217,431	-	-	-	-	-	-	-	-	-	1,980,753,431
Equity investment at fair value through OCI	71,452,098	-	-	-	-	-	-	-	-	-	-	-	71,452,098
Total financial assets	6,268,363,466	9,750	1,821,689,664	236,368	2,828,469	5,974,826	8,192	75,753,718	5,062,069	60,848,128	1,168	960,378	8,241,736,196
Financial Liabilities													
Short term borrowings	3,260,236,285	-	229,095,396	-	-	-	-	-	-	-	-	-	3,489,331,681
Long term borrowings	2,152,524,882	-	404,035,931	-	-	-	-	-	-	-	-	-	2,556,560,813
Derivative financial instruments	(1,241,947,992)	-	1,259,774,375	-	-	-	-	-	-	-	-	-	17,826,383
Collection account	44,076,600	-	29,049	-	2,776,201	-	-	75,748,496	-	594,035	-	534,698	123,759,079
Other payables*	99,143,270	-	-	60,192	-	-	-	-	-	-	-	24,727	99,228,189
Total financial liabilities	4,314,033,045	-	1,892,934,751	60,192	2,776,201	-	-	75,748,496	-	594,035	-	559,425	6,286,706,145
Net position	1,954,330,421	9,750	(71,245,087)	176,176	52,268	5,974,826	8,192	5,222	5,062,069	60,254,093	1,168	400,953	1,955,030,051

*Details of restatements are disclosed in Note 45.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(d) Market risk (continued)

(ii) Currency risk (continued)

The Bank's currency position

As 31 December 2022 - Restated*:

	USD	GBP	EURO	KES	SDG	UGX	BANK					OTHER	TOTAL
							AED	MWK	TZSH	ZMW			
Assets													
Cash and balances with other banks	1,562,387,913	9,750	40,397,698	236,368	2,828,469	5,974,826	8,192	75,753,718	5,062,069	3,620,996	1,168	960,378	1,697,241,545
Investment in government securities	-	-	-	-	-	-	-	-	-	57,227,132	-	-	57,227,132
Other receivables	22,818,761	-	-	-	-	-	-	-	-	-	-	-	22,818,761
Trade finance loans*	2,773,909,905	-	1,486,074,535	-	-	-	-	-	-	-	-	-	4,259,984,440
Project finance loans	1,685,536,000	-	295,217,431	-	-	-	-	-	-	-	-	-	1,980,753,431
Equity investment at fair value through OCI	71,452,098	-	-	-	-	-	-	-	-	-	-	-	71,452,098
Total financial assets	6,116,104,677	9,750	1,821,689,664	236,368	2,828,469	5,974,826	8,192	75,753,718	5,062,069	60,848,128	1,168	960,378	8,089,477,407
Financial Liabilities													
Short term borrowings	3,260,236,285	-	229,095,396	-	-	-	-	-	-	-	-	-	3,489,331,681
Long term borrowings	2,152,524,882	-	404,035,931	-	-	-	-	-	-	-	-	-	2,556,560,813
Derivative financial instruments	(1,241,947,992)	-	1,259,774,375	-	-	-	-	-	-	-	-	-	17,826,383
Collection account	44,076,600	-	29,049	-	2,776,201	-	-	75,748,496	-	594,035	-	534,698	123,759,079
Other payables*	78,401,307	-	-	60,192	-	-	-	-	-	-	-	24,727	78,486,226
Total financial liabilities	4,293,291,082	-	1,892,934,751	60,192	2,776,201	-	-	75,748,496	-	594,035	-	559,425	6,265,964,182
Net position	1,822,813,595	9,750	(71,245,087)	176,176	52,268	5,974,826	8,192	5,222	5,062,069	60,254,093	1,168	400,953	1,823,513,225

*Details of restatements are disclosed in Note 45.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT (Continued)

(d) Market risk (continued)

(ii) Currency risk (continued)

Currency risk - sensitivity analysis

The Group is mainly exposed to Euros, Pound Sterling, Kenya Shillings, Tanzania Shillings, Sudanese Pounds, and Uganda Shilling. The Group has operations in and lends to customers in Zimbabwe, but all the transactions are made in USD. The following analysis details the Group's sensitivity to a 10% increase and decrease in the value of the USD against the other currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes cash and term deposits, securities, loans and borrowings in currencies other than United States Dollars. A positive number below indicates a decrease in profit and reserves when the USD strengthens by 10% against the other currencies in which the Group has a net asset position. For a 10% weakening of the USD against the relevant currencies, there would be an equal opposite impact on the net profit.

	GBP	EURO	KES	TSH	AED	UGX	ZMW	JPY
As at 31 December 2023	1,515	4,875,217	126,955	187	153,229	(14,425)	542,422	(493)
	=====	=====	=====	=====	=====	=====	=====	=====
As at 31 December 2022	776	(7,468,107)	7,880	217	380	(26,527)	355,567	(501)
	=====	=====	=====	=====	=====	=====	=====	=====

48. CAPITAL MANAGEMENT

The Group, being a supranational financial institution, is not subject to any regulatory supervision by a national body. The conduct of operations is vested with the Board of Directors which closely monitors directly or through its Audit Committee the Group's performance, risk profile and capital adequacy.

Based on the need to protect against increased credit risks associated with projects and infrastructure financing in developing African economies, the Group's capital management policy aims to maintain a capital adequacy ratio of at least 30 per cent. This ratio is computed in line with recommendations of the paper prepared by the Basel Committee on Banking Supervision entitled "International Convergence of Capital Measurement and Capital Standards" dated July 1988 as amended from time to time (Basel I paper) and the paper prepared by the Basel Committee entitled "International Convergence of Capital Measurement and Standards: A Revised Framework" dated June 2004 as amended from time to time (Basel II Paper).

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- 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)

48. CAPITAL MANAGEMENT (continued)

Risk-weighted assets are measured by means of a hierarchy of seven risk weights classified to reflect an estimate of credit, market and other risks associated with each asset and 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	
	2023	2022	2023	2022
	USD	USD	USD	USD
Risk weighted Assets				
On - statement of financial position assets	6,215,491,829	4,996,780,303	6,029,319,881	4,827,487,375
Off - statement of financial position assets	100,009,374	31,516,285	100,009,374	31,516,285
	-----	-----	-----	-----
Total risk weighted assets	6,315,501,203	5,028,296,588	6,129,329,255	4,859,003,660
	=====	=====	=====	=====
Capital				
Paid up capital	603,081,183	580,439,034	603,081,183	580,439,034
Retained earnings and reserves	1,591,935,869	1,378,539,559	1,580,468,148	1,382,196,278
	-----	-----	-----	-----
Total capital	2,195,017,052	1,958,978,593	2,183,549,331	1,962,635,312
	=====	=====	=====	=====
Capital adequacy ratio	34.76%	38.96%	35.62%	40.39%
	=====	=====	=====	=====

In addition to its paid-up capital, the Group has access to additional capital in the form of callable capital. During the years, the Group complied with its capital adequacy requirements. There were no events after the reporting date.

49. EVENTS AFTER 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)

50. FINANCIAL INSTRUMENTS CATEGORIES

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

As at 31 December 2023	Amortised cost USD	GROUP		Total carrying amount USD
		At fair value through P&L USD	At fair value through OCI USD	
Financial assets				
Cash and balances held with other banks -less than 90 days	2,099,938,569	-	-	2,099,938,569
Cash and balances held with other banks -over 90 days	923,257,268	-	-	923,257,268
Derivative financial instruments	-	4,248,951	-	4,248,951
Trade finance loans	4,587,581,150	-	-	4,587,581,150
Project finance loans	2,131,094,979	-	-	2,131,094,979
Investment in Government securities	51,867,034	-	-	51,867,034
Trade Fund loan receivables	-	146,140,978	-	146,140,978
Other receivables	22,818,761	-	-	22,818,761
Equity investments at fair value	-	2,729,000	69,151,869	71,880,869
Investment property	-	8,020,916	-	8,020,916
Total financial assets	9,816,557,761	161,139,846	69,151,869	10,046,849,476
	=====	=====	=====	=====
Financial liabilities				
Collection account deposits	289,437,554	-	-	289,437,554
Short term borrowings	4,379,401,963	-	-	4,379,401,963
Non controlling interest payables	79,064,874	-	-	79,064,874
Other payables	170,345,565	-	-	170,345,565
Long term borrowings	2,966,360,186	-	-	2,966,360,186
Total financial liabilities	7,884,610,142	-	-	7,884,610,142
	=====	=====	=====	=====
As at 31 December 2022 - Restated*				
Financial assets				
Cash and balances held with other banks -less than 90 days	1,021,327,969	-	-	1,021,327,969
Cash and balances held with other banks -over 90 days	716,288,869	-	-	716,288,869
Investment in Government securities	-	57,227,132	-	57,227,132
Other receivables	19,688,421	-	-	19,688,421
Trade Fund loan receivables	-	115,013,836	-	115,013,836
Trade finance loans	4,259,984,440	-	-	4,259,984,440
Project finance loans	1,980,753,431	-	-	1,980,753,431
Equity investments at fair value	-	2,729,000	68,723,098	71,452,098
Investment property	-	5,009,560	-	5,009,560
Total financial assets	7,998,043,130	179,979,528	68,723,098	8,246,745,756
	=====	=====	=====	=====
Financial liabilities				
Collection account deposits	123,759,079	-	-	123,759,079
Derivative financial instruments	-	17,826,383	-	17,826,383
Short term borrowings	3,489,331,681	-	-	3,489,331,681
Long term borrowings	2,556,560,813	-	-	2,556,560,813
Non controlling interest payables	65,246,073	-	-	65,246,073
Other payables	99,228,189	-	-	99,228,189
Total financial liabilities	6,334,125,835	17,826,383	-	6,351,952,218
	=====	=====	=====	=====

*Details of restatements are disclosed in Note 45.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

50. FINANCIAL INSTRUMENTS CATEGORIES (Continued)

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

As at 31 December 2023	Amortised cost USD	BANK		Total carrying amount USD
		At fair value through P&L USD	At fair value through OCI USD	
Financial assets				
Cash and balances held with other banks -less than 90 days	2,058,871,432	-	-	2,058,871,432
Cash and balances held with other banks -over 90 days	923,257,268	-	-	923,257,268
Derivative financial instruments	-	4,248,951	-	4,248,951
Trade finance loans	4,584,822,529	-	-	4,584,822,529
Project finance loans	2,131,094,979	-	-	2,131,094,979
Investment in Government securities	42,168,768	-	-	42,168,768
Other receivables	19,688,421	-	-	19,688,421
Equity investments at fair value	-	2,729,000	68,723,098	71,452,098
	-----	-----	-----	-----
Total financial assets	9,759,903,398	6,977,952	68,723,098	9,835,604,447
	=====	=====	=====	=====
Financial liabilities				
Collection account deposits	289,437,554	-	-	289,437,554
Short term borrowings	4,379,401,963	-	-	4,379,401,963
Other payables	177,797,295	-	-	177,797,295
Long term borrowings	2,966,360,186	-	-	2,966,360,186
	-----	-----	-----	-----
Total financial liabilities	7,812,996,998	-	-	7,812,996,998
	=====	=====	=====	=====
As at 31 December 2022 - Restated*				
Financial assets				
Cash and balances held with other banks -less than 90 days	980,952,676	-	-	980,952,676
Cash and balances held with other banks -over 90 days	716,288,869	-	-	716,288,869
Trade finance loans	4,259,984,440	-	-	4,259,984,440
Project finance loans	1,980,753,431	-	-	1,980,753,431
Investment in Government securities	-	57,227,132	-	57,227,132
Other receivables	22,818,761	-	-	22,818,761
Equity investments at fair value	-	2,729,000	68,723,098	71,452,098
	-----	-----	-----	-----
Total financial assets	7,960,798,177	59,956,132	68,723,098	8,089,477,407
	=====	=====	=====	=====
Financial liabilities				
Collection account deposits	123,759,079	-	-	123,759,079
Derivative financial instruments	-	17,826,383	-	17,826,383
Short term borrowings	3,489,331,681	-	-	3,489,331,681
Other payables	78,486,226	-	-	78,486,226
Long term borrowings	2,556,560,813	-	-	2,556,560,813
	-----	-----	-----	-----
Total financial liabilities	6,248,137,799	17,826,383	-	6,265,964,182
	=====	=====	=====	=====

*Details of restatements are disclosed in Note 45.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

51. TRADE FINANCE LOAN PORTFOLIO

Country	As at 31 December 2023			As at 31 December 2022		
	Balance outstanding USD	Amounts due within one year USD	Amounts due after one year USD	Balance outstanding USD	Amounts Due within one year USD	Amounts Due after one year USD
Burundi	19,092,856	6,425,805	12,667,051	7,588,365	5,088,365	2,500,000
Congo DRC	-	-	-	1,945,344	1,945,344	-
Djibouti	21,176,176	20,348,487	827,689	11,415,848	5,622,027	5,793,821
Egypt	174,517,350	174,517,350	-	147,861,001	41,177,380	106,683,621
Eswatini	46,594,118	46,594,118	-	46,052,215	46,052,215	-
Ethiopia	669,675,617	640,885,771	28,789,846	886,624,968	445,386,535	441,238,433
Ghana	12,209,291	12,209,291	-	-	-	-
Kenya	29,218,208	1,172,256	28,045,952	27,506,563	294,063	27,212,500
Madagascar	4,801,691	788,731.00	4,012,960	4,370,657	4,370,657	-
Malawi	487,983,639	106,395,535	381,588,104	449,031,532	348,022,226	101,009,306
Mauritius	209,786,225	209,786,225	-	133,458,745	25,172,444	108,286,301
Mozambique	34,064,474	12,279,516	21,784,958	21,784,958	21,784,958	-
Rwanda	433,968,130	58,693,898	375,274,232	302,538,192	2,442,833	300,095,359
South Sudan	192,428,635	192,428,635	-	78,191,879	113,007,060	34,815,181
Sudan	979,824,211	949,839,290	29,984,921	882,654,515	139,448,246	743,206,269
Tanzania	160,691,537	97,195,433	63,496,104	195,614,016	168,918,876	26,695,140
Uganda	43,507,406	20,453,410	23,053,996	51,049,901	2,014,911	49,034,990
Zambia	691,117,677	69,849,656	621,268,021	686,571,822	364,298,131	322,273,691
Zimbabwe	566,309,759	555,793,649	10,516,110	500,186,352	7,901,885	492,284,467
Gross Loans	4,776,967,000	3,175,657,056	1,601,309,944	4,434,446,873	1,742,948,156	2,691,498,717
Impairment on trade finance loans (Note 20)	(189,385,850)	-	(189,385,850)	(174,462,433)	-	(174,462,433)
Net Loans	4,587,581,150 =====	3,175,657,056 =====	1,411,924,094 =====	4,259,984,440 =====	1,742,948,156 =====	2,517,036,284 =====

*Included in trade finance gross loans is USD 2,929,893 relating to TDF loans. The impairment allowance is USD 171,272 and the net loan amount is USD 2,758,621 (2022: Nil). The exposure is to Burundi (USD 384), Kenya (USD 833,451), Zambia (USD 2,093,696) and Zimbabwe (USD 2,361).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

52. PROJECT LOAN PORTFOLIO

Country	As at 31 December 2023		As at 31 December 2023		As at 31 December 2023			As at 31 December 2022		
	Amounts Disbursed USD	Interest Capitalized USD	Amounts Repaid USD	Interest Receivable USD	Balance Outstanding USD	Due within One year USD	Due after One year USD	Balance Outstanding USD	Within One year USD	Due after One year USD
Burundi	26,176,875	2,074,720	(14,912,596)	-	13,338,999	-	13,338,999	13,601,869	12,030,441	1,571,428
Comoros	26,848,466	-	(8,635,132)	162,914	18,376,248	3,421,868	14,954,380	17,426,653	2,796,944	14,629,709
Congo DRC	242,969,614	11,737,356	(14,748,581)	4,214,876	244,173,265	55,570,323	188,602,942	121,557,491	8,617,969	112,939,522
Djibouti	3,086,487	-	(122,384)	79,198	3,043,301	-	3,043,301	2,876,310	1,002,371	1,873,939
Eritrea	403,652	-	(403,652)	-	-	-	-	-	-	-
Ethiopia	168,547,220	32,983,318	(114,691,101)	399,241	87,238,678	24,078,890	63,159,788	122,013,439	39,844,190	82,169,249
Kenya	1,682,882,754	1,532,900	(1,078,480,526)	21,619,764	627,554,892	92,451,265	535,103,627	489,880,928	108,668,795	381,212,133
Madagascar	6,847,504	-	(231,839)	249,932	6,865,597	-	6,865,597	6,233,571	648,461	5,585,110
Malawi	60,793,337	2,920	(60,796,257)	-	-	-	-	-	-	-
Mauritius	168,481,894	42,501,622	(28,918,206)	14,970,747	197,036,057	178,702,724	18,333,333	172,824,165	9,682,636	163,141,529
Mozambique	143,704,500	5,041,349	(34,471,870)	553,923	114,827,902	12,570,324	102,257,578	129,138,306	14,867,868	114,270,438
Rwanda	450,975,279	13,506,296	(337,075,078)	7,056,609	134,463,106	45,518,861	88,944,245	146,718,527	37,241,834	109,476,693
Seychelles	107,155,554	-	(86,523,039)	396,997	21,029,512	19,088,523	1,940,989	48,070,613	10,802,217	37,268,396
Sudan	45,106,624	17,056,064	(25,392,904)	15,974,542	52,744,326	52,744,326	-	48,781,247	48,781,247	-
Tanzania	767,519,934	682,910	(442,499,711)	1,699,839	327,402,972	148,134,657	179,268,315	342,235,476	89,719,918	252,515,558
Uganda	601,036,159	14,734,444	(320,965,649)	10,656,880	305,461,834	69,870,335	235,591,499	335,952,752	85,719,235	250,233,517
Zambia	131,225,914	25,086,069	(145,253,686)	-	11,058,297	-	11,058,297	11,058,297	11,058,297	-
Zimbabwe	332,950,309	709,653	(329,403,523)	(11,462)	4,244,977	3,388,746	856,231	3,104,676	3,104,676	-
Gross loans	4,966,712,076	167,649,621	(3,043,525,734)	78,024,000	2,168,859,963	705,540,842	1,463,319,121	2,011,474,320	484,587,099	1,526,887,221
Impairment on project loans (Note 20)	-	-	-	-	(37,764,984)	-	(37,764,984)	(30,720,889)	-	(30,720,889)
Net Loans	4,966,712,076	167,649,621	(3,043,525,734)	78,024,000	2,131,094,979	705,540,842	1,425,554,137	1,980,753,431	484,587,099	1,496,166,332

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53. STATEMENT OF SUBSCRIPTIONS TO THE CAPITAL STOCK

As at 31 December 2023				GROUP AND BANK					
CLASS 'A' SHARES	Shares Subscribed	Percentage of total	Value USD	Callable capital USD	Payable capital USD	Instalments payable on 31.12.2023 USD	Instalments paid as at 31.12.2023 USD	Share premium paid as at 31.12.2023 USD	Total paid as at 31.12.2023 USD
Belarus	1,900	1.48%	43,067,300	34,453,840	8,613,460	6,183,558	6,183,558	1,379,816	7,563,374
Botswana	145	0.11%	3,286,715	2,629,372	657,343	657,343	657,343	1,350,327	2,007,670
Burundi	2,538	1.98%	57,528,846	46,023,077	11,505,769	8,690,528	8,690,528	2,623,265	11,313,793
China	5,369	4.18%	121,699,123	97,359,298	24,339,825	24,339,825	24,339,825	7,794,171	32,133,996
Comoros	274	0.21%	6,210,758	4,968,606	1,242,152	879,480	879,480	167,836	1,047,316
Djibouti	601	0.47%	13,622,867	10,898,294	2,724,573	1,863,227	1,863,227	231,218	2,094,445
DR Congo	8,877	6.92%	201,214,959	160,971,967	40,242,992	28,995,626	28,995,627	6,753,852	35,749,479
Egypt	11,030	8.60%	250,017,010	200,013,608	50,003,402	37,749,622	37,749,622	11,374,306	49,123,928
Eritrea	370	0.29%	8,386,790	6,709,432	1,677,358	1,110,683	1,110,683	54,088	1,164,771
eSwatini	689	0.54%	15,617,563	12,494,050	3,123,513	2,194,166	2,194,166	362,307	2,556,473
Ethiopia	12,133	9.45%	275,018,711	220,014,969	55,003,742	42,949,432	41,949,363	11,801,973	53,751,336
Ghana	77	0.06%	1,745,359	1,396,287	349,072	353,605	353,605	657,972	1,011,577
Kenya	11,556	9.00%	261,939,852	209,551,882	52,387,970	40,401,476	40,401,476	15,982,279	56,383,755
Madagascar	683	0.53%	15,481,561	12,385,249	3,096,312	2,139,765	2,139,765	281,570	2,421,335
Malawi	2,726	2.12%	61,790,242	49,432,194	12,358,048	9,098,534	9,098,534	2,267,283	11,365,817
Mauritius	5,216	4.06%	118,231,072	94,584,858	23,646,214	17,639,460	17,639,460	5,012,879	22,652,339
Mozambique	3,511	2.74%	79,583,837	63,667,070	15,916,767	11,215,632	11,215,632	1,989,602	13,205,234
Rwanda	5,307	4.14%	120,293,769	96,235,015	24,058,754	20,835,506	18,835,190	3,723,282	22,558,472
Senegal	72	0.06%	1,632,024	1,305,619	326,405	130,562	65,281	131,043	196,324
Seychelles	557	0.43%	12,625,519	10,100,415	2,525,104	1,904,027	1,904,027	573,315	2,477,342
Somalia	490	0.38%	11,106,830	8,885,464	2,221,366	1,473,355	1,473,355	75,723	1,549,078
South Sudan	3,500	2.73%	79,334,500	63,467,600	15,866,900	11,360,700	11,360,700	2,551,319	13,912,019
Sudan	8,136	6.34%	184,418,712	147,534,970	36,883,742	23,922,752	23,922,752	-	23,922,752
Tanzania	10,418	8.12%	236,144,806	188,915,845	47,228,961	35,319,719	35,319,719	9,067,308	44,387,027
Uganda	8,150	6.35%	184,736,050	147,788,840	36,947,210	27,350,002	27,350,002	7,442,097	34,792,099
Zambia	9,488	7.39%	215,064,496	172,051,595	43,012,901	28,601,219	28,601,221	2,446,097	31,047,316
Zimbabwe	9,771	7.61%	221,479,257	177,183,406	44,295,851	28,728,156	28,728,156	-	28,728,156
African Development Bank	4,746	3.70%	107,577,582	86,062,066	21,515,516	21,515,516	21,515,516	6,947,537	28,463,053
	128,330	100%	2,908,856,110	2,327,084,888	581,771,222	437,603,476	434,537,811	103,042,465	537,580,276
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NOTES TO THE FINANCIAL STATEMENTS (continued)

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

As at 31 December 2022	GROUP AND BANK								
	Shares Subscribed	Percentage of total	Value USD	Callable capital USD	Payable capital USD	Instalments Payable on 31.12.2022 USD	Instalments paid as at 31.12.2022 USD	Share Premium Paid as at 31.12.2022 USD	Total Paid As at 31.12.2022 USD
CLASS 'A' SHARES									
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
	128,082	100%	2,903,234,694	2,322,587,755	580,646,939	424,555,629	420,327,780	76,668,624	496,996,404

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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

As at 31 December 2023	Number of Shares	Percentage of Total	Share Value USD	Payable Capital USD	Paid up Capital USD	Share Premium USD	Total Paid USD
CLASS 'B'							
African Development Bank	5,895	17.87%	26,724,428	26,724,428	26,724,428	20,251,504	46,975,932
African Economic Research Consortium	187	0.57%	847,781	847,781	847,781	1,326,784	2,174,565
African Reinsurance Corporation	878	2.66%	3,980,360	3,980,360	3,980,360	2,697,001	6,677,361
AGDF Corporate Trust Ltd (Rwanda)	588	1.78%	2,665,674	2,665,674	2,665,674	5,475,814	8,141,488
Arab Bank for Economic Development in Africa	1,109	3.36%	5,027,575	5,027,575	5,027,575	6,935,993	11,963,568
Banco Nacional de Investimento	931	2.82%	4,220,630	4,220,630	4,220,630	1,817,144	6,037,774
Caisse Nationale de la Sécurité Sociale (Djibouti)	1,150	3.49%	5,213,445	5,213,445	5,213,445	10,212,555	15,426,000
Eagle Insurance Limited	-	-	-	-	-	(2,564,945)	(2,564,945)
Investment Fund for Developing Countries	3,383	10.26%	15,336,527	15,336,527	15,336,527	24,359,350	39,695,877
National Pensions Fund Mauritius	2,118	6.42%	9,601,776	9,601,776	9,601,776	5,788,893	15,390,669
Board of Trustees of the National Social Security Fund Tanzania	806	2.44%	3,653,955	3,653,955	3,653,955	7,514,951	11,168,906
National Social Security Fund Uganda	3,443	10.44%	15,608,531	15,608,531	15,608,531	16,300,539	31,909,070
OPEC Fund for International Development	2,875	8.72%	13,033,560	13,033,560	13,033,560	18,168,362	31,201,922
People's Republic of China	3,915	11.87%	17,748,296	17,748,296	17,748,296	9,174,851	26,923,147
Rwanda Social Security Board	3,649	11.06%	16,542,411	16,542,411	16,542,411	12,039,545	28,581,956
Seychelles Pension Fund	1,078	3.27%	4,887,040	4,887,040	4,887,040	2,718,791	7,605,831
SICOM Global Fund Limited	144	0.44%	652,845	652,845	652,845	1,340,979	1,993,824
PTA Reinsurance Company	834	2.53%	3,780,890	3,780,890	3,780,890	1,223,110	5,004,000
	32,983	100%	149,525,724	149,525,724	149,525,724	144,781,221	294,306,945
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CLASS 'C'							
Sacos Group Limited	112	2.67%	507,741	507,741	507,741	665,867	1,173,608
Sacos Life Assurance Limited Company	112	2.67%	507,741	507,741	507,741	665,867	1,173,608
Eagle Insurance Company Limited	213	5.08%	965,614	965,614	965,614	2,304,149	3,269,763
Eastern and Southern African Trade and Development Bank Provident Fund	2,781	66.29%	12,607,420	12,607,420	12,607,420	(5,842,547)	6,764,873
African Development Bank, as implementing Entity of the Clean Technology Fund	977	23.29%	4,429,132	4,429,132	4,429,132	10,568,795	14,997,927
	4,195	100%	19,017,648	19,017,648	19,017,648	8,362,131	27,379,779
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NOTES TO THE FINANCIAL STATEMENTS (continued)

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

As at 31 December 2022	Number of Shares	Percentage of Total	Share Value USD	Payable Capital USD	Paid up Capital USD	Share Premium USD	Total Paid USD
CLASS 'B'							
African Development Bank	5,895	18.07%	26,724,426	26,724,426	26,724,426	20,251,505	46,975,931
African Economic Research Consortium	183	0.56%	829,645	829,645	829,645	1,283,516	2,113,161
African Reinsurance Corporation	857	2.63%	3,885,157	3,885,157	3,885,157	2,469,833	6,354,990
AGDF Corporate Trust Ltd (Rwanda)	588	1.80%	2,665,672	2,665,672	2,665,672	5,475,816	8,141,488
Arab Bank for Economic Development in Africa	1,082	3.32%	4,905,172	4,905,172	4,905,172	6,643,919	11,549,091
Banco Nacional de Investimento	931	2.85%	4,220,629	4,220,629	4,220,629	1,817,145	6,037,774
Caisse Nationale de la Sécurité Sociale (Djibouti)	800	2.45%	3,626,753	3,626,753	3,626,753	6,426,397	10,053,150
Investment Fund for Developing Countries	3,383	10.37%	15,336,525	15,336,525	15,336,525	24,359,352	39,695,877
Eagle Insurance Limited	283	0.87%	1,282,985	1,282,985	1,282,985	496,409	1,779,394
National Pensions Fund Mauritius	2,067	6.34%	9,370,571	9,370,571	9,370,571	5,237,197	14,607,768
Board of Trustees of the National Social Security Fund Tanzania	800	2.45%	3,626,753	3,626,753	3,626,753	7,450,047	11,076,800
National Social Security Fund Uganda	3,359	10.29%	15,227,724	15,227,724	15,227,724	15,391,862	30,619,586
OPEC Fund for International Development	2,875	8.81%	13,033,558	13,033,558	13,033,558	18,168,364	31,201,922
People's Republic of China	3,820	11.71%	17,317,621	17,317,621	17,317,621	8,147,181	25,464,802
Rwanda Social Security Board	3,649	11.18%	16,542,410	16,542,410	16,542,410	12,039,546	28,581,956
Seychelles Pension Fund	1,078	3.30%	4,887,038	4,887,038	4,887,038	2,718,793	7,605,831
SICOM Global Fund Limited	144	0.44%	652,845	652,845	652,845	1,340,979	1,993,824
PTA Reinsurance Company	834	2.56%	3,780,889	3,780,889	3,780,889	1,223,111	5,004,000
	32,628	100%	147,916,373	147,916,373	147,916,373	140,940,972	288,857,345
CLASS 'C'							
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
Eastern and Southern African Trade and Development Bank Provident Fund	2,474	91.97%	11,215,667	11,215,667	11,215,667	(1,723,301)	9,492,366
	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\$ 4,533.420375 each. Class 'C' shares were first issued in 2022 and have a par value of USD 4,533.42 each. Class 'C' shares do not have voting rights. Both Class 'B' and Class 'C' shares do not have a callable portion and are paid at once.