



EAST AFRICAN DEVELOPMENT BANK

## Annual Report 2024



“ Let’s Do It ”

# Table of Contents

Page  
**06 | CHAPTER 1**  
Introduction



Page  
**18 | CHAPTER 2**  
Overview of EADB



Page  
**34 | CHAPTER 4**  
Highlights for the  
year 2024



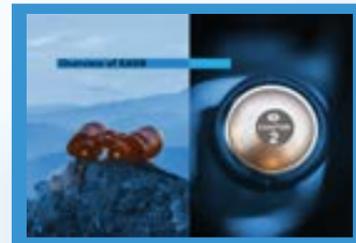
Page  
**50 | CHAPTER 6**  
Sustainability Review



Page  
**10 | FINANCIAL**  
**HIGHLIGHTS**

Page  
**13 | LETTER OF**  
**TRANSMITTAL**

Page  
**30 | CHAPTER 3**  
East Africa Economic  
Review and Outlook



Page  
**44 | CHAPTER 5**  
Managing Risks  
and Opportunities



Page  
**68 | CHAPTER 7 2024**  
**Audited Financial**  
**Statements**



“The year 2024 was the first in the implementation of the Bank’s 2024-2028 Strategic plan with a catch phrase ‘Let’s Do it’ and the journey has so far been very successful.”

Page  
**14**

The Bank recorded a  
profit after tax (PAT) of

**USD 11.2M**

as at December, 2024



Page  
**16**

## Corporate Information

### Headquarters and Uganda Country Office

Plot 4 Nile Avenue  
EADB Building  
P. O. Box 7128  
Kampala, Uganda

### Country offices

#### Kenya

7th Floor, The Oval Office  
Ring Road, Parklands  
Westlands  
P.O Box 47685  
Nairobi, Kenya

#### Rwanda

Ground Floor, Glory House Kacyiru  
P.O. Box 6225  
Kigali, Rwanda

#### Tanzania

349 Lugalo/ Urambo Street Upanga  
P.O. Box 9401  
Dar es Salaam  
Tanzania

### Bankers

Bank of Kigali
Citibank – New York
Citibank Europe Plc UK Branch
Citibank Uganda Limited
KCB Bank Rwanda Plc
NCBA Bank Kenya Plc
Stanbic Bank Uganda Limited
Standard Chartered Bank AG
Standard Chartered Bank Kenya Limited
Standard Chartered Bank London
Standard Chartered Bank New York
Standard Chartered Bank Tanzania Limited
Standard Chartered Bank Uganda Limited
The Co-operative Bank of Kenya Limited

### Lawyers

Uganda	Kenya
M/s Kampala Associated Advocates, , Plot 41 Nakasero Road P.O. BOX 9566, Kampala.	M/s Kaplan & Stratton Williamson House, 4th Ngong Avenue P.O. Box 40111 – 00100, Nairobi, Kenya
Rwanda	M/s Mohammed Muigai Advocates MM Chambers, 4th Floor, K-Rep Centre Wood Avenue, Off Lenana Road, Kilimani P.O Box 61323-00200, Nairobi, Kenya
M/s Trust Law Chambers KG 569 ST, TLC House Plot 4 Kacyiru P. O. Box 6679 Kigali Rwanda	M/s Hamilton Harrison & Mathews 1st Floor, Delta Office Suites, Waiyaki Way P.O. Box 30333-00100 Nairobi, Kenya
Tanzania	<b>Company Secretary</b> M/s Kaplan & Stratton Williamson House, 4th Ngong Avenue P.O. Box 40111 – 00100, Nairobi, Kenya
M/s IMMMA Advocates IMMMA House, Plot No 357 102 United Nations Road, Upanga 11103, PO Box 72484 Dar es Salaam, Tanzania	

This Report highlights the activities of the Bank during the year 2024 and shows the Bank's financial position as at 31st December, 2024.

### External Auditor

**KPMG**  
Certified Public Accountants,  
3<sup>rd</sup> Floor, Rwenzori Courts  
Plot 2 & 4A, Nakasero Road  
P.O. Box 3509  
Kampala, Uganda

# Introduction



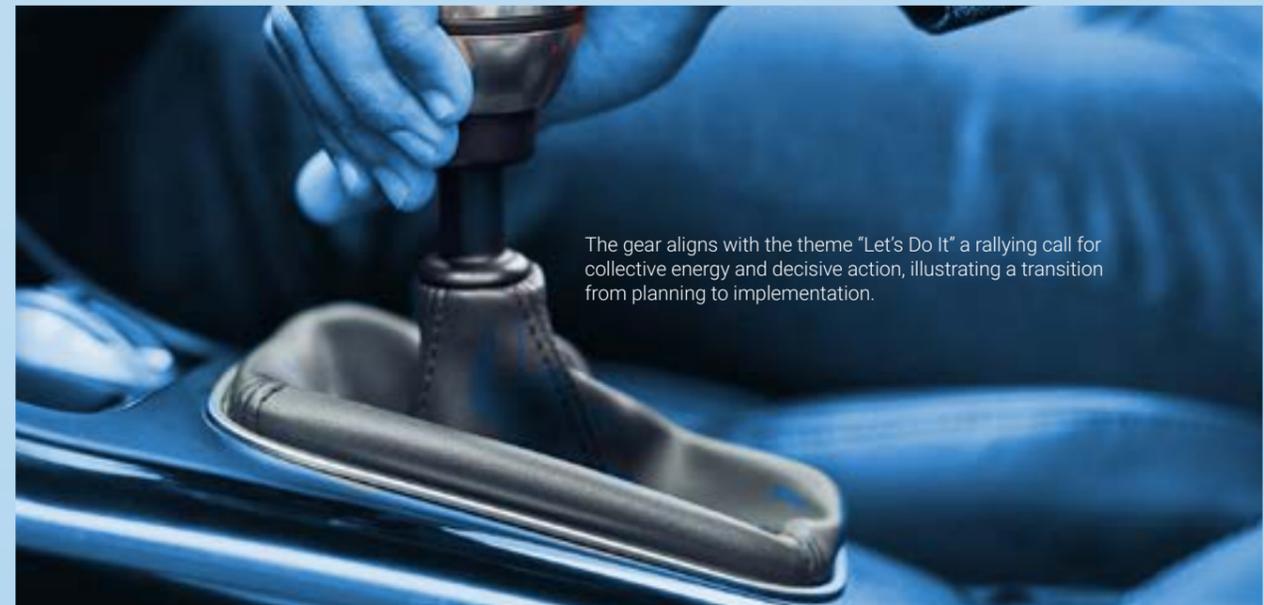
CHAPTER  
1

## About this Report

This Annual Report presents our performance for the year ended 2024, the development outcomes we achieved, and our strategic road map for 2025.

### Our Cover

The cover features a sleek, close-up image of a manual gear shift, symbolizing readiness, momentum, and control, with each gear position replaced by a powerful icon or abbreviation representing EADB's key development pillars – from agriculture and industrialization to education and regional integration. This action-oriented metaphor universally conveys movement and progress, suggesting that EADB is shifting into higher gears to accelerate development across the region. The gear aligns with the theme "Let's Do It" a rallying call for collective energy and decisive action, illustrating a transition from planning to implementation. Each gear position boldly represents a core sector, reinforcing the Bank's capacity to engage, adapt, and scale up across multiple fronts. Moreover, the tactile imagery of the gear shift evokes confidence, drive, and direction – qualities that resonate with East Africans seeking a committed and dynamic regional development partner.

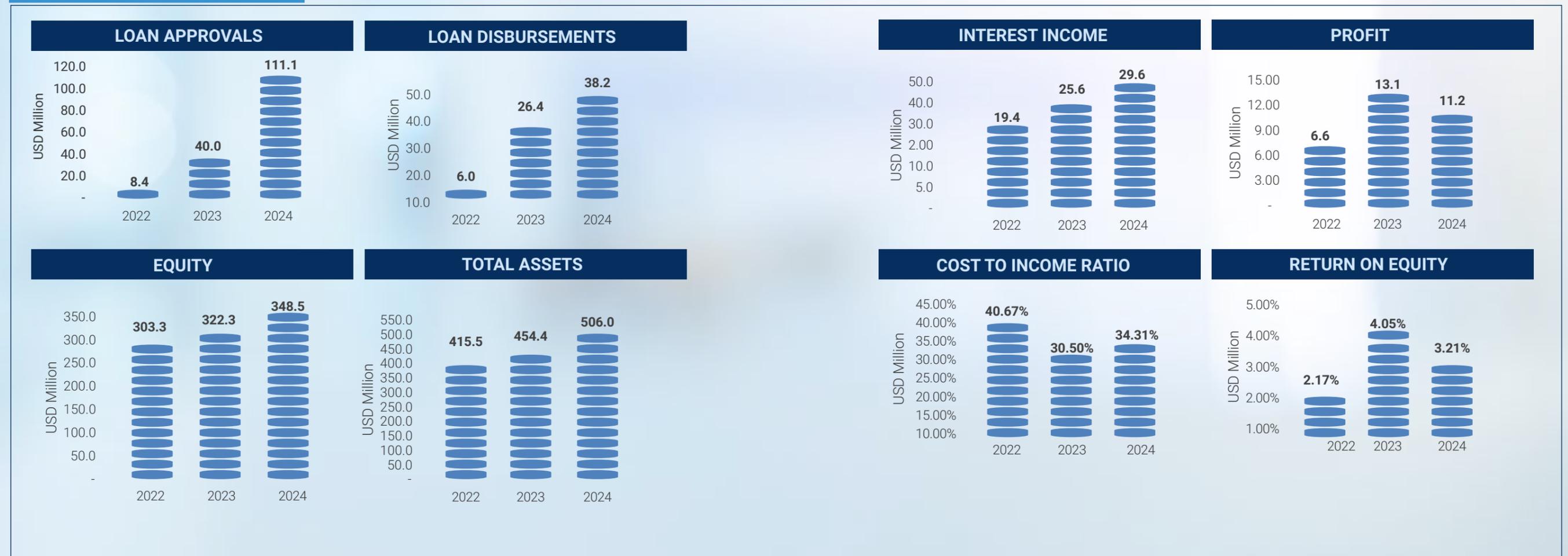


The gear aligns with the theme "Let's Do It" a rallying call for collective energy and decisive action, illustrating a transition from planning to implementation.

Our operations during 2024 focused on supporting the Bank's Member States, i.e., Kenya, Rwanda, Tanzania, and Uganda, to stimulate employment, promote food security, mobilize global resources to mitigate climate change, and catalyze regional trade. We also strengthened the Bank's collaboration with partner financial institutions (PFIs) to promote increased access to affordable credit, particularly by small and medium enterprises (SMEs) engaged in agro-based value chains. Furthermore, the year 2024 provided an opportunity for us to review the Bank's strategy and reposition it for the next five years. Once more, the report serves as a call to action for us to keep moving forward with our commitment to generate value for our stakeholders and shareholders.



## Financial Highlights



## Abbreviations & Acronyms

AAMFI	Alliance of African Multilateral Financial Institutions
AfDB	African Development Bank
AfreximBank	African Export-Import Bank
AML/CFT	Anti-Money Laundering / Counter-Financing of Terrorism
CETP	Clean Energy Transition Partnership
COP	Conference of the Parties (UN Climate Change Conference)
DG	Director General
DFI	Development Finance Institution
EADB	East African Development Bank
EMDEs	Emerging Markets and Developing Economies
FiCS	Finance in Common (global network of Public Development Banks)
GCPA	Global Climate Policy Alliance * (as referenced in the report event title)
IEA	International Energy Agency
IMF	International Monetary Fund
LoC	Line of Credit
MSMEs	Micro, Small and Medium Enterprises
NPL	Non-Performing Loan
PDBs	Public Development Banks
PFI	Partner Financial Institutions
RCCs	Regional Collaboration Centres (UN Climate)
SDGs	Sustainable Development Goals
SGR	Standard Gauge Railway
SMEs	Small and Medium Enterprises
URT	United Republic of Tanzania
WBG	World Bank Group

## Letter of Transmittal



**The Honourable Minister for Finance, Planning and Economic Development**  
The Republic of Uganda



**The Honourable Cabinet Secretary, the National Treasury and Economic Planning**  
The Republic of Kenya



**The Honourable Minister for Finance**  
The United Republic of Tanzania



**The Honourable Minister for Finance and Economic Planning**  
The Republic of Rwanda

In accordance with Articles 26 and 35 of the Charter for the East African Development Bank (the "Bank"), the Board of Directors herewith submits to the Honourable Members of the Governing Council and to the Members of the Bank, the Annual Report of the Bank for the period 1st January to 31st December 2024.

The Report also presents a summary of the economic environment of the Member States of the Bank as well as the Bank's sustainability report.

Honourable Members of the Governing Council, please accept the assurances of my highest consideration and esteem.

Dr. Charles A. Mwamwaja  
**CHAIRPERSON, BOARD OF DIRECTORS**

## Statement of the Chairperson of the Board of Directors



“The Board is keen to ensure that these initiatives are enriched and broadened to have more impact on the beneficiaries but also reach out to many more”

The Republic of Rwanda paid an additional **USD 15.01 million** during the year and completed their capital subscription to the Bank

The Board will continue to entrench good governance to the Bank to ensure a stronger and more resilient Bank for the benefit of our Member States.

Uganda

Tanzania

Kenya

Rwanda

The year 2024 was the first in the implementation of the Bank's 2024-2028 Strategic plan with a catch phrase 'Let's Do it' and the journey has so far been very successful.

The new strategic plan is anchored on five pillars, the first being bolstering the development impact of the Bank in the Member States through mobilization of appropriately priced and structured funds and provision of loans to both the private and the public sector.

I am happy to report that this was very successfully carried out during the year where initiatives to reach out to more private sector enterprises were implemented. One key initiative worth highlighting was that of partnering with several partner financial institutions to broaden the reach of the Bank to the private sector, especially youth and women led enterprises in remote areas of our Member States. In Uganda alone, loans extended by the partner financial institutions reached USD 52 million and through these initiatives, over 12,542 small and medium businesses were reached, out of which 9,400 were women led enterprises since the programme started in 2015.

The Board is keen to ensure that these initiatives are enriched and broadened to have more impact on the beneficiaries but also reach out to many more.

With the strong financial footing of the Bank and these impactful initiatives, it was therefore not a surprise that even the credit rating agencies took notice, and S&P Global Ratings assigned the Bank a top 'A' rating with a stable outlook. This key achievement has opened vast opportunities for the Bank to mobilize sufficient and cost-effective financial resources to provide support to enterprises in the Member States and strengthen its critical and strategic importance to its shareholders.

Another key pillar in the Bank's 2024-2028 strategic plan is the improvement of the Bank's enterprise risk management framework. In this regard, the Board was encouraged by the smooth leadership transition at the end of 2024. This underscores the strong governance systems in the Bank and

In Uganda alone, loans extended by the partner financial institutions

**USD 52 Million**  
Loans Disbursed

**12,542 SMEs**  
Businesses Reached

**9,400**  
Women-Led Enterprises

assurance of the going concern state of the Bank. The Board will continue to entrench good governance to the Bank to ensure a stronger and more resilient Bank for the benefit of our Member States.

I thank all those who contributed to the success of the Bank during this year. It is difficult to single out everyone, but on behalf of the Board, I would like to extend special thanks to the former Director General, Ms. Vivienne Yeda, for her stellar performance during her 17-year tenure at the Bank. I also thank the Management team that worked closely with her, as well as the entire staff. We look forward to their continued dedication and hard work in taking EADB to even greater heights of success.

I equally thank the Shareholders especially the Republic of Rwanda who paid the additional USD 15.01 million during the year and completed their capital subscription to the Bank.

Finally, I thank my colleagues on the Board for their continued support. I particularly thank Dr. Abdu Mukhtar, the AfDB representative who finished his term during the year after six years on the Board.

The future of EADB is brighter and together we can actualize its potential. As our 2024-2028 strategic plan clearly urges,

Let's Do it!

By Dr Charles A. Mwamwaja  
Chairperson, Board of Directors



## Statement of the Director General



Bank's total assets  
**USD 506 million**  
2023: USD 454 million



**The Bank's 2024-2028 strategic plan challenged all of us: 'Let's Do it' and it is with much delight I report that we are truly doing it.**

At the end of 2024, the Bank proudly achieved a coveted 'A' credit rating from S&P Global Ratings, accompanied by a stable outlook. This remarkable milestone is a testament to the unwavering dedication and hard work of all staff members. Notably, this is the highest credit rating the Bank has attained since its inception in 1967, and it stands as the highest in East Africa.

The strong credit rating is underpinned by the Bank's robust financial profile and the steadfast support from its shareholders. This achievement complements the already impressive 'Baa3' rating by Moody's Ratings, which has remained constant over the past decade. The enhanced credit ratings have opened new avenues for mobilizing cost-effective resources, which are crucial for driving sustainable development initiatives in the Member States—a core mandate of the Bank.

Leveraging these excellent credit ratings, the Bank is poised to support growth, broaden its impact, and deepen its influence across the Member States.

The implementation of the 2024-2028 strategic plan started on a strong footing and several milestones were achieved in each pillar. Key among all is that the Bank's financial position grew stronger and this is critical because, to deliver sustainable development, the Bank must remain sustainable.

The Bank's total assets grew by 11%, surpassing the USD 500 million mark for the first time and closing the year at USD 506 million. The capital adequacy ratio remained strong at 120%, compared to 124% in 2023. Even more encouraging was the 12% growth in the loan portfolio, reflecting a deliberate strategy to increase lending and enhance impact across Member States.

Under this pillar, which aims to enhance development outcomes through aspirational balance sheet growth supported by adequate funding, the Bank achieved an 11% increase in its balance sheet, with loans growing by 12%.

Even more notable is the level of loan approvals: in 2024, new loan approvals reached USD 111.05 million, representing a remarkable 177% increase from the USD 40.02 million approved in 2023.



The Bank's initiative to support Micro, Small, and Medium Enterprises (MSMEs) through Partner Financial Institutions (PFIs) also made significant strides. In 2024, USD 16 million was disbursed through PFIs across all Member States, reaching 2,709 MSMEs and resulting in the creation of 13,545 jobs.

To ensure continuous financing of the Bank's ambitious lending programs, the Bank enhanced its resource mobilization strategies and during the year commitments for additional funding amounting to USD 40 million were signed. This was in addition to the additional capital of USD 15.01 million received from the Republic of Rwanda.

To ensure availability of local currency financing to its borrowers, the Bank undertook an innovative approach where currency swaps were signed in Tanzania and Rwanda to provide local currency funding equivalent to USD 90 million.

To ensure sustainability, the Bank will continuously pay attention to its fifth pillar regarding improved enterprise risk management. It is under this pillar that the Bank managed to keep its non-performing loans (NPL) ratio below 1% and remain the best among the financial institutions in the region.

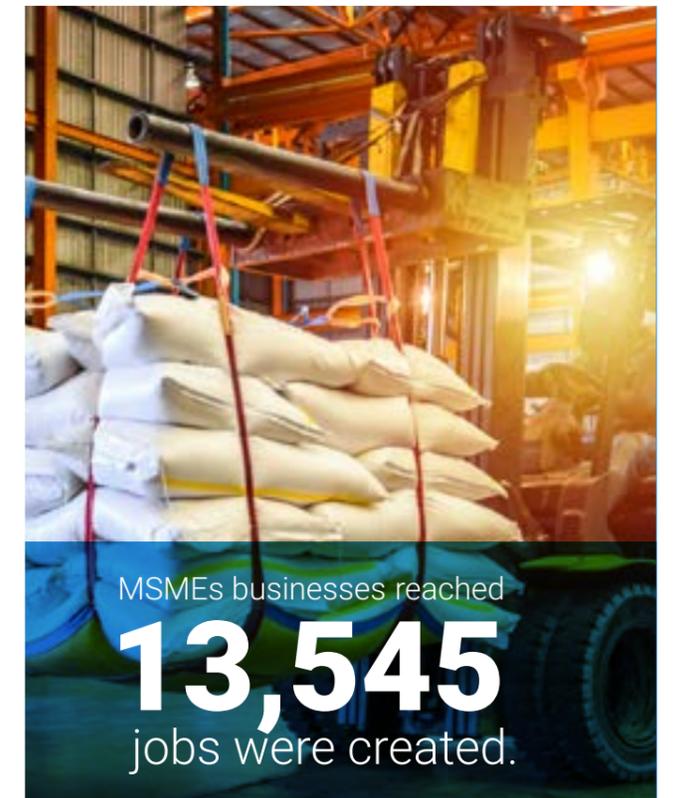
The success we have achieved is the result of a collective effort, and it is my honor to express my gratitude to everyone involved. I extend my appreciation to the shareholders for their unwavering support, the Board of Directors for their strategic guidance, the management team for their diligent supervision in executing our strategy, and most importantly, the EADB staff who worked tirelessly to fulfill the mandate entrusted to us by the citizens of the Member States.

I equally acknowledge the continued support of all our partners including fund providers, customers, service providers and the public at large. The Bank's success is your success, and we are proud of your continued support.

Lastly, I extend my heartfelt appreciation to the former Director General, Ms. Vivienne Yeda, who retired at the end of December 2024 after nearly 17 years of exemplary leadership. Her hard work and dedication transformed the Bank from the weak position it was in when she took over in 2009. We pledge to continue her legacy and strive to make the Bank even better. Indeed, the future of EADB has never been this bright and we look forward to better performance, ultimately translating to deeper and broader impact to our people.

Let's Do it.

By Benard Mono  
Acting Director General

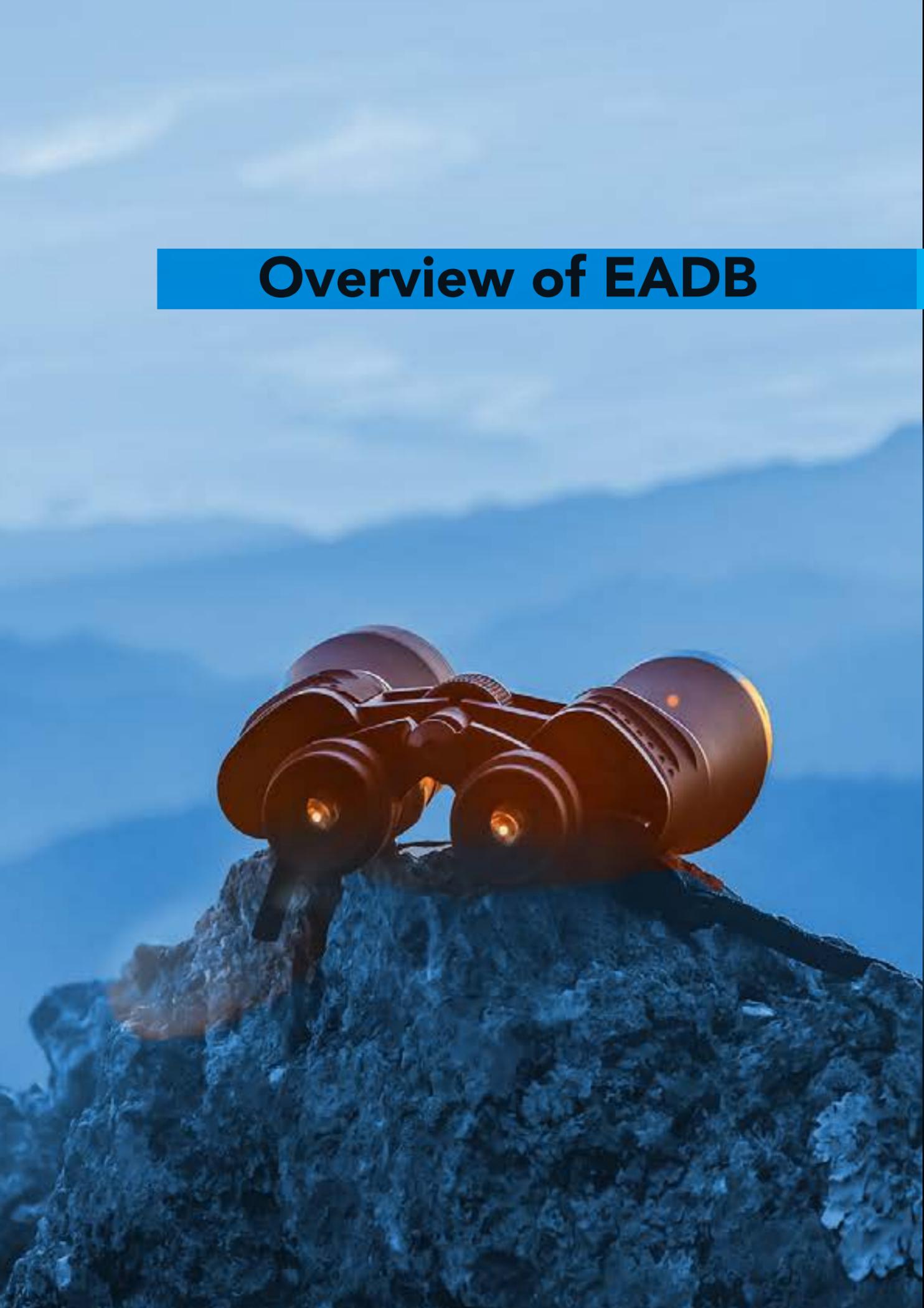


MSMEs businesses reached  
**13,545**  
jobs were created.

“It is under this pillar that the Bank managed to keep its non-performing loans (NPL) ratio below 1% and remain the best among the financial institutions in the region.”

The level of loan approvals communicates an even stronger message where new loan approvals in 2024 were **USD 111.05 million**, a whopping **177%** growth from approvals of USD 40.02 million in 2023.

# Overview of EADB



We are East Africa's apex development finance institution, providing long-term finance to power economic growth in the region. For 56 years, we have supported a diverse group of clients across key economic sectors and built a reputation as our client's dependable financial partner.



### Our Vision

To be the partner of choice in promoting sustainable socio-economic development.



### Our Mission

To promote sustainable socio-economic development in East Africa by providing development finance, support, and advisory services.



### Our Values

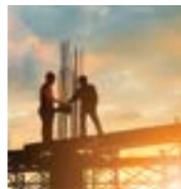
Service, Integrity, Leadership, Innovation, and Teamwork

## EADB Focus areas



### Industrialization & Manufacturing

Industrialization in the region remains low despite its prominence in the EAC Vision 2050. Most exports - especially agricultural - leave value untapped. Over the next five years, EADB will back industrial parks and similar initiatives through direct project financing, wholesale funding to small industry agencies, and collaboration with national development bodies and the EAC Secretariat.



### Infrastructure

The EAC lags in ICT, power, roads and rail. As mandated by its Charter, the Bank will partner with Member States to finance regional connectivity and municipal infrastructure projects. Leveraging PPPs alongside other development funders will be central to delivering these solutions.



### Agriculture, Agri processing & Rural Development

Agriculture employs most of the population and underpins food security and rural prosperity. EADB will work with national agencies to mechanize farming, transition farmers beyond subsistence, and enhance value chains. It will finance large commercial operations directly and provide wholesale funding via intermediaries for smaller producers.



### Social Services

With one of the world's youngest populations, the region needs robust education, health and affordable housing. EADB will fund economically viable projects in schooling, healthcare, housing, tourism, water, sanitation and STEM focused services for youth and women.



### Climate Change & Environmental Management

Recognizing climate change as an existential threat, EADB retains this pillar in its 2024–2028 plan. All financed projects will address mitigation and adaptation, while the Bank proactively pursues green initiatives and ensures environmental safeguards.

## Products and Services



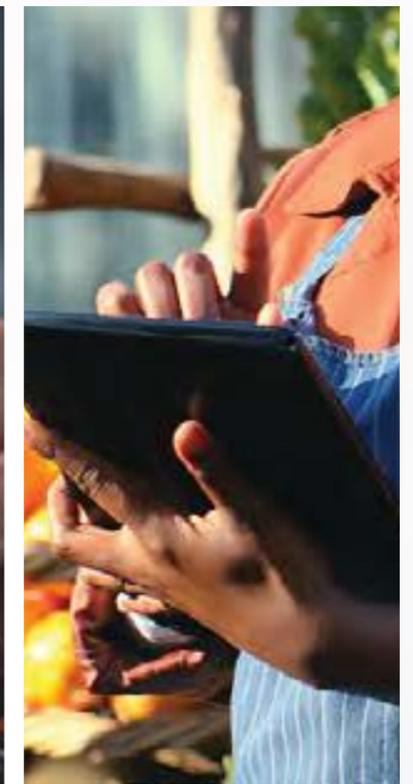
### Loans

The Bank provides loans to projects directly, through syndicates and other forms of co-financing. The Bank's core activity is direct project lending to medium and large-scale enterprises, with emphasis on export-oriented projects. Core business is mainly derived from opportunities arising in productive and service sectors. The Bank also offers sovereign loans to member states for large-scale infrastructure projects with demonstrable socioeconomic impact.



### Equity

Socially and economically important projects may lack the scale or capacity required to qualify for commercial finance. They may also be nascent projects or technologies which are yet to mature within the markets and cannot therefore pass the "proof of concept" tests required to qualify for debt finance. Further, some enterprises within the Bank's member states may require equity rather than debt funds, due to undercapitalisation. Given the significant demand from such companies and the specialised nature of the support required to enable such businesses to become viable, the Bank renders support through carefully selected equity. EADB also plays a catalytic role by attracting other development partners to invest in such projects. In exceptional cases, the Bank invests directly into larger enterprises with significant social and economic impact subject to a clearly defined investment period exit mechanism.



### Lines of credit

Small and medium size enterprises (SMEs) provide significant opportunities for accelerating economic growth within the region. Owing to limitations of scale, SMEs may find themselves excluded from mainstream loan markets. Due to lack of appropriate delivery channels, the Bank may not be able to reach the SMEs directly. The Bank, therefore, provides Lines of credit to national and regional development finance institutions (DFIs), micro finance institutions (MFIs) and local banks to enhance its support to SMEs and new projects.

### Establishment and Mandate

East African Development Bank (EADB) is a development finance institution, established in June 1967 by the founding states of the East African Community (EAC), that is, The Republic of Uganda, Republic of Kenya and The United Republic of Tanzania.

Following the collapse of the East African Community in 1977, the Bank was re-established under its own Treaty and Charter in 1980, signed by the member states. The Republic of Rwanda joined the Bank in 2008.

The mission and mandate of the Bank is to support public and private sector projects through loans, guarantees, equity participation and other financial instruments to promote sustainable social economic development and regional integration in East African Community. EADB enjoys the attendant privileges and immunities in line with its supranational status in its member states.

### Governance Highlights

The Bank remains committed to principles of good governance contained in the Charter of the Bank and continuously makes improvements in line with the best practices and standards.

Governance plays a key role in the management, control and direction of the affairs of the Bank and in the overall execution of its mandate. The Bank has various structures and measures in place to promote and safeguard good governance.

The key elements of the governance structure comprise of the Governing Council which is the supreme organ of the Bank; the Board of Directors which reports to the Governing Council, the Advisory Panel and Management.

## The Governing Council

The Governing Council comprising the Ministers of Finance of the Bank's Member States, is the highest decision-making body of the Bank.

The following Governing Council Members served during the year:

	Name of the Governing Council member	Details
1	Hon. Matia Kasaija	Minister of Finance, Planning and Economic Development, Republic of Uganda and Chairperson, EADB Governing Council.
2	Hon. Dr. Mwigulu Nchemba	Minister of Finance, United Republic of Tanzania and Member, EADB Governing Council.
3	Hon. CPA John Mbadi Ng'ongo EGH From 8 August 2024	Cabinet Secretary, The National Treasury and Economic Planning, Republic of Kenya and Member, EADB Governing Council.
4	Mr. Yusuf Murangwa From 12 June 2024	Minister of Finance and Economic Planning, Republic of Rwanda and Member, EADB Governing Council.
5	Prof. Njuguna Ndung'u * Up to 11 July 2024	Former, Cabinet Secretary, The National Treasury and Planning, Republic of Kenya and Member, EADB Governing Council.
6	Dr. Uzziel Ndagijimana * Up to 12 June 2024	Former, Minister of Finance and Economic Planning, Republic of Rwanda and Member, EADB Governing Council.



Hon. Dr. Mwigulu Nchemba



Hon. CPA John Mbadi Ng'ongo EGH



Hon. Matia Kasaija



Mr. Yusuf Murangwa



Prof. Njuguna Ndung'u \*



Dr. Uzziel Ndagijimana \*

## Board of Directors and Committees

The Board of Directors is responsible for the strategic direction of the Bank's operations and provides oversight to ensure the Bank achieves its objectives and fulfils its mission in the Member States. The Board of Directors is non-resident, its activity is governed by the Board Charter approved by the Governing Council.

Pursuant to the Treaty and Charter of the East African Development Bank, 1980, all the powers of the Bank are vested in the Board of Directors, save for the matters reserved for the Governing Council. The Board of Directors is required to meet at least once every quarter to conduct the business of the Bank or more frequently if the business of the Bank so requires.

The Board of Directors is comprised of representatives of government from Member States, private sector representatives from Member States and the Director General. Non-Sovereign shareholders (class B shareholders) are represented on the Board by a representative of the African Development Bank.

The Board members who served during the year 2024:

Name of Board Member	Details
1 Dr. Ramathan Ggoobi	Permanent Secretary and Secretary to the Treasury, Ministry of Finance, Planning and Economic Development, Republic of Uganda
2 Dr. Chris Kiptoo <sup>[1]</sup>	Principal Secretary, the National Treasury, Republic of Kenya
Mr. Orumoi T. Jonah	Acting Director, Public Investment Management The National Treasury, Republic of Kenya
3 Mr. Reuben Karemera	Deputy Accountant General in charge of Treasury Management in the Ministry of Finance and Economic Planning, Republic of Rwanda
4 Dr. Natu Mwamba <sup>[2]</sup>	Permanent Secretary, Ministry of Finance, United Republic of Tanzania
Dr. Charles A. Mwamwaja	Commissioner for Financial Sector Development Ministry of Finance, United Republic of Tanzania and Chairperson, Board of Directors
5 Dr Abdu Mukhtar Up to 10 October 2024	African Development Bank - Class B shareholders Representative
6 Dr. Alex Mubiru From 10 October 2024	African Development Bank - Class B shareholders Representative
7 Mr Francis N. Karuiru	Private Sector Representative, Republic of Kenya
8 Mrs Khadija I. Simba	Private Sector Representative, United Republic of Tanzania
9 Mr Faustin Mbundu	Private Sector Representative, Republic of Rwanda
10 Dr. James Tumusiime	Private Sector Representative, Republic of Uganda
11 Ms Vivienne Yeda * Up to 31 Dec 2024	Director General, East African Development Bank

\*Following the retirement of the former Director General on 31 December 2024, the Board of Directors appointed Mr. Benard Mono, as the acting Director General of the Bank from 1 January 2025, pending completion of the recruitment process.

The Board of Directors operates through two key committees: the Board Human Resources Committee, which oversees all staffing and personnel-related matters, and the Board Audit Committee, which is responsible for internal controls, audit oversight, and ensuring sound risk management practices across the Bank.

The Board of Directors met five times during the year to deliberate on various issues including the Bank's financial performance, risk management reports, approval of projects and human resources issues, specifically the Director General's transitional arrangement. The Board Audit Committee held two meetings during the year and deliberated on internal and external Audit reports.



**Dr. Ramathan Ggoobi**



**Dr. Chris Kiptoo[1]**



**Mr. Orumoi T. Jonah**



**Mr. Reuben Karemera**



**Dr. Natu Mwamba[2]**



**Dr. Charles A. Mwamwaja**



**Mrs Khadija I. Simba**



**Dr. Alex Mubiru**



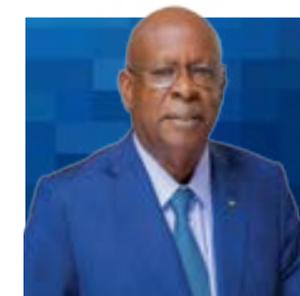
**Mr Francis N. Karuiru**



**Ms Vivienne Yeda \***



**Mr Faustin Mbundu**



**Dr. James Tumusiime**



**Dr Abdu Mukhtar**

## Advisory Panel

The Advisory Panel is comprised of eminent personalities with extensive experience in international and development financing and they advise the Bank on best practices and effective strategies to pursue.

The current members of the Advisory Panel are:

### Members of the Advisory Panel

Name	Details
1 Mr Mahesh Kotecha, CFA	President, Structured Credit International Corp. (SCIC), New York
2 Mr Toyoo Gyohten	President, Institute for International Monetary Affairs, Japan and Senior Adviser, Bank of Tokyo, Mitsubishi Limited
3 Mr. Claes De Neergaard From 1 May 2024	Former Honorary Vice President of the European Investment Bank (EIB), Board member of the European Bank for Reconstruction and Development (EBRD), Chairman of AP3 (the Swedish National pension Fund).
4 Mr Jannik Lindbaek	Former Executive Vice president and CEO of the International Finance Corporation ("IFC")
5 Mr Lars Ekengren Up to 30 April 2024	Former Deputy Director General, Swedish International Development Agency ("SIDA")

## Management

The Management team is led by the Director General who is the legal representative of the Bank and conducts the day-to-day business of the Bank under the strategic direction of the Board of Directors. The Director General is assisted by the Management Committee and oversees all key aspects of the Bank business including strategy, performance, and financial soundness of the Bank.

Name	Position	Qualifications
1 Ms Vivienne Yeda	Director General	Master of Business Administration (MBA), Edith Cowan University, Master of Laws (LLM), University College, London Bachelor of Laws (LLB), University of Nairobi
2 Mr. Benard Mono*	Head of Finance	Master of Applied Finance; Macquarie University, Sydney, Australia Bachelor of Commerce – Accounting, University of Dar es Salaam, Certified Public Accountant (T)
3 Mr. Andrew Asira	Head of Operations	Master of Business Administration (MBA), International Business, University of Nairobi, Bachelor of Science, Agricultural Economics, Egerton University
4 Mr. Chacha Nyamohanga	Treasurer	Master of Business Administration (MBA), Strategic Management, Catholic University of East Africa, Bachelor of Arts (Mathematics & Economics), Egerton University
5 Mr. Francis Ekenmu	Head of ICT	Master of Business Administration (MBA) Uganda Martyrs University, Master of Science (Information Science), Uganda Martyrs University, Master of Science (Computer Science), The City University, London, Bachelor of Statistics, Makerere University
6 Mr. Silas Ogada	Head of Risk	Master of Business Administration (MBA) Finance, Daystar University, Nairobi, Bachelor of Science, Kenyatta University, ACI Dealing Certification – The Financial Markets association
7 Mr. Samuel Wasiche	Head of Internal Audit	Bachelor of Commerce (Accounting), University of Nairobi, Certified Public Accountant CPA K (Final), KASNEB, Certified Internal Audit (CIA), Institute of Internal Auditors
8 Mr. Constantine Wafula	Acting Head of Human Resources	Master of Business Administration (MBA) Strategic Management, University of Nairobi, Diploma in Personnel Management, (KNEC), Master Certificate in Project Management, European Business University, Bachelor of Business Management (HRM), Moi University
9 Ms Carol Luwaga	Principal Legal Officer	Master of Law (Oil & Gas) Aberdeen University, Postgraduate Diploma in Legal Practice, Law Development Centre, Uganda, Bachelor of Law (LLB), Makerere University

Ms Vivienne Yeda retired on 31st December 2024. The Board of Directors appointed Mr. Benard Mono\*, the Head of Finance, as Acting Director General from 1st January 2025.



**Ms Vivienne Yeda**  
Director General



**Mr. Benard Mono\***  
Head of Finance



**Mr. Andrew Asira**  
Head of Operations



**Mr. Chacha Nyamohanga**  
Treasurer



**Mr. Francis Ekenmu**  
Head of ICT



**Mr. Silas Ogada**  
Head of Risk



**Mr. Samuel Wasiche**  
Head of Internal Audit



**Mr. Constantine Wafula**  
Acting Head of Human Resources



**Ms Carol Luwaga**  
Principal Legal Officer

# Strategic Plan 2024-2028

## Introduction

The EADB Strategic Plan for 2024–2028, entitled “Let’s Do It”, has set the course for the Bank’s transformation into a leading provider of solutions for infrastructure and sustainable development for the East African region. To elevate EADB to a higher standard of operational excellence and development impacts, EADB will continue to strengthen its capacity to mobilise resources at scale, finance diversified types of projects, employ innovative financing solutions, and build a robust institutional profile.



## Strategic Priorities

While preparing the focus areas in its strategic plan, the Bank was guided by the Charter provisions, the East African Community Vision 2050 and each of the Member States’ national strategic objectives. In so doing, the focus areas touched on economic sectors that are critical to sustainable development in each Member State and the East African region at large. Ultimately, the following sectors were identified in the Bank’s strategic plan:



1.

### Infrastructure

EADB will partner with Member States and development financiers to close the region’s gaps in ICT, power, roads, rail and municipal services. By prioritizing projects that enhance regional connectivity and improve urban-area infrastructure, and by leveraging Public-Private Partnerships, the Bank will enable the critical networks needed to achieve each country’s Vision.



2.

### Agriculture and Agri-processing, Food Security and Rural Development

EADB will collaborate with national development agencies to modernize the predominantly agriculture-based economy, boost food security and spur rural growth. The Bank will finance mechanization and large commercial operations directly, provide wholesale funding through intermediaries to reach smallholders, and invest in value-chain enhancements so that farmers capture greater share of their output’s value.



3.

### Industrialization/Manufacturing

EADB will accelerate regional industrialization by partnering with national development agencies and the EAC Secretariat to finance industrial parks, support manufacturing projects and emerging small industries. Through direct project financing and wholesale funding to promotional agencies, the Bank will help shift exports from raw commodities to value-added goods over the next five years.



4.

### Social Services

EADB will partner with national development authorities to finance economically viable projects that strengthen education, healthcare, affordable housing, tourism, water & sanitation, and other social services—particularly those benefiting youth, women, science and technology—supporting the region’s shift to a knowledge-based economy and addressing the needs of its young, urbanizing population.



5.

### Climate change and environmental management

EADB will embed sustainability in its 2024–2028 strategy by advancing both mitigation and adaptation initiatives. All financed projects will integrate climate and environmental considerations, while the Bank will proactively champion green investments to address the escalating threats of climate change across Member States.

# East Africa Economic Review and Outlook



  
CHAPTER  
3

## Economic performance

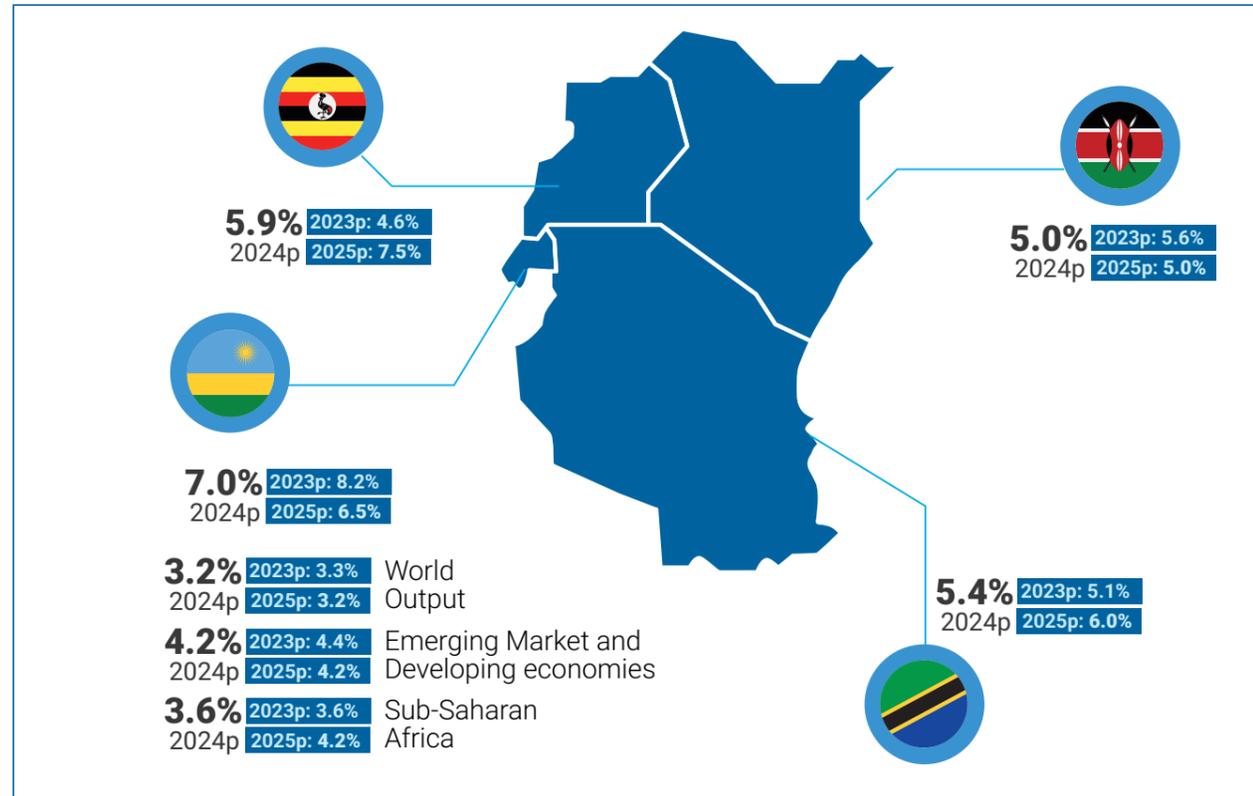
### The global economy was projected to perform well in 2024 after avoiding a feared recession due to pressures from major economies.

Consequently, the performance of Member States' economies was equally good and projected to continue improving, thereby providing a conducive environment for the Bank's growth in 2025.

The International Monetary Fund's World Economic Outlook Report released in October 2024 forecasted that the world economy would grow by 3.2% in 2024, slightly below 3.3% growth recorded in 2023. The report also projects that growth in 2025 would remain at the same 3.2%.

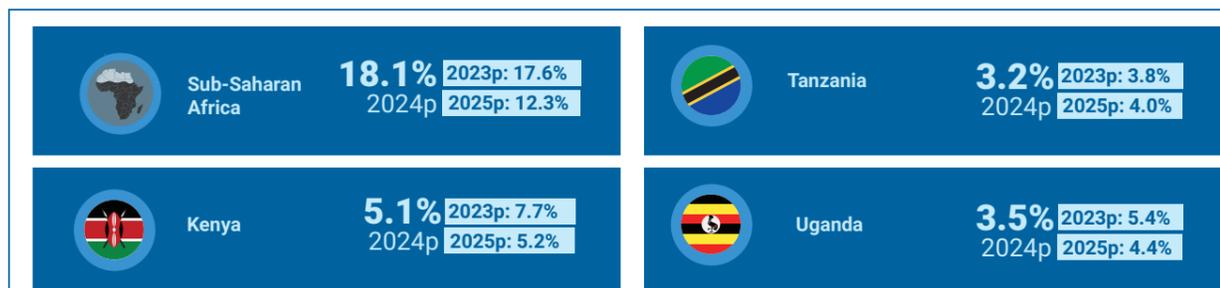
The same data shows impressive growth in Member States' economies, with all recording growth higher than the average for Sub-Saharan Africa. Rwanda led with projected growth of 7% in 2024 which is estimated to slightly ease to 6.5% in 2025. Uganda on the other hand, is projected to record the highest growth of 7.5% in 2025 (2024: 5.9%) while Kenya will grow by 5.4% (same as 2024). Tanzania's growth in 2024 was 5.4% and projected to increase to 6% in 2025.

### GDP growth of selected economies



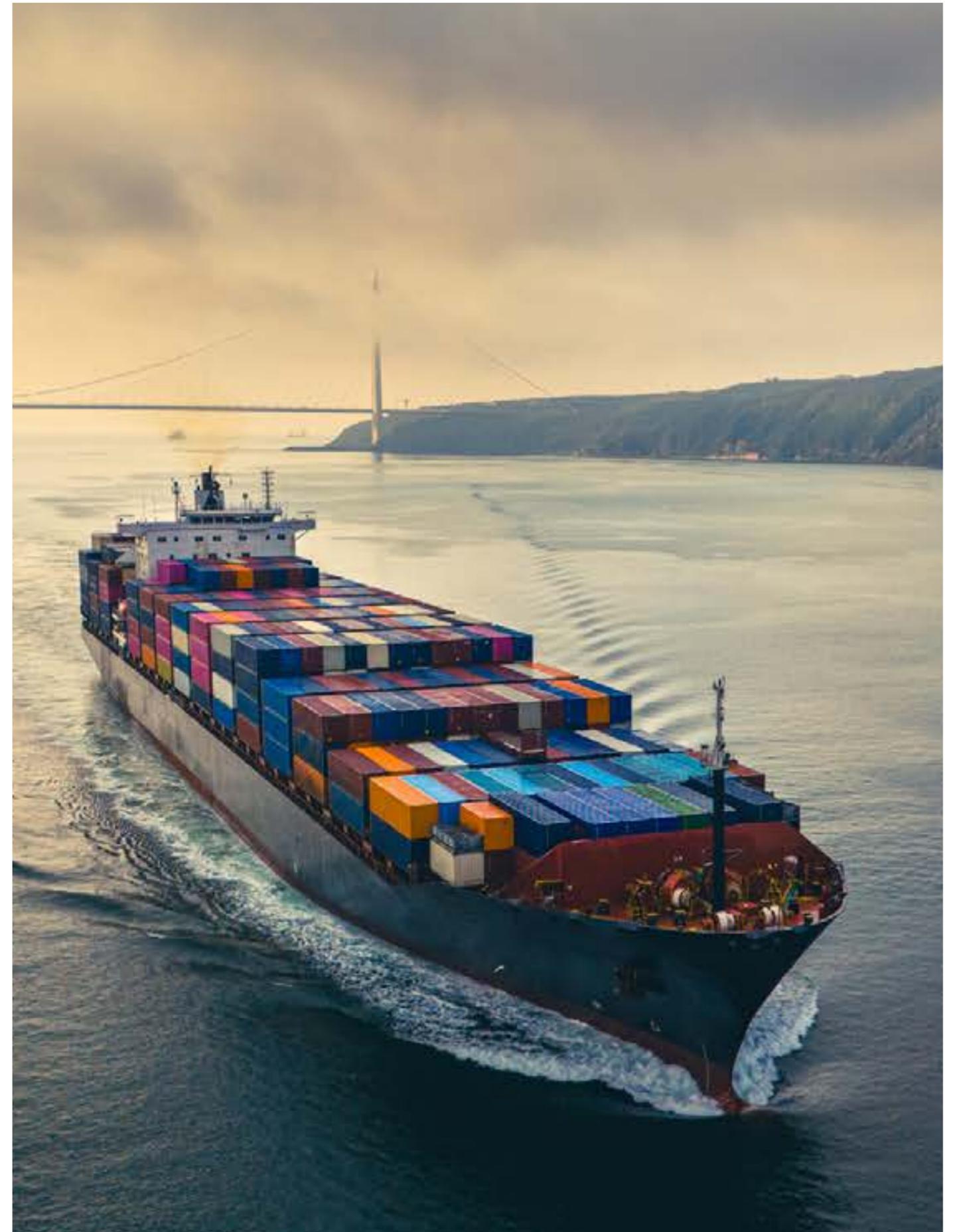
Source: IMF's World Economic outlook –October 2024. The actual data for 2024 is not out.

### Inflation in selected economies



Source: IMF's World Economic outlook October 2024

Review of the inflation trend equally shows better performance of the Member States' economies, with all projected to be below 5% except for Kenya with projected inflation of 5.1%. Projections for 2025 are equally impressive with inflation being contained below 5% except for Kenya (5.2%) and Rwanda (5.1%). This is expected to support growth in economic activities.



An hourglass with blue sand falling from the top bulb into the bottom bulb. The background is a warm, golden-brown gradient.

**Highlights for the year 2024**

A close-up of a smartwatch face with a blue bezel. The watch face is white with a gold-colored band. A dark grey circular overlay is centered on the watch face.

★★★  
**CHAPTER**  
**4**

## Financial Performance

The Bank's financial results in 2024 were strong and signaled better performance going forward as the implementation of the 2024-2028 strategic plan picks pace.

New loans approvals during the year grew by 177% while outstanding loans grew by 12% and supported overall assets growth of 11%.

The quality of loans remained extremely good with a non-performing loans ratio of below 1%. The Bank remained efficient with the cost-to-income ratio of 34%. Although profitability is not the main goal of the Bank, it reflects how sustainable the institution is, and to that end, the Bank recorded a profit of USD 11.2 million during the year.

The strong financial results provide confidence that the Bank will continue to grow and provide more impactful products and services.

The Bank recorded a profit after tax (PAT) of **USD 11.2M** as at December, 2024

## Liquidity and Funding

The Bank maintained a strong liquidity position in 2024, with a liquidity level of 5.47x at year-end, well above the minimum policy requirement of 1.33x. This high level of liquidity ensures the Bank's continuous ability to fund its operations, even under unfavorable market conditions. The Bank manages its liquidity gap by matching cash inflows and outflows by maturity.

The liquidity portfolio is optimally invested in time/term deposits with approved, highly-rated counterparty banks both regionally and overseas. In 2024, the Bank signed a Swap Agreement in Tanzania for TZS 100 billion to support local currency lending in the Tanzanian market. The Bank also maintained a robust funding position with several committed and undrawn lines of credit, which will be utilized to support expected loan growth in 2025.

The Bank maintained a strong liquidity position in 2024

**Liquidity level of 5.47x**

above the minimum policy requirement of 1.33x as at December, 2024

## Credit Ratings



### (a) Credit Ratings by S&P Global Rating

On 19th December 2024, S&P Global Ratings assigned EADB long-term rating of **A** long-term and short-term rating of **A-1**, with stable outlook.

This credit rating is the highest in East Africa and is underpinned by extraordinary support from EADB's shareholders. S&P acknowledged that the member states have been supportive throughout the Bank's history since its establishment in 1967. The good credit rating by S&P was driven by the Bank's moderate enterprise risk profile and extremely strong financial risk profile where they noted the strategic importance of the Bank to member states especially in financing the Small and Medium Enterprises (SMEs), which play a critical role in social economic development among other reasons.

The stable outlook reflects S&P expectation that EADB will deliver on its policy mandate by increasing its footprint in member states, while maintaining a robust financial profile.

The Bank's achievement in obtaining an outstanding credit rating of A for the first time opens vast opportunities for mobilizing cost-effective resources which are pivotal for driving sustainable development initiatives in East Africa.

The Management will leverage the strong credit ratings of A to mobilise sufficient resources to support sustainable and inclusive growth in the East African region and strengthen its critical importance to the member states.

### (b) Moody's Credit Rating

In October 2024, Moody's reaffirmed the Bank's credit rating of **Baa3**, with a stable outlook. The credit profile of the East African Development Bank (EADB, Baa3 stable) reflects a strong capital position and an improved level of non-performing assets (NPAs), offset by low development asset credit quality owing to a challenging operating environment and the elevated concentration of the Bank's portfolio in its four member states. Liquidity and funding benefit from robust liquidity levels but are characterized by a less diverse funding structure compared to many rating peers. The stable outlook reflects a balance of upside and downside risks. Moody's expect that a return to lending growth – anchored by a new medium-term strategy 2024-2028, will be managed with a contained impact on capital adequacy and liquidity levels. Notwithstanding the risks associated with a challenging operating environment and the elevated concentration of the EADB's portfolio, the potential for capital erosion is mitigated by the Bank's low leverage ratio and cautious approach to new lending.



## Review of Strategic plan implementation

In addition to financial results, the Bank set ambitious strategies in its 2024-2028 strategic plan whose implementation started in 2024 and therefore this section highlights the achievements made in each pillar.

### Strategic Pillar 1: Improved development impact outcomes through aspirational balance sheet growth supported by adequate funding

#### Operations Performance

The Bank maintained a high portfolio performance with 99.1% of loans performing as of 31st December 2024. The total loan portfolio was USD 132.72 million out of which USD 111.62 million was long term loans. The total loan portfolio was lower than the projected loan portfolio of USD 209 million in the Strategic Plan 2024-2028.

Disbursements during the year were strategically directed towards key priority sectors. The total disbursements were USD 38.22 million in 2024 compared to USD 26.44 disbursed in 2023.

Sovereign lending to the Government of the United Republic of Tanzania (URT) to finance the strategic infrastructure projects in various sectors of the economy.

Private agricultural production projects.

Lines of credit to partner financial institutions (PFIs) for SME lending

All the top ten loan exposures were within the stipulated policy limit of 15 percent of the Bank's total shareholders' equity, and the sovereign lending was within the policy limit of 25 percent of the Bank's total shareholders' equity. The top ten large exposures amounted to USD 115 million, equivalent to 91 percent of the gross portfolio and 34 percent of the Bank's total shareholders' equity.

Under the International Financial Reporting Standard (IFRS) classification, all the top ten large project exposures were performing.

## Business development initiatives

The East African Development Bank (EADB) launched an SME program of USD 60 million across the member states. The SMEs are the backbone of East Africa, and EADB is committed to nurturing their growth by working alongside partner financial institutions. Over the past 50 years, EADB has been, and remains a key player in fostering economic development in East Africa through strategic financing, positively impacting millions of lives across the region.

From these initiatives EADB works on bridging the financing gap for SMEs that requires collective action. EADB works hand in hand with partner financial institutions and the private sector to create an environment where SMEs can truly thrive.

The SME program initiative has had the following social development impacts:

- The initiatives supported employment of over 100,000 people within these SMEs
- The SMEs accessed financing at favorable terms and conditions, to boost their production capacity, innovate and enhance their competitiveness in the market.
- The program promotes financial inclusion by availing financing to vulnerable groups such as youth and women that would otherwise not have accessed financing nevertheless at favorable term and conditions.
- The SMEs have liquidity to boost their production cycle, develop investment projects to expand their operations and generate production of goods and services, expand value chains, and improve quality of life.
- These financing/interventions programs support smart agriculture and environmentally friendly farming to these SMEs.



### SME Program in Uganda



On 27th September 2024, the SME program in Uganda valued at UGX 68 billion (USD 15.8M) was launched, aimed at accelerating the growth of Small and Medium Enterprises (SMEs) across various sectors but mainly in agriculture and its value chain. The programmes are funded under the German Financial Cooperation with Uganda.

**UGX 68 billion (USD 15.8M)** SME program fund was launched in Uganda

This is in partnership with five financial institutions i.e., Centenary Bank, Housing Finance Bank, Opportunity Bank, FINCA Uganda, and Finance Trust, seeking to provide financial support to over 1,500 SMEs, with a focus on key sectors like agriculture and the agricultural value chain.

The signing ceremony with the partner financial institutions in Uganda is captured below.



### SME Program in Kenya



EADB unveiled its SME program in Kenya worth KES 892 million (USD 6.8Mn), to bolster the growth of Small and Medium Enterprises (SMEs). The programme is funded under the German Financial Cooperation with Kenya.

**KES 892 million (USD 6.8Mn)** SME program fund was launched in Kenya

The initiative is with four partner banks' i.e. Sidian Bank, Housing Finance Bank, Development Bank of Kenya (DBK), and Kenya Women's Finance Trust Microfinance Bank (KWFT), targeting over 1,300 SMEs nationwide.

The signing ceremony with the partner banks in Kenya is captured below.



### SME Program in Rwanda



On 5th July 2024, the SME program valued at RWF 47 billion (USD 36M) was launched, to support the growth of Small and Medium Enterprises (SMEs) in Rwanda. The programme is funded under swap arrangements between National Bank of Rwanda and EADB.

**RWF 47 billion (USD 36M)** SME program fund was launched in Rwanda

The initiative is with four partner financial institutions i.e. the Development Bank of Rwanda (BRD), Duterimbere Imf Plc, AB Rwanda Plc, and Letshego Rwanda. Through these partnerships, the partner banks have provided loan facilities to over 500 SMEs in various sectors across the country.

The signing ceremony is captured below:



### Development Outcomes in 2024

Our catalytic finance enabled the PFIs to disburse a total of 2,709 loans during the year, which generated 13,545 jobs and improved the performance of small enterprises mainly based in the rural areas.



## Strategic Pillar 2: Creating an environment that fosters high performance through improved management of human resources.



### Human Resources

The Human Resources (HR) department plays a pivotal role in the success of the Bank by fostering a skilled, motivated, and diverse workforce. HR commitment to strategic talent management, employee development, and organizational culture has been instrumental in driving the Bank's mission by ensuring the working environment is conducive and fostering high performance culture.



### Talent Acquisition and Retention

In 2024, the Human Resource department successfully implemented targeted recruitment strategies to attract and retain top talent. We focused on enhancing our employer brand and promoting our values to ensure alignment with our organizational goals. As a result, we saw a notable increase in the quality of candidates, leading to improved retention rates and a more cohesive work environment.



### Diversity and Inclusion

Our commitment to diversity and inclusion remains a cornerstone of our HR strategy. We launched several initiatives aimed at creating an inclusive workplace where all employees feel valued and empowered. In 2024, the Bank implemented targeted recruitment efforts to reach diverse talent pools. The Bank has developed onboarding processes that are welcoming and inclusive such as training on its culture, values, and the importance of diversity from day one. The Bank encourages ongoing upskilling to keep employees informed and engaged.



### Employee Wellbeing

The Bank has introduced a post-retirement medical cover for retiring staff who are willing to pay premiums at negotiated rates. In addition, we have continued to improve our staff Health and wellness initiatives aimed at promoting work-life balance and employee wellbeing.

The HR department's contributions have significantly impacted on Bank's ability to meet its strategic objectives and fulfill its mission. By continuing to invest in our workforce, we are not only enhancing our operational efficiency but also reinforcing our commitment to sustainable development and social impact. As we move forward, we remain committed to fostering an environment that nurtures talent, promotes inclusion, and drives innovation.



Some EADB Board members pose for group photo with representatives of the EADB staff team during their courtesy visit to the Bank's headquarters in Kampala, Uganda.

## Strategic Pillar 3: Automation of Systems and Processes

### Core Banking / Enterprise Resource Planning

Upgrading the core banking and enterprise resource planning (ERP) systems is a critical initiative for EADB, aimed at enhancing operational efficiency, improving customer service, and ensuring compliance with regulatory requirements. This process involves several key steps that must be meticulously planned and executed to ensure a successful transition. In evaluating the CBS /ERP system the Bank carried out critical tasks to ensure that the selected solution meets its unique needs. These included:

- Gathering and defining the specific business requirements for operations, financial, risk, human resource, project and Customer Relationship Management (CRM)
- Evaluate the technical specifications of potential ERP solutions. This involved examining System Architecture, Integration Capabilities and Data Security Features.
- Assessing Customization Options including Flexibility of Configuration, workflows be customized to fit unique banking processes, Add-ons and Extensions.
- Reviewing User Experience. Conducted assessments on Interface Design, Accessibility Across Devices and Training Requirements.
- Analysing Vendor Support and Reputation. We looked at Support Services Offered, Customer Reviews and Case Studies.
- Conducted Cost-Benefit Analysis. This included assessing the Total Cost of Ownership (TCO) and Return on Investment (ROI)

#### Status Report

In 2024, the Bank engaged Greatsands Consulting, a quality assurance firm, to conduct a comprehensive review of its procurement processes and the technical evaluation of vendor responses. The project was successfully completed in the first quarter of 2025

#### Achievements

The successful completion of a comprehensive technical evaluation of an ERP system for the East African Development Bank (the Bank) has delivered several key benefits. These include improved operational efficiency, enhanced data management, strengthened internal regulatory requirements, scalability, and better customer relationship management. The evaluation also provided valuable cost-benefit insights, informed risk assessment strategies. It fostered stronger stakeholder engagement, collectively positioning the Bank for long-term success while advancing its mission-driven objectives in a competitive financial landscape.

#### Internet Protocol (IP) Telephony

The implementation of an IP Telephony system at the Bank marked a significant advancement in the Bank's communication infrastructure. This transition from traditional telephony to an Internet Protocol (IP) based system is aimed at enhancing communication efficiency, reducing operational costs, and improving overall service delivery.

These accomplishments collectively contribute to positioning the bank for success in an increasingly competitive financial landscape while meeting its mission-driven objectives effectively.



### Achievements

In summary, the achievements of an IP telephony solution include enhanced communication efficiency, significant cost savings, scalability and flexibility, improved customer service, streamlined onboarding processes, increased employee productivity, and enhanced reporting capabilities, all contributing positively to organizational performance.

### Future Plans

The Bank's Future ICT Plan is designed to drive digital transformation, enhance operational efficiency, and support sustainable development through the adoption of advanced technologies. The plan is structured around several strategic components aimed at modernizing systems, improving decision-making, and aligning with global sustainability standards.

A key element of the plan is the Cloud Migration Strategy, which will see the migration of selected services to cloud-based platforms by mid-2025. This transition is expected to improve scalability, flexibility, and cost-efficiency across the Bank's operations.

The Bank will also prioritize Data Analytics Initiatives to strengthen decision-making and deepen customer insights. A specialized data analytics team will be established by the second quarter of 2025 to lead these efforts and develop predictive capabilities.

Sustainability will be integrated across all ICT projects, including the deployment of energy-efficient data centres and the adoption of environmentally friendly technologies. This will complement the Bank's broader climate commitments.

To safeguard digital infrastructure, the Bank will implement robust Cybersecurity Measures, including encryption protocols, biometric authentication, real-time monitoring, and regular security audits to mitigate risk and maintain regulatory compliance.

The plan also emphasizes Capacity Building and Training, ensuring that staff are equipped with the skills required to adapt to emerging technologies and evolving cybersecurity practices.

Finally, the Bank will reinforce its Sustainability Initiatives within ICT by promoting Green IT practices—such as energy-efficient hardware and remote work solutions—to reduce its carbon footprint. Additionally, technology will be leveraged to evaluate and support financing for environmentally sustainable projects, ensuring alignment with global development goals.



## Strategic Pillar 4: Increased Awareness of EADB services through branding and marketing

Under this pillar, the Bank started by establishing and strengthening partnerships with similar institutions. Through these partnerships, the Bank's products and services are widely communicated at a global level.

### International Conferences

During 2024, 10 EADB staff attended and participated in various conferences to collaborate, learn from its partners, network and establish new relationship to advance the objectives on the Bank:

1. The 2024 Spring Meetings of the World Bank Group (WBG) and the International Monetary Fund (IMF), held on 15th to 20th April 2024, in Washington, DC.
2. Africa CEOs forum 2024 held on 16th and 17th May 2024 in Kigali, Rwanda
3. Annual Meetings of the African Development Bank Group held from 27th to 31st May 2024 in Nairobi, Kenya.
4. The 29th United Nations Conference of the Parties Summit (COP29) held in Baku, Azerbaijan from 11th to 22nd November 2024.
5. Burundi Round Table Conference held in Bujumbura, Burundi on 5th and 6th December 2024

These strong, strategic partnerships will help the Bank achieve its mandate

### Strategic Partnerships

EADB has established partnerships with several institutions for the purpose of cooperation and collaboration in the Member States. These strong, strategic partnerships will help the Bank achieve its mandate by enhancing its capacity to mobilise resources for infrastructure and sustainable development projects, while fostering the exchange of knowledge, human resources, and market information.

The Bank places a strong emphasis on building and implementing effective partnerships to accelerate member countries' endeavors dedicated to sustainable development. EADB will nurture new and existing partnerships to strengthen cooperation with international organizations, development finance institutions, private enterprises, non-governmental organizations, and other relevant institutions.

In 2024, EADB hosted 25 staff of the Arab Bank for Economic Development in Africa (BADEA) by providing them office spaces and other logistical supports.

### MOU with African Export-Import Bank (Afreximbank)

In June 2024, EADB signed an MOU with Afreximbank. The purpose of the MOU is to formalise the collaboration and cooperation between the two parties on joint activities that are consistent with the mandates and objectives of both institutions in the East African Community.

Areas of collaboration and cooperation include capacity building, system integration, joint partnerships, co-financing of projects, investments and advisory and participation at Afreximbank events and vice versa.

The DG attended Afreximbank Annual meetings held in Bahamas in 2024.

Afreximbank invited EADB to participate in a syndicated project in Rwanda, whose syndication is being led by Afreximbank. Through this collaboration, the Bank will build capacity in appraising and supervising projects in renewable energy sector critical in social economic development of the member states. The project is critical in energy transition strategy for Rwanda.



FiCS aims to encourage more coherent approaches to make the whole development finance system consistent with the common climate and sustainability objectives.

### Alliance of African Multilateral Financial Institutions (AAMFI)

In July 2024, the Bank joined the membership of AAMFI or The Africa Club. The AAMFI was established to promote collaboration, cooperation and coordination among its member institutions in finding solutions aimed at promoting the development objectives in their member states as well as supporting Africa's sustainable economic development and integration objectives in line with their respective mandates.

The membership of AAMFI includes Afreximbank, AFC, EADB, Africa Re, ATIDI, TDB, Shelter Afrique, Africa solidarity Fund, Zep Re and FEDA. The secretariat of the AAMFI is currently hosted by Afreximbank.

The membership of AAMFI is open to all African Multilateral Financial Institutions (AMFIs) established through a treaty by African states and are majority Africa owned and African controlled.

The Bank is looking forward to active participation in the activities of AAMFI to enhance its development impact in the region.

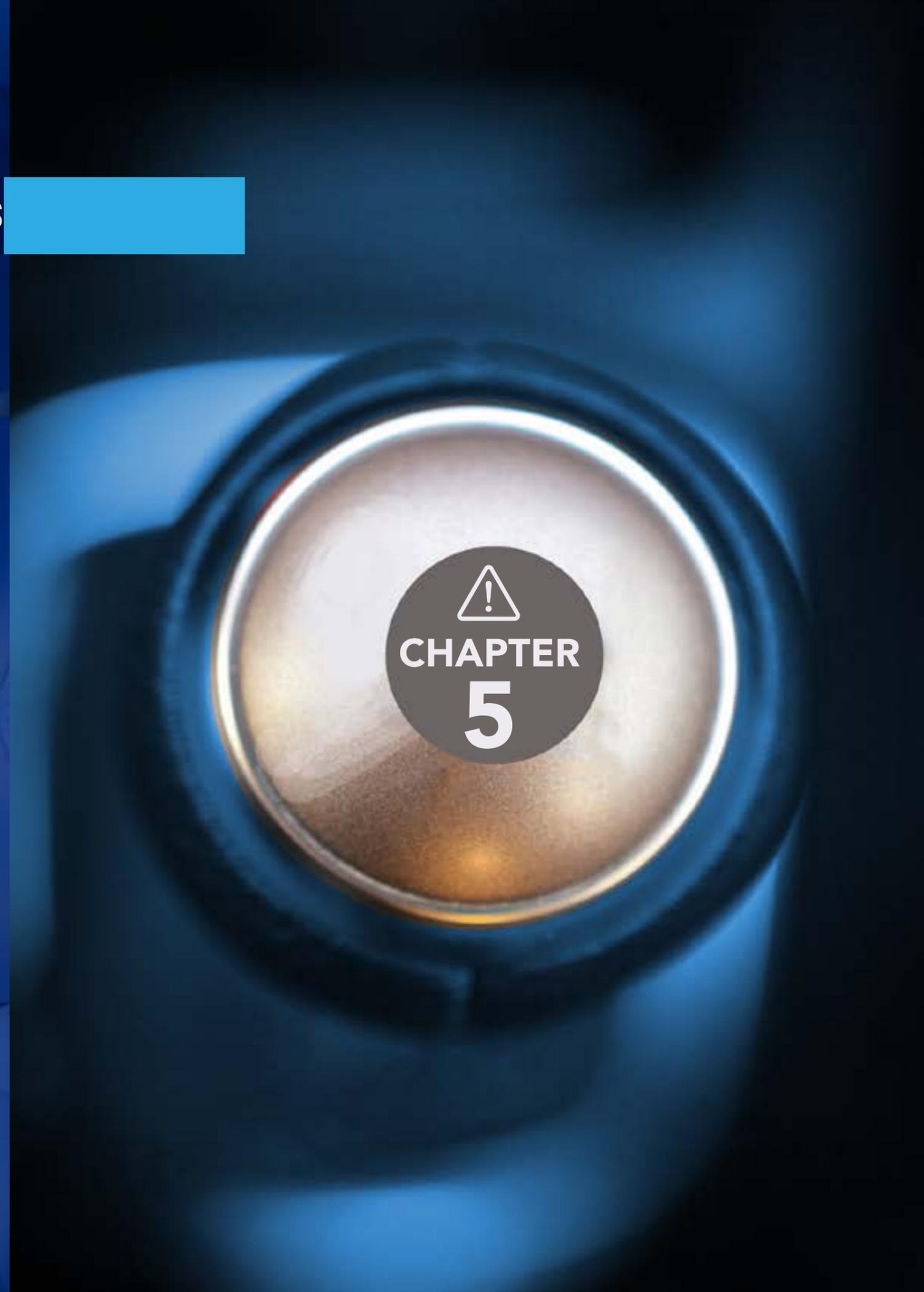
### Finance in Common (FiCS)

In May 2024, the Bank became a member of Finance in Common (FiCS), the global network of all Public Development Banks (PDBs). FiCS seeks to align financial flows with the 2030 Agenda and the Paris Agreement on Climate Change. Its objective is to strengthen partnerships among PDBs, promote convergence towards shared standards and best practices, and support the integration of sustainability into banks' strategies. Additionally, FiCS works to enhance the visibility of PDBs in global forums addressing international policy issues. By mobilizing PDBs and engaging key stakeholders—from the private sector to civil society—FiCS aims to foster a more coherent and unified approach to development finance, aligned with common climate and sustainability goals.

## Strategic Pillar 5: Proactive Enterprise Risk Management

Strategic Pillar 5 of the EADB 2024–2028 Strategic Plan focuses on Proactive Enterprise Risk Management. Through this pillar, EADB aims to enhance institutional resilience by strengthening risk frameworks, maintaining a low non-performing loan ratio, and positioning the Bank as one of the most prudent financial institutions in the region. Details of enterprise risk management are contained in the next section.

# Managing Risks and Opportunities



## Our Approach to Risk Management

The Bank's risk management approach identifies and assesses both traditional and emerging risks and opportunities arising from internal and external environments to ensure effective oversight. The Bank's risk framework is built around strategic standards for each principal risk, forming the foundation for its policies and procedures. These standards establish minimum governance, control, and reporting requirements, while designated risk champions play a critical role in assessing and monitoring the risks to which the Bank is exposed.

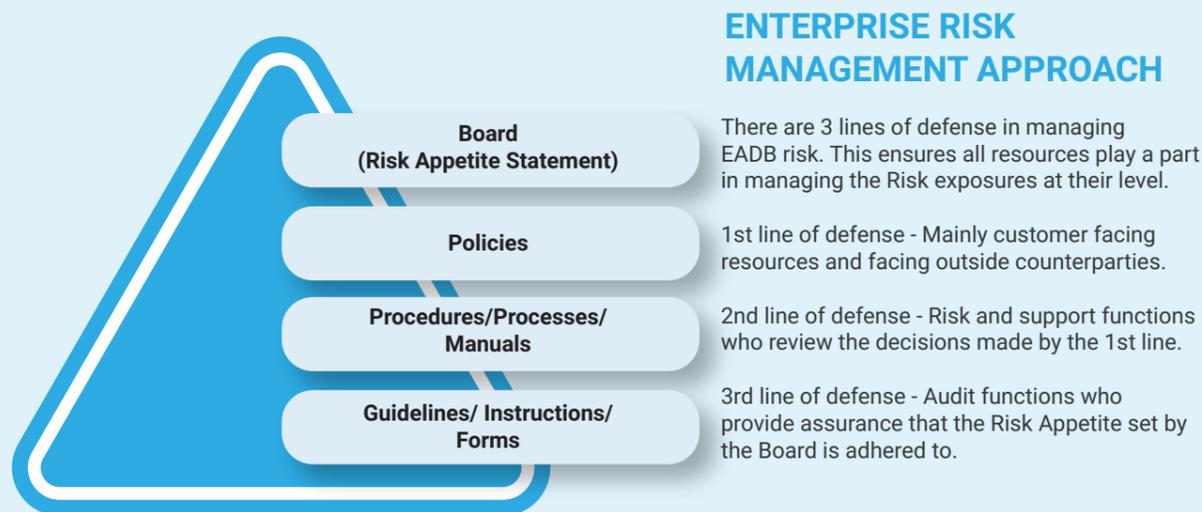
### Risk Management Framework (RMF)

The Risk Management Framework (RMF) is a structured approach that the Bank uses to identify, assess, and mitigate risks, ensuring security, privacy, and compliance measures are effectively integrated into the Bank's operations. It considers key risks and risk exposures, clear risk ownership and accountability across the three lines of defense, and Bank-wide risk coverage in our everyday risk management approach.

The framework supports the Bank's strategy through a Risk Appetite Statement, which is set at the Board level. This statement is embedded in the Bank's policies, which are owned by the Bank itself. In contrast, the standards that operationalize these policies are owned by the respective business units or functions responsible for carrying out the described activities. The Framework and Policies are approved by the Board and undergo periodic reviews. Conversely, Standards are approved by Management and reviewed whenever there are significant changes to the related policy or in response to impactful events.

### Risk Appetite and the Bank's Business Objectives

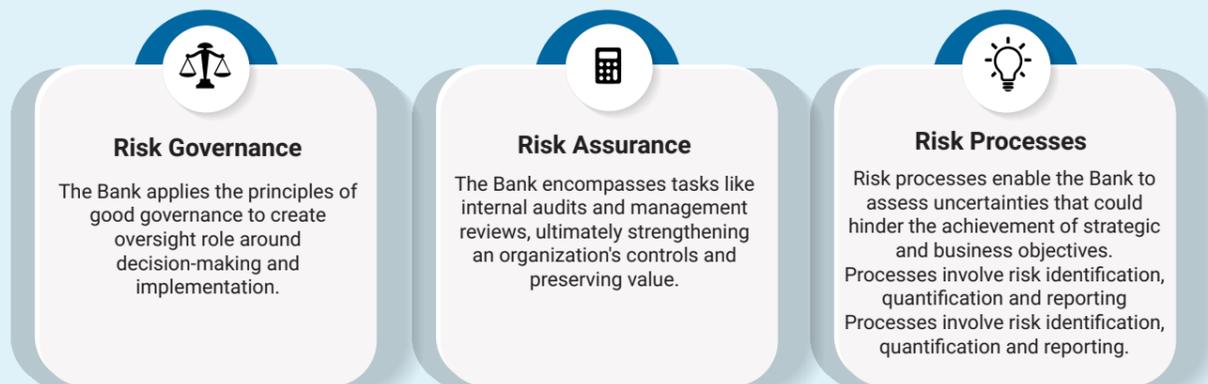
The Bank's business objectives focus on opportunities for growth and consider issues assessed as material to long-term business sustainability.



Outlay of the Enterprise Risk Management Framework; Governance on approval processes and dissemination of controls across the enterprise is captured here pictorially.

#### Governance, Risk & Control

The Bank is committed to having in place a functional Governance Risk and Control environment in compliance with the Risk appetite set at Board level to ensure stability and business sustainability.



This focus is the key driver of risk and return and is achieved within the risk appetite which forms an integral part of the integrated risk management processes.

The Board of Directors is responsible for setting the Risk appetite of the Bank. This is delivered through the Risk Appetite Statement. The statement defines the types and amount of risk the Bank's business activities are willing to take to meet its strategic objectives. The depth and scope of appetite cuts across Strategic, Business, Financial and Operational risks. While addressing the risk appetite, the Bank is cognizant that there is need to break down the appetite into limits and triggers factoring in the tolerance levels and capacity in place.



## Risk Profiling

The principal risks impacting EADB are continuously assessed to ascertain whether appropriate mitigants are in place to ensure the residual exposures are within appetite. These principal risks are catalogued as EADB's risk universe and guide us in managing the risks day in – day out. The catalogue undergoes a regular revision based on the input of the day-to-day situational analysis and, as the Bank reviews its risk appetite.

While profiling its risks, the Bank considers the most important risk exposures impacting its aggregate risk profile. Risk profiling provides guiding principles on the risk that the Bank actively seeks, risks that arise from being in business and risks that should be avoided, transferred, and/or accepted.

In 2024, the Bank identified key Risks and effectively managed them ensuring that there were no incidents of business disruptions and nil reputational risk reported. The balance of the Risks and opportunities were well balanced to ensure residual risks are within the approved risk appetite.



#	Key Risks	Key Controls	Opportunities
1	<b>Credit Risk</b> The likely increase in default of financed projects	<ul style="list-style-type: none"> <li>Single Obligor Limits</li> <li>Sovereign Limits</li> <li>Governance in credit approvals</li> <li>Deal structuring &amp; Monitoring</li> <li>Risk Grading of customers</li> </ul>	<ul style="list-style-type: none"> <li>All Bank approved sectors have shown some level of demand for credit</li> <li>Sovereign lending limits well utilized.</li> </ul>
2	<b>Concentration Risk</b> Loan skewness in high risk sectors that might not give commensurate returns.	<ul style="list-style-type: none"> <li>Policy reviews to align with strategy</li> <li>Economic sector classification and Sector Limits</li> <li>Contingent planning for concentration breaches.</li> </ul>	<ul style="list-style-type: none"> <li>Concentration on Sovereign lending is to be managed by onboarding more Member States.</li> </ul>
3	<b>Capital Risk</b> Insufficient capital to back the credit lending and absorb shocks	<ul style="list-style-type: none"> <li>Maintains capital to RWA at min 25% .</li> <li>Stress testing capital adequacy quarterly</li> <li>Balancing of assets with low capital risk weighting</li> </ul>	<ul style="list-style-type: none"> <li>Capital adequacy pretty adequate with a lot more room to lend.</li> <li>Head room suggests we can still lend more before potential breaches occur</li> </ul>
4	<b>Liquidity Risk</b> Inability to service financial obligations when they fall due	<ul style="list-style-type: none"> <li>Min liquidity ratio of 1.33X NSFR (over 1 yr )</li> <li>Liquidity Contingent plan in place</li> <li>Funding plan in place</li> <li>Placements with top credit rated offshore Banks</li> <li>Stress testing of liquidity ratios</li> <li>Maturity mismatch analysis</li> </ul>	<ul style="list-style-type: none"> <li>Ample liquidity in the Bank with placements in top Tier Risk grade Banks offshore.</li> <li>Liquidity cover can run the Bank for over 5 yrs ceteris Paribus.</li> </ul>
5	<b>Market Risk</b> The different risks including interest rate risk and currency risk as a result of investment decisions	<ul style="list-style-type: none"> <li>Maintain 2 %max forex exposure on Total shareholder equity</li> <li>Matching Assets vs Liabilities to avoid position creation</li> </ul>	<ul style="list-style-type: none"> <li>Very marginal exposures caused by currency mismatch as the Bank lends in regional currencies.</li> <li>Lending in local currencies is a huge opportunity for Balance sheet growth</li> </ul>
6	<b>Operational Risk</b> Risks (People, systems, processes and Business Continuity Management (BCM))	<ul style="list-style-type: none"> <li>Annual business impact assessment (BIA) defining and prioritizing the Bank's critical functions, details the immediate response to incidents and details strategies and actions to be taken to enable the Bank to continue operating.</li> <li>Creation of cloud shared folders with policies and processes to ensure BCM.</li> <li>Vulnerability and Penetration test every 2 yrs to manage ICT &amp; cyber security risks.</li> </ul>	<ul style="list-style-type: none"> <li>The Bank is in the process of procuring modern infrastructure that has vendor acquisition of a modern system will help manage the Cyber related risk</li> </ul>
7	<b>Strategic Risk</b> Inability to execute strategy to the letter	<ul style="list-style-type: none"> <li>Strategy document shared with all staff</li> <li>Strategy execution plan in place</li> <li>Balance Score Card for all staff aligned to strategy</li> <li>Reviewed annual focus conducted</li> </ul>	<ul style="list-style-type: none"> <li>Roll out of strategy is on track albeit at a slow rate</li> <li>Reviewed numbers depict a slower run rate during end of reporting period</li> </ul>
8	<b>ESG &amp; Sustainability Risk</b>	<ul style="list-style-type: none"> <li>Continuously assess the suitability of the Bank's business strategy against the changing environmental</li> <li>ESG policies in place</li> <li>Quarterly reporting on ESG compliance</li> <li>EADB Exclusion list for lending in place</li> </ul>	<ul style="list-style-type: none"> <li>Environmental risks emerge as the Bank lends to different sectors. Tracking compliance to ESG matters is critical on a quarterly basis to assess impact</li> </ul>
9	<b>Compliance Risk</b>	<ul style="list-style-type: none"> <li>AML-CFT policy in place and updated</li> <li>Adherence to OFAC/FATF</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with Counterpart Banks and Partners as the Bank builds relationships</li> </ul>

# Sustainability Review



## Sustainability at EADB

The East African Development Bank has the principles of sustainability enshrined in its vision, “To be the partner of choice in promoting sustainable socio-economic development”. The Bank accentuates sustainability in its operations and initiatives. It integrates Environmental, Social, and Governance (ESG) principles for Development Financial Institutions (DFIs), focusing on economic empowerment, regional integration, and partnerships to ensure sustainable practices.

### Environmental

The Bank acknowledges its shared responsibility to confront the environmental challenges we face. We are committed to minimizing our environmental impact and contributing to a more sustainable future. The Bank focuses on how EADB and its financed projects impact the environment. This includes factors like carbon emissions, energy efficiency, waste management, water conservation, pollutions and efforts to combat climate change.

### Social

The Bank is committed to giving to the people and communities by actively addressing a range of social challenges. The Bank examines how EADB and its clients interact with its employees, customers, and communities. It includes diversity and inclusion, human rights, labour practices, community engagement, and overall social responsibility.

### Governance

Looks at how the Bank and its financed projects are managed and led. This includes transparency, ethical practices, executive compensation, shareholder rights, and board diversity. The Bank remains committed to upholding the highest standards of integrity by effectively adhering to best practice principles of corporate governance.

## Our Approach to Sustainability

As a premier regional development Bank, sustainability is our guiding compass - shaping strategy, uncovering growth opportunities, and reinforcing our conviction that sustainable development is a catalyst for both client success and business expansion. It anchors our framework for classifying, tracking, and disclosing progress towards the Bank’s pledge to mobilise sustainable finance by 2028. True to this commitment, EADB upholds rigorous transparency and a robust, integrity-driven methodology for defining sustainable finance.

Guided by a stakeholder-value philosophy, we strive to create lasting benefits for everyone we serve. The Bank recognises that its decisions ripple across the economy, society, and the natural environment. Accordingly, we ensure our operations cause no direct or indirect harm and actively seek positive impact by:

- Strengthening financial performance;
- Cultivating a high-performance, innovative culture;
- Elevating brand visibility and service awareness; and
- Enhancing enterprise-wide risk management.

During the 2024 financial year, the Bank deepened its response to pressing challenges - climate change, resource depletion, and

environmental degradation - by championing environmental stewardship, advancing climate-action initiatives, and financing agricultural enterprises that deliver measurable socio-economic gains across the region.

EADB is committed to continuously raising the bar on sustainability reporting, aligning with best-practice standards for development finance institutions. Our goal is to issue a standalone sustainability report that captures, in detail, the developmental impact of EADB-financed projects throughout East Africa - providing stakeholders with clear, credible insight into the value we create.

## Materiality Assessment

Our materiality assessment is the touchstone for pinpointing and prioritising the sustainability issues that matter most to EADB and its stakeholders. In 2024 we completed the Bank’s inaugural, enterprise-wide assessment, following a disciplined four-step process:

This structured approach ensures we focus on the issues that drive value creation, enhance resilience, and strengthen stakeholder confidence.

### Materiality Assessment



#### 1. Stakeholder Mapping & Engagement

We identified and regularly consulted a diverse group—investors, regulators, government agencies, employees, management, suppliers, NGOs, communities, and issuers of listed securities—to understand how our activities intersect with their interests and impacts.



#### 2. Topic Identification

Using stakeholder feedback, peer benchmarking, and industry standards, we compiled a comprehensive list of potential environmental, social, governance, and economic topics relevant to both EADB and the region we serve.



#### 3. Data Collection & Analysis

We quantified stakeholder input alongside business-impact considerations to rank each topic by its significance to stakeholders and to EADB’s long-term performance. The outcome is a materiality matrix that now guides strategy, resource allocation, and target-setting.



#### 4. Disclosure & Continuous Dialogue

Findings are communicated through our annual reporting and ongoing engagement, reinforcing accountability and inviting further feedback. Transparency builds trust, sharpens our competitive edge, and deepens our commitment to sustainable development.

## Our Material Topics

Environmental Impact	Social Impact	Governance Impact
<ul style="list-style-type: none"> <li>• Climate change</li> <li>• Managing our environmental impact</li> <li>• Investing in clean technologies</li> <li>• Waste and water management</li> <li>• Energy efficiency and energy management</li> </ul>	<ul style="list-style-type: none"> <li>• Gender inclusion and equality</li> <li>• Building communities and enabling economic inclusion</li> <li>• Employee wellbeing (Health and safety)</li> </ul>	<ul style="list-style-type: none"> <li>• Our efforts towards better disclosure in the market</li> <li>• Reinforcing our ethics</li> <li>• Business Ethics and managing conflict of interest</li> <li>• Board composition and diversity</li> <li>• Board succession planning</li> <li>• Board remuneration</li> <li>• Anti-bribery</li> <li>• Risk management, transparency and accounting</li> </ul>



## OUR IMPACT

### Environmental impact

#### EADB's Management of Key Environmental & Climate Topics – At-a-Glance

Material Topic	How We Manage It
<b>Climate Change</b>	Guided by a Board-approved Climate Change Policy, we have pledged to align our financed emissions with a net-zero pathway by 2050. Milestones include carbon-neutral operations, science-based sector targets, and the Clean Energy Transition Partnership that channels lending away from fossil fuels toward renewables. Progress is tracked via annual portfolio-emissions inventories and incorporated into credit-approval covenants.
<b>Managing our Environmental Impact (GRI 203: Indirect Economic Impacts)</b>	Every project undergoes an Environmental and Social (E&S) due-diligence and materiality screen aligned with GRI 203. Covenants require borrowers to quantify local economic benefits (jobs, SME linkages) and mitigate any adverse impacts. Post-disbursement, we monitor outcomes through third-party audits and disclose regional jobs supported, community investments, and value-chain multipliers in our Sustainability Report.
<b>Investing in Clean Technologies</b>	The Bank's plan is to dedicate at least 30% of annual approvals to green assets—solar mini-grids, efficient irrigation, e-mobility fleets, and climate-smart agri-tech. A Green Project Eligibility Framework ensures each loan meets clear carbon-reduction or resilience thresholds, while a Technology Advisory Desk helps clients adopt best-in-class solutions.
<b>Waste &amp; Water Management (Own Operations)</b>	ISO 14001-aligned procedures cover all offices: e-waste and paper recycling contracts, elimination of single-use plastics, and roll-out of smart water meters and low-flow fixtures. Targets include diverting ≥80 % of solid waste from landfill and cutting per-capita water use by 15 % by 2027.
<b>Energy Efficiency &amp; Energy Management</b>	An internal Energy Management System (ISO 50001 principles) drives retrofits—LED lighting, smart HVAC, rooftop solar, and server-room virtualisation—aimed at reducing operational energy intensity by 25 % (2022-2026). Monthly dashboards inform facility managers, while residual emissions are offset through verified African renewable-energy credits.

Together, these integrated programmes ensure EADB minimises its environmental footprint, mobilises capital for low-carbon growth, and delivers measurable socio-economic value across East Africa.

### Transition to Net-Zero

Guided by our Climate Change Policy, we have pledged to align all financed emissions with a net-zero pathway by 2050 and to achieve carbon-neutral operations well before then. Key levers include our Carbon Neutrality commitment and the Clean Energy Transition Partnership, which accelerate the shift from fossil fuels to renewables across our portfolio. We work side by side with clients to decarbonize their businesses, deploy green technologies, and unlock climate-smart financing. Crucially, we insist the transition be just, orderly, and inclusive, balancing the needs of people, enterprises, regions, and economies as we build a sustainable future for East Africa.

### Investing in clean technologies

**Providing sustainable finance to enable its Member States and private sector clients to achieve their sustainability goals.**

As the apex financial institution for the East African Community and one of the strategic Regional Development Bank with operations in Kenya, Tanzania, Rwanda and Uganda, EADB can have an impact by shaping capital deployment. EADB also sees sustainable finance as a significant growth opportunity for its clients and the business.

EADB aims to increase its balance sheet by 219.95% over the 5-year period, which requires total financing of USD 405.14 Million to enhance the implementation of the 2024-2028 Strategic Plan. To achieve the target, the Bank will invest in agriculture, transport infrastructure, water, finance, education, industry, energy and healthcare projects, and climate action initiatives across the public and private sectors. The Bank's strategy also seeks an increase in its financing for green investments in accordance with the needs of its Member States, including through the issuance of Green and Social Bonds and Loans.

## Environmental Investment & Impact Overview

During the reporting period, EADB channeled **USD 112 million** into projects with demonstrable environmental value—ranging from low-carbon transport to large-scale renewables. This portfolio collectively:

**Avoids**  
**390,000 tCO<sub>2</sub>e**  
of greenhouse-gas emissions per year

**Enables**  
**120,000 tCO<sub>2</sub>e**  
of waste to be recycled, treated, or reused annually across investee operations.

These outcomes reinforce the Bank's commitment to climate mitigation, resource efficiency, and resilient growth throughout East Africa.

### Spotlight Projects

Project	Sector & Location	EADB Financing	Key Outputs	Development Outcomes (EADB-attributable)	SDGs
Standard Gauge Railway (Lots 3 & 4)	Transport Infrastructure, Tanzania	USD 20 m (syndicated)	<ul style="list-style-type: none"> <li>424 km mainline + 109 km spurs under construction</li> <li>Modern signaling &amp; (future) electrification capability</li> </ul>	<ul style="list-style-type: none"> <li>4 % cut in travel time along corridor</li> <li>483 construction jobs (145 women)</li> <li>Lower freight costs &amp; carbon intensity</li> </ul>	8, 9, 10, 11 
Lake Turkana Wind Power	Renewable Energy, Kenya	EUR 5 m subordinated loan	<ul style="list-style-type: none"> <li>310 MW wind farm (365 turbines)</li> <li>428 km transmission line</li> </ul>	<ul style="list-style-type: none"> <li>1,400 GWh clean power/year (~17 % of Kenya's capacity)</li> <li>380,000 tCO<sub>2</sub>e avoided</li> <li>19 direct jobs (8 women)</li> </ul>	7, 8, 13 
Jambo Roses Solar Retrofit	Agri-renewables, Uganda	USD 0.26 m top-up	<ul style="list-style-type: none"> <li>250 kWp rooftop solar plant</li> </ul>	<ul style="list-style-type: none"> <li>Full shift to solar power; diesel use eliminated</li> <li>UGX 100 m annual energy savings</li> <li>Improved cold-chain reliability &amp; product quality</li> </ul>	7, 8, 13 

### Strategic Significance

- Catalysing Low-Carbon Growth** – By financing flagship assets like SGR and Lake Turkana, EADB accelerates regional decarbonization while enhancing trade logistics and energy security.
- Scaling Circular Practices** – Waste-reduction covenants embedded in loan agreements ensure investees adopt recycling and resource-efficiency measures that compound environmental benefits.
- Leveraging Partnerships** – Syndicated structures crowd-in private and multilateral capital, amplifying developmental impact well beyond EADB's own balance sheet.

Through this targeted, high-impact pipeline, EADB continues to translate its climate commitments into tangible results—supporting Member States on a just, inclusive path to net-zero while stimulating sustainable socio-economic development.

## EADB at COP 29 – Vision in Action

EADB’s 2024–2028 Strategic Plan anchors the Bank’s growth agenda in 11 of the 17 UN Sustainable Development Goals (SDGs 1–10 & 13) and embeds climate ambition at its core. Five mutually reinforcing pillars translate this vision into action:

- 1. Development Impact & Balance-Sheet Growth** – direct, sovereign and trade financing; equity/quasi-equity; real-estate management; climate-finance mobilisation.
- 2. People & Performance** – productivity, talent attraction, up-skilling, cost discipline and HR digitalisation.
- 3. Digital Transformation** – end-to-end automation of systems and processes.
- 4. Brand & Market Visibility** – rebranding, clear product messaging, high-impact CSR, and deeper investor partnerships.
- 5. Pro-Active Enterprise Risk Management** – rigorous oversight of traditional and emerging risks, including climate.

## Strategic Climate Partnerships & COP Engagement

Initiative	Purpose & 2024 Progress
UNFCCC Regional Collaboration Centre (RCC) – Kampala	MOU renewed; EADB staff provide technical oversight and benefit from climate-finance training.
Environment, Natural Resources & Climate Change Development Partners’ Group (ECC-DPG)	Active participation fosters coordinated donor support for climate resilience in Uganda and the wider region.
Clean Energy Transition Partnership (CETP)	Monthly peer sessions accelerate alignment of Bank policy with net-zero goals; staff trained by UK Government experts.
COP 29, Baku	Accredited delegation delivered panel interventions on: • Public climate-finance mobilisation • Export-credit solutions • Scaling green innovation Closed-door CETP meeting advanced an action plan to unlock concessional funds for East African renewables.

**Key Take-away from COP 29:** the global finance goal to triple climate funding for developing countries to USD 300 billion per year by 2035 aligns perfectly with EADB’s pipeline of wind, solar, hydro and green-hydrogen opportunities in East Africa.

### Gender-Responsive Climate Capacity Building

With RCC EASA, EADB secured an **AfDB/ACCF grant of USD 467,000** to train women climate negotiators across Eastern and Southern Africa—promoting inclusive leadership in NDC and LT-LEDS implementation.

### Future Outlook

By integrating robust ESG policies, strategic partnerships and COP-level advocacy, EADB is repositioning itself as a **regional climate-finance catalyst**—scaling green investment, safeguarding communities and delivering on the SDGs while driving sustainable, inclusive growth across its Member States. The Bank will Fast track accreditation with Green Climate Fund (GCF) and other climate finance entities to build up resource capacities to support sustainable and inclusive development in the Member States.

## Social & Economic Impact

### Gender inclusion

EADB believes that the differences when utilized will make a huge difference. The Bank’s Gender Policy and Action Plan demonstrates a strong commitment to advancing gender diversity by promoting equitable opportunities for pay, promotion, and professional development, and by enhancing diversity in leadership at all levels and across all segments EADB is also committed to strengthening inclusion with a focus on enhancing inclusive leadership capabilities among the people, nurturing an enabling environment and leading with alertness.

### Building communities and enabling economic inclusion

The society cannot progress if people and communities are at risk of dipping. EADB’s commitment to help young East Africans prepare for a drastically changing workforce by offering scholarship opportunities under the corporate social investment. EADB is also committed to supporting its clients’ financial wellness and enabling economic inclusion, such as influencing equitable access to financial products and services, and leveraging our purchasing power to influence supplier diversity efforts.

### Employee wellbeing (Health and safety)

EADB operates a formal Occupational Health & Safety Management System (OHSMS), aligned with ISO 45001 and fully implemented since 2022. The system applies to **100 % of our workforce** – permanent and contract staff – and extends to contractors and visitors who enter Bank premises. Its scope covers:

- (i) **Workplaces** - Headquarters, regional offices, data centers, and all temporary field locations across East Africa.
- (ii) **Activities** - Day-to-day Banking operations, project appraisal visits, client site inspections, business travel, and emergency response drills.
- (iii) **Workers** - Corporate, branch, IT, and field employees, plus service providers whose tasks could affect (or be affected by) our operations.

Key elements include routine hazard identification and risk assessment, mandatory safety and wellness training, incident reporting with root-cause analysis, and periodic external audits to assure compliance and continuous improvement. An internal Health & Safety Committee, chaired by the Human Resources Manager, reviews performance quarterly and reports to the Board’s Human Resources Committee.

Complementing the OHSMS, the Bank recently introduced a **post-retirement medical scheme** that allows retiring employees to maintain comprehensive cover at negotiated group premiums. We also run year-round wellness programmes - on-site health screenings, mental-health counselling, flexible work arrangements, and fitness challenges; to foster work-life balance and a resilient, productive workforce.

## Impact of the Bank’s Investments

EADB tracks the development impact of its investments each year. During the financial year 2024, the Bank assessed its cumulative impact from the funded enterprises:

### Employment creation and maintenance.

Creation and maintenance of gainful employment is a key development indicator for the Bank since it is seen as a catalyst in driving socio-economic development by reducing unemployment and enhancing social well-being among the citizens of the Member States.

“EADB is also committed to supporting its clients’ financial wellness and enabling economic inclusion, such as influencing equitable access to financial products and services, and leveraging our purchasing power to influence supplier diversity efforts.”

### Total number of jobs created and maintained by the Bank-supported enterprises by sector.

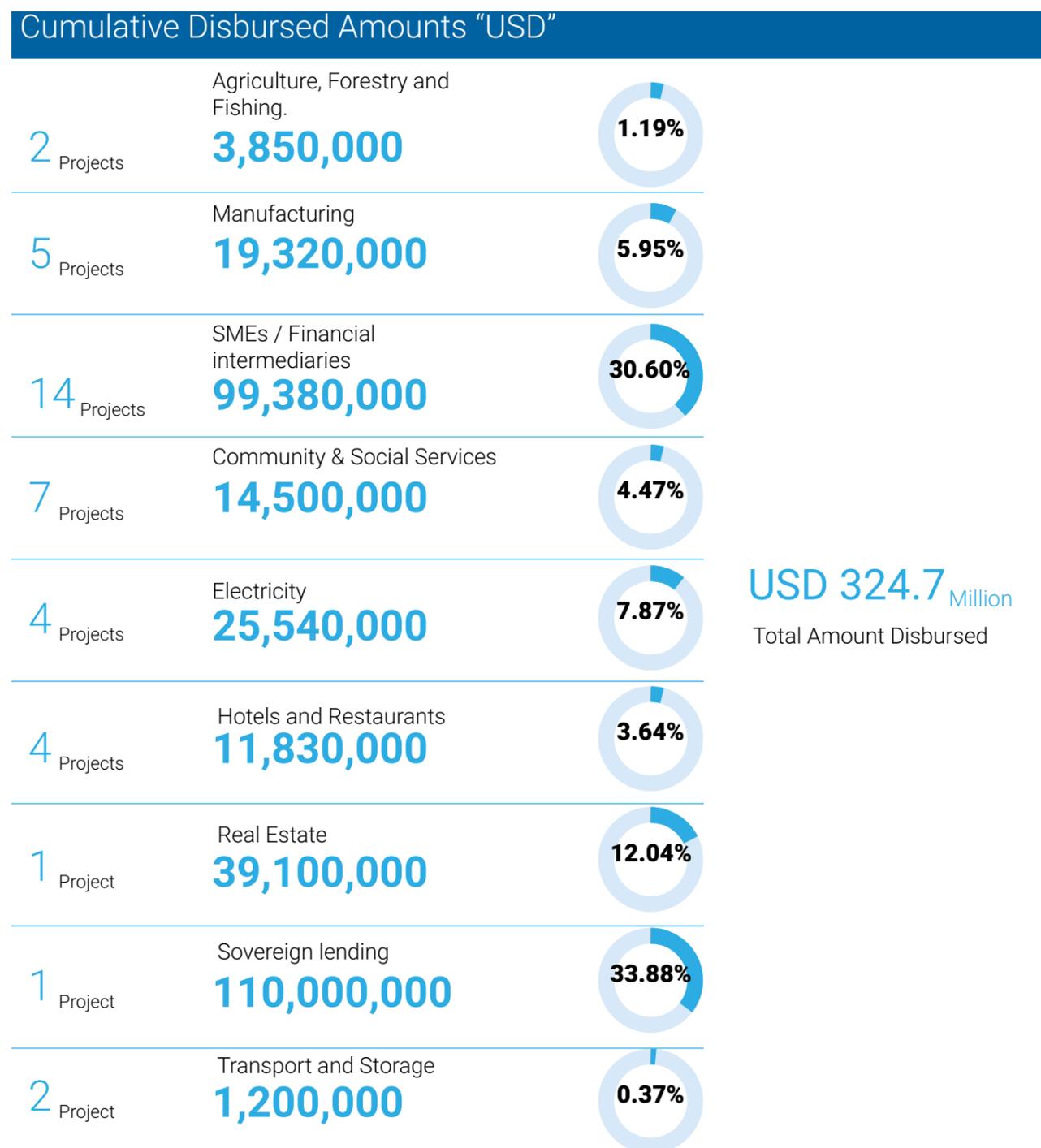
	Total Jobs Created & Maintained	Number Of Male Employees	Female Employees	Youth Employees	%Age Of Female Employees	%Age Of Youth Employees
Manufacturing	20,074	12,032	8,042	13,969	40%	70%
Financial Intermediaries	79,996	37,159	42,837	52,654	54%	66%
Hotels and Restaurants	147	59	88	96	60%	65%
Agriculture, Forestry and Fishing	1,594	980	614	1,323	39%	83%
Electricity	1,436	861	575	703	43%	49%
Community and Social Services	1,334	691	691	453	48%	34%
Sovereign lending	2,174	1,522	652	2,125	30%	98%
Real Estate	4,105	2,707	1,398	2,874	34%	70%
Transport and Storage	167	85	82	67	49%	40%
<b>Total</b>	<b>111,027</b>	<b>56,096</b>	<b>54,931</b>	<b>74,264</b>	<b>49%</b>	<b>67%</b>

The cumulative number of jobs created and maintained by the Bank-funded projects as at 31st December 2024 are a total of 111,027 Jobs of which 54,931 are female employees representing 49% and 56,096 are male employees representing 51% of the total number of jobs. The number of youth jobs created and maintained were 74,168 representing 67% of the total jobs.

Of the total jobs created and maintained, 72% were under the Financial Intermediaries (in the SMEs sub-projects) representing the majority share of jobs and thus indicating that this sector is the largest employer within the East Africa region. The Hotels and Restaurants represented the least share of jobs created and maintained with 0.13% of the jobs created and maintained under this segment.

This section presents the findings of the economic input and outcomes, including amount disbursed / invested under each Bank sector to the funded enterprises, government tax revenue generation among others. It further gives an insight into private sector development in terms of linked businesses along the value chain and supply chain and the number of individuals skilled and trained in terms of capacity building.

### The Bank's investments in the various sectors of the economy.

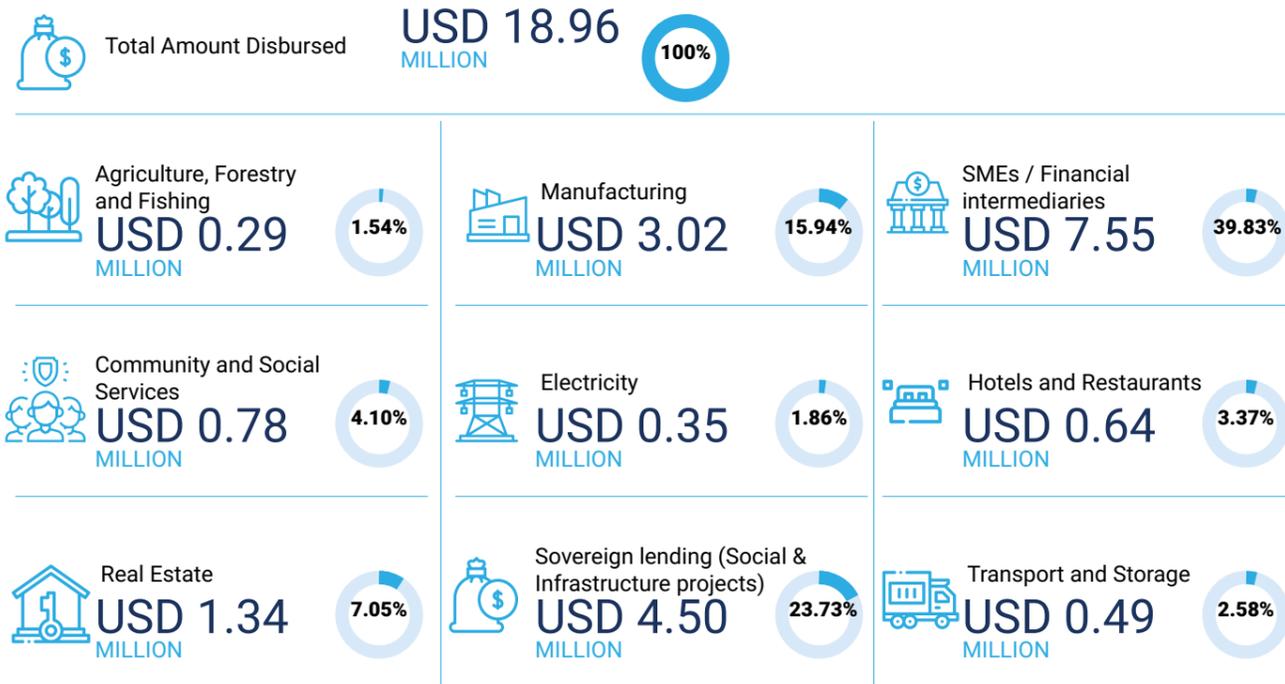


Overall, the Bank has invested USD 324 million across the Bank's supported sectors with the aim of stimulating economic activity in terms of production and productivity in the funded enterprises. The largest sum of the Bank's investment is in the Sovereign lending (33.9%) signifying the Bank's commitment in supporting significant interventions of the Member States through the various socio and infrastructure projects that promote socio-economic development across the East Africa region. The least investment has been in the Agriculture, Forestry and Fisheries sectors with 1.2% of the total investments, although it is important to note that most of the financing through financial intermediaries goes to agriculture.

## Contribution to Tax Revenue

Tax compliance of supported enterprises is an integral part of the Bank's mandate of fostering sustainable development. Taxes are essential for economic development as they provide government revenue, redistribute wealth and stimulate economic activity.

### Tax revenue contribution by sector.



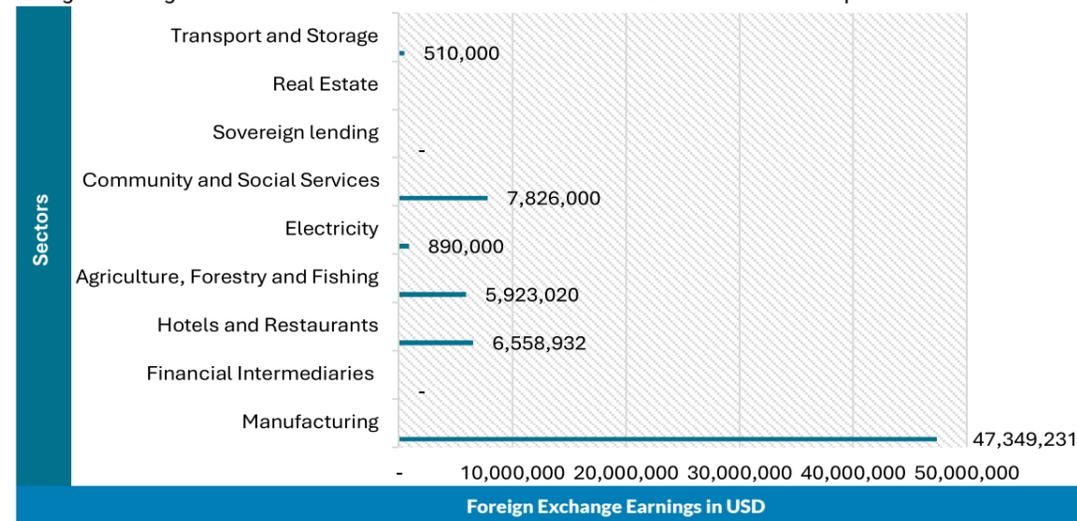
As indicated above, EADB-financed enterprises contributed a combined USD 18.96 million in taxes. A sectoral breakdown reveals that financial-intermediary projects supporting SMEs generated the largest share, accounting for 39.8 percent of the total. Sovereign lending for social and infrastructure projects followed at 23.7 percent, while manufacturing contributed 15.9 percent. At the other end of the spectrum, agriculture, forestry, and fishing accounted for just 1.5 percent of the aggregate tax contribution.

## Contribution to Foreign exchange earnings.

Foreign exchange earnings are an important financial metric for the Bank as it provides valuable insights into the international competitiveness of its supported enterprises.

### Foreign Exchange earnings generated per sector (USD).

From the figure above, manufacturing sector contributes to the highest foreign exchange earnings (69%) followed by Education services (11%), Hotels & Restaurants (9%) and Agriculture (9%). The four sectors in total contribute 98% in terms of generating foreign exchange revenues across the various sectors from the Bank's funded enterprises.



## Private Sector Development through the EADB SME Programme.

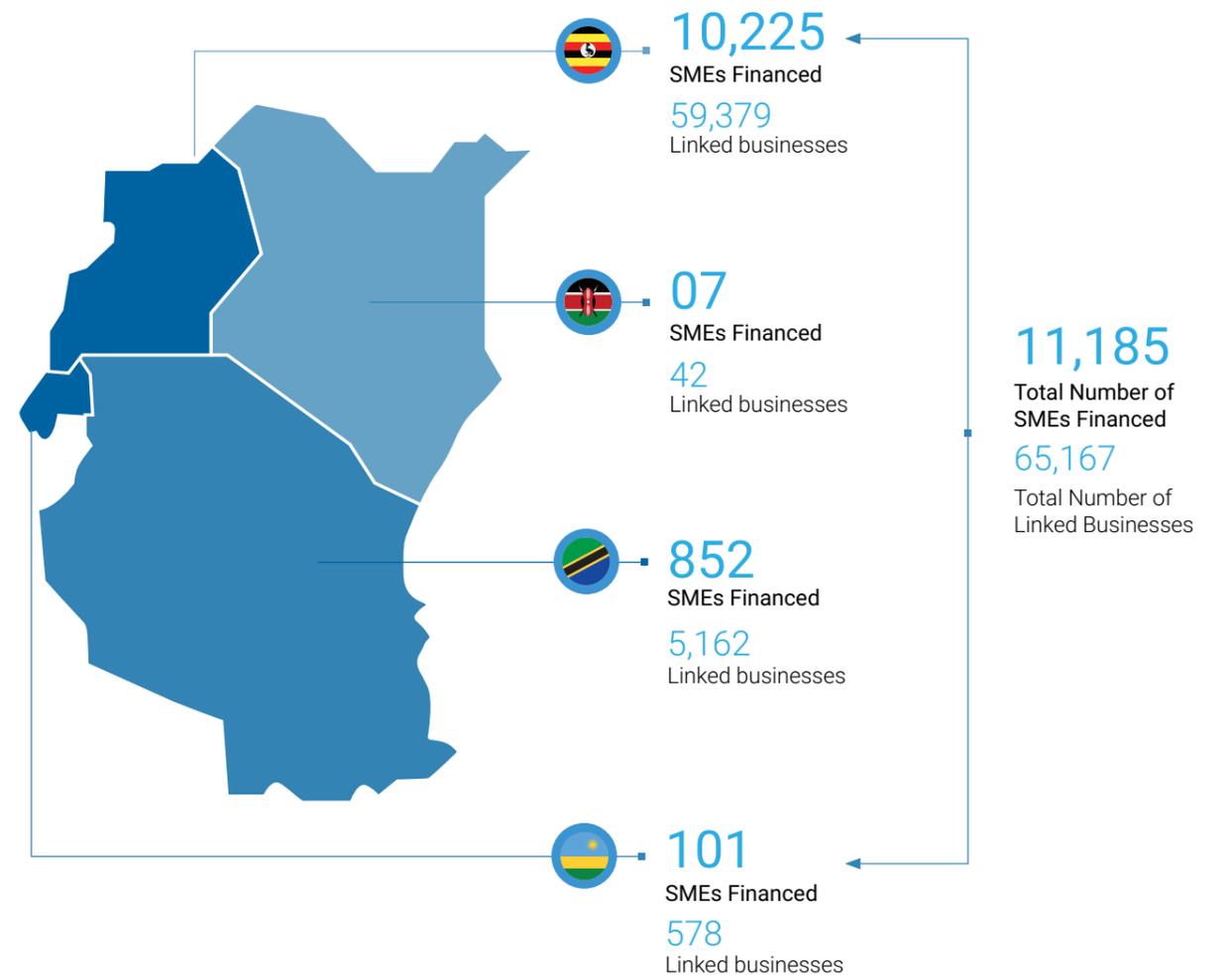
The Bank recognizes that SMEs play a significant role in promoting sustainable socio and economic development across the Member States and thus enabling governments to effectively operationalize their National Development Plans (NDPs). These enterprises further play a significant role in contributing towards the achievement of the UN Sustainable Development Goals, including financial inclusion. In this regard, the Bank is funding a wide range of businesses based in urban and rural areas through offering innovative, affordable, and accessible financing tailored to the requirements of Small and Medium-sized Enterprises (SMEs) and other small businesses (MSMEs) in diverse sectors in East Africa through offering Lines of Credit particularly to Financial Institutions (FIs) that do provide affordable finance to SMEs. This is aimed at facilitating and catalyzing private sector investment through support and growth of SME's which will lead to socio-economic development.

### EADB SME Programme

Through the SME Programme, the Bank has financed 20 partner financial institutions (PFIs) through Lines of Credit (LoC) totaling USD 99 million with 20% of loans to PFIs financed in local currencies. A total of **11,185** Micro, Small and Medium Enterprises (SMEs) have benefited through borrowing from the partner financial institutions with **3,019** being women owned businesses. A total of **65,167** linked businesses have benefited through the supply and value chain linkages (business ecosystem).

From the table above, each SME financed on average affects and impacts 5 to 6 other businesses in the supply chain. From the analysis done by the Bank in terms of jobs created and maintained per sector, **72%** of the total jobs have been created and maintained under the SME Programme, which further speaks to the significance of this segment in supporting socio-economic development in the East Africa region.

### SMEs financed per Country and linked businesses.



## Human Capacity Development

Through the Bank's SME Programme, a total of **4,797 people** have been skilled and trained with the aim of enhancing the capacity and technical knowhow of the local workers.

### Strategy period (2024 – 2028) projections for SMEs

The Bank anticipates financing over **50,000 SMEs** through the EADB SME program and over **300,000 jobs** to be created

### A Snapshot of the Social & Economic Impact of Flagship EADB Investments (2021-2024)

Sector & Project	EADB Commitment	Core Outputs	Tangible Outcomes (EADB-attributable)	SDG Linkage*
Manufacturing – Sugar Manufacturer in Uganda	USD 6.5 m term loan (part of USD 20.8 m expansion)	<ul style="list-style-type: none"> <li>New 8,500 TCD sugar mill</li> <li>+7,920 t sugar p.a.</li> <li>+15.3 GWh green power from higher-calorific bagasse</li> </ul>	<ul style="list-style-type: none"> <li>&gt;12,500 jobs (5,000 women; 8,000 youth)</li> <li>USD 3 m tax paid p.a.</li> <li>USD 30.8 m FX earnings p.a.</li> </ul>	1 · 5 · 8 · 9 · 10 · 12 
Real Estate – National Housing Corporation (Tanzania)	USD 30 m credit line	<ul style="list-style-type: none"> <li>600+ affordable homes (Iyumbu, Dodoma)</li> </ul>	<ul style="list-style-type: none"> <li>3,470 jobs (34 % women; 84 % temporary)</li> <li>&gt;USD 1.3 m taxes p.a.</li> <li>Affordable, decent housing for public-sector workers</li> </ul>	1 · 8 · 9 · 11 
Health – A privately owned and operated hospital in Kenya	KES 666 m term & WC facilities	<ul style="list-style-type: none"> <li>175-bed Huruma Hospital</li> <li>100-bed Kaimosi Hospital</li> <li>New outpatient clinic (Kakamega)</li> </ul>	<ul style="list-style-type: none"> <li>165 jobs (59 % women; 40 % youth) • Low-cost health-care access for urban &amp; rural communities</li> </ul>	3 · 8 · 10 
Education – Private sector University in Kenya	KES 400 m term loan	<ul style="list-style-type: none"> <li>8-storey Law School building (Madaraka Campus)</li> </ul>	<ul style="list-style-type: none"> <li>Expanded legal-education capacity &amp; skills base</li> <li>Construction and academic jobs sustained</li> </ul>	4 · 8 · 9 

\*Key SDGs advanced by each project.

## Cumulative Social & Economic Value of EADB's Flagship Projects

EADB's recent investments have yielded sizeable socio-economic dividends across East Africa. They have generated or safeguarded roughly **16,300 direct and indirect jobs**, with a strong representation of women and young people in the workforce. Governments are also benefitting: projects supported by the Bank now contribute **more than USD 4 million** in additional tax revenues each year in Uganda and Tanzania alone.

Beyond fiscal gains, these initiatives are expanding essential services - providing affordable housing for civil servants, increasing hospital beds in underserved communities, and enlarging tertiary-education facilities. Every transaction is structured to include procurement opportunities for local small and medium-sized enterprises, ensuring that economic value cascades through domestic supply chains. Taken together, these outcomes underscore how EADB's targeted financing simultaneously boosts productivity, strengthens livelihoods, and improves social infrastructure, while still delivering robust financial returns.

## UN SDGs advanced through EADB investments

EADB has adopted the UN SDGs as an overarching framework to demonstrate the relevance and scale of our impact and contributions of our investments. The Bank has invested in enterprises and projects that are underwritten with a goal to generate a measurable and demonstrated outcome aligned with the UN SDGs.

### SDG mapping per sector.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Manufacturing																		
Small and Medium Enterprises (SMEs)																		
Hotels and Restaurants																		
Agriculture, Forestry and Fishing																		
Electricity																		
Community and Social Services (Education, Health, & other community services)																		
Sovereign lending																		
Real Estate																		



## Governance Impact

### Sustainability Governance Structure

As a development Bank, we embed rigorous, purpose-driven governance at every level of the organization to uphold the highest standards of accountability, transparency, and ethical conduct. Our governance system is designed to maximize institutional performance, manage both development and financial risks, and safeguard the interests of our shareholders, partners, and the communities we serve.

Beyond meeting self-regulatory requirements, we maintain a comprehensive suite of frameworks, policies, and procedures that:

- Promote sound, evidence-based decision-making;
- Guide responsible allocation of financial and human resources; and
- Reinforce our commitment to sustainable, inclusive development.

These structures ensure that sustainability considerations are fully integrated into strategy, operations, and oversight - driving long-term value for all stakeholders.

*\*(You can read more about our governance structure in chapter 2)*



#### 1. Building trust through fuller disclosure and a robust ethics culture

EADB's Charter and recently approved ESG policy suite (Climate Change, Environmental & Social, Clean-Energy Transition, and Gender Policies) embed transparency and integrity in every decision the Bank makes. The Board now mandates:

- Publication of a **stand-alone sustainability section** within the Annual Report, prepared in accordance with DFIs' best-practice disclosure standards and subject to the same external-audit scrutiny as the financial statements;
- Quarterly ESG-compliance reporting and an exclusion list that is publicly available; and
- An Enterprise-wide Risk Management Framework that covers anti-bribery, AML/CFT and conflict-of-interest controls, overseen by a three-lines-of-defence model and reported to the Board Audit and Risk Committee.

These measures, coupled with the Bank's new **A / A-1 credit rating** from S&P, have strengthened market confidence in the quality and completeness of EADB's disclosures.

#### 2. Board composition, diversity, succession and remuneration

Dimension	Current practice
<b>Composition &amp; Independence</b>	The 10-member Board comprises 1 executive (the Director General) and 9 non-executive directors. Non-executives include the Permanent Secretaries of Finance from the four Member States, an AfDB representative (Class B shareholder) and four private-sector appointees, ensuring a mix of sovereign, multilateral and independent perspectives.
<b>Diversity</b>	Government representatives serve ex-officio, while private-sector and AfDB directors have overlapping three-year terms (renewable once) to ensure smooth turnover. In 2024, two directors completed their service and were replaced—including AfDB's Dr. Alex Mubiru—demonstrating the succession model in action.
<b>Tenure &amp; Renewal</b>	Government representatives serve ex-officio; private-sector and AfDB directors serve staggered three-year terms renewable once, enabling orderly refreshment. In 2024 two directors rotated off and two new members were inducted, including AfDB's Dr Alex Mubiru, illustrating the succession model in action.
<b>Succession Planning</b>	A Board-approved Succession Plan maps critical competencies, tracks tenure limits and triggers early search processes for upcoming vacancies; the orderly transition from long-serving Director General Ms Vivienne Yeda to Acting DG Mr Benard Mono demonstrates its effectiveness.
<b>Remuneration</b>	Directors' fees and allowances are benchmarked against regional DFIs and reviewed after every three years by the Governing Council; no performance-based variable pay is provided, safeguarding independence (disclosed in the audited financial statements).



#### 3. Governance structure and committees

EADB's governance hierarchy consists of:

- **Governing Council** – finance ministers of Member States; supreme organ approving strategy and the Bank's audited accounts. *\*(See Page 21 for details about our governing council)*
- **Board of Directors** – holds all powers not reserved for the Council; meets at least quarterly.
- **Board Committees** – **Audit and Risk Committee** (oversight of internal/external audit, risk and controls) and **Human Resources Committee** (succession, remuneration and culture).
- **Advisory Panel** – eminent global financiers providing independent insight. . (See Page 26 for details about our Advisory Council)
- **Management** – led by the Director General and supported by management, the Assets and Liabilities Committee (ALCO), Project Committee and Risk & Compliance functions.



#### 4. Composition details

- **Executive vs. non-executive:** Only the Director General is an executive member; all others are non executive members.
- **Independence:** AfDB and private-sector directors are free of member-state control; chairmanship rotates among Member States, further reinforcing neutrality.
- **Tenure:** ex-officio ministers change with national appointments; private-sector seats are capped at two consecutive terms (~6 years).



#### 5. Nomination & selection processes

Member-state representatives are nominated by their respective finance ministries in line with the Charter; private-sector directors are proposed by national development agencies and vetted by the Board HR Committee against competence, diversity and independence criteria. The AfDB seat is filled through the Bank's Class B shareholding agreement. Committee memberships are refreshed whenever a director rotates to keep skill matrices balanced.



#### 6. Delegation of ESG & impact oversight

The Board sets the Risk Appetite Statement and approves all ESG-related policies. Day-to-day assessment of economic, environmental and social impacts is delegated to Management through the ESG & Risk functions, with quarterly dashboards escalated to the Audit Committee and full Board. Project-level impacts are also reviewed by the Board's Project approvals pipeline.



#### 7. Review and approval of reported information

The Board Audit Committee reviews the Sustainability Review, materiality matrix and ESG performance indicators; once cleared, the full Board approves the integrated Annual Report before it is transmitted to the Governing Council for final sign-off. This two-tier approval gives stakeholders assurance that reported material topics are complete, accurate, and aligned with



the Bank's ethics and disclosure commitments.

## Corporate Social Investment

### Creating Shared Prosperity Across East Africa

EADB's corporate social investment (CSI) agenda complements its development-finance mandate by channeling targeted resources

into human-capital formation, economic inclusion, and community resilience.

#### Skills & Education

The Bank's flagship scholarship programme helps young East Africans prepare for an evolving labour market, prioritising STEM and finance disciplines. In parallel, the Annual State Lawyers Training, delivered with global law firm DLA Piper, has equipped more than 500 government attorneys from Kenya, Uganda, Tanzania, and Rwanda to negotiate complex extractives, PPP, and project-finance agreements, reducing the risk of unfavourable contracts and safeguarding national revenues.



#### Economic Inclusion & SME Empowerment

Through its SME Lines-of-Credit programme the Bank lends to partner financial institutions, enabling SMEs to access affordable finance. These enterprises, plus linked businesses in their supply chains, generated thousands of jobs in 2024 alone. Country-specific funds launched in Rwanda (USD 36 m), Uganda (USD 15.8 m) and Kenya (USD 6.8 m) extend this reach to rural and peri-urban entrepreneurs, accelerating private-sector growth and financial inclusion.

#### Community Health & Well-being

Affordable-healthcare finance is another CSI pillar. Loans to a privately owned and run hospital in Kenya supported two modern facilities (175-bed Huruma and 100-bed Kaimosi hospitals), creating 165 health-sector jobs - nearly 60% held by women—and expanding quality medical services in underserved Kenyan counties. Internally, EADB underwrites post-retirement medical cover for staff and runs comprehensive wellness programmes that promote work-life balance.

#### Gender & Leadership Capacity

Guided by its Gender Policy and Action Plan, the Bank invests in leadership pipelines for women. Recent ACCF/AfDB-backed workshops trained female climate negotiators from Eastern and Southern Africa to integrate gender perspectives into NDCs and low-carbon strategies - advancing both SDG 5 and climate-action goals (COP-related capacity building referenced in Sustainability Review).

#### Community Partnerships & Knowledge-Sharing

Hosting the UNFCCC Regional Collaboration Centre in Kampala and co-organising regional climate forums, EADB provides office space, logistics and staff time to amplify climate-finance knowledge across government agencies and civil society. Similar support was extended to BADEA staff in 2024, evidencing the Bank's commitment to collaborative capacity building.





**2024 Audited Financial Statements**



  
**CHAPTER**  
**7**

## Directors' Report

### 1. Introduction

The Directors hereby submit their report together with the Bank's audited financial statements for the year ended 31 December 2024, which disclose the state of affairs of East African Development Bank ("the Bank").

### 2. Incorporation

The Bank was created under the Treaty for the East African Co-operation of 1967, which was subsequently amended and re-enacted as the Treaty and Charter of the East African Development Bank ("The Bank's Charter") in 1980.

### 3. Mission and Vision

The Bank's Vision is to be a partner of choice in promoting sustainable social-economic development.

The Bank's Mission is to promote sustainable social economic development in East Africa by providing development finance, advisory and support services.

### 4. Principal activity

The principal activity of the Bank is development finance lending under the Bank's Charter. The Bank's principal activity is achieved through following:

- Provision of financial assistance through loans to promote the development of Member States;
- Provision of consulting, promotion, agency and other similar services for the region;
- Promotion of economic development in the Member States, in such fields as industry, tourism, agriculture, telecommunications and other fields of development;
- Joint financing operations and technical assistance to national development agencies of the Member States and use of such agencies as channels for financing specific projects; and
- Co-operation with other institutions and organizations, public or private, national or international, which are interested in the development of the Member States.

### 5. Business Objectives and Strategies

The Bank supports economic development in Member States through medium and long-term lending of financially viable and socially sustainable projects.

2024 marks the first year that the Bank started operating under its new 5 year strategic plan (2024-2028) that was approved by the Board in 2023.

### 6. Governance

The Bank remains committed to principles of good governance contained in the Charter and endeavours to make continuous improvements in line with the best practices to remain relevant and effective.

Governance plays a key role in the management of the affairs of the Bank and in the overall execution of its mandate it has various structures and measures in place to promote and safeguard good governance.

The key elements of the governance structure comprise: the Governing Council which is the supreme organ of the Bank; the Board of Directors which reports to the Governing Council, and the Advisory Panel. Further information about each of these organs of the Bank is provided below:

## Directors' Report (Continued)

### 6. Governance (continued)

#### a) Governing Council

The Governing Council is comprised of Ministers responsible for Finance in Member States and meets regularly to receive and consider reports from the Board of Directors. The following Governing Council Members served during the year:

	Name	Details
1	Hon. Matia Kasaija (Chairman)	Minister of Finance, Planning and Economic Development, Republic of Uganda
2	Hon. Dr. Mwigulu Nchemba	Minister of Finance, United Republic of Tanzania
3	Hon. CPA John Mbadi Ng'ongo EGH From 8 August 2024	Cabinet Secretary, The National Treasury and Economic Planning, Republic of Kenya
4	Mr. Yusuf Murangwa From 12 June 2024	Minister of Finance and Economic Planning, Republic of Rwanda
5	Prof. Njuguna Ndung'u Up to 11 July 2024	Former, Cabinet Secretary, The National Treasury and Planning, Republic of Kenya
6	Dr. Uzziel Ndagijimana Up to 12 June 2024	Former, Minister of Finance and Economic Planning, Republic of Rwanda

#### b) Board of Directors and sub-committees

The Board of Directors is vested with all powers in the Bank and meets at least on quarterly basis to receive and consider reports from Management. The Board of Directors is comprised of Permanent Secretaries of the Ministries responsible for Finance in Member States, private sector representatives from Member States and the Director General. Non-Sovereign shareholders (class B shareholders) are represented to the Board by the African Development Bank.

The Board members who served during the year and to the date of this report were:

	Name	Details
1	Dr. Ramathan Ggoobi	Permanent Secretary and Secretary to the Treasury, Ministry of Finance, Planning and Economic Development, Republic of Uganda
2	Dr. Chris Kiptoo <sup>1</sup>	Principal Secretary, the National Treasury, Republic of Kenya
	Mr. Orumoi T. Jonah	Acting Director, Public Investment Management The National Treasury, Republic of Kenya
3	Mr. Reuben Karemera	Deputy Accountant General in charge of Treasury Management in the Ministry of Finance and Economic Planning, Republic of Rwanda
4	Dr. Natu Mwamba <sup>2</sup>	Permanent Secretary, Ministry of Finance, United Republic of Tanzania
	Dr. Charles A. Mwamwaja	Commissioner for Financial Sector Development Ministry of Finance, United Republic of Tanzania
5	Dr Abdu Mukhtar Up to 10 October 2024	African Development Bank - Class B shareholders Representative
6	Mr Francis N. Karuiru	Private Sector Representative, Republic of Kenya
7	Mrs Khadija I. Simba	Private Sector Representative, United Republic of Tanzania
8	Mr Faustin Mbundu	Private Sector Representative, Republic of Rwanda
9	Dr. James Tumusiime	Private Sector Representative, Republic of Uganda
10	Dr. Alex Mubiru From 10 October 2024	African Development Bank - Class B shareholders Representative
11	Ms Vivienne Yeda * Up to 31 Dec 2024	Director General, East African Development Bank

\* Ms. Yeda retired effective Up to 31 Dec 2024 and the Board of Directors appointed Mr. Benard P Mono, as the acting Director General of the Bank from 1 January 2025, pending completion of the recruitment process.

- Mr. Orumoi T. Jonah represented Dr. Kiptoo as alternate Director from Kenya
- Dr. Charles A. Mwamwaja represented Dr. Mwamba as alternate Director from Tanzania and chaired the Board

## Directors' Report (Continued)

### 6. Governance (continued)

#### b) Board of Directors and sub-committees (continued)

The Board has two committees namely the Board Human Resources Committee which is responsible for all staffing and related issues in the Bank and the Board Audit Committee which is responsible for all internal control issues.

The Board of Directors met 5 times during the year to deliberate on various issues including the Bank's financial performance, risk management reports, approval of projects and human resources issues, especially the end of the Director General's contract and the transitional arrangement. Since the Human Resources issues were handled by the Board, the committee did not meet. The Board Audit Committee held 2 meetings during the year and deliberated on Internal and external Audit reports.

#### c) Advisory Panel

The Advisory Panel is comprised of eminent personalities with extensive experience in international and development financing and they advise the Bank on best practices and effective strategies to pursue. The current members of the Advisory Panel are:

#### Members of the Advisory Panel

	Name	Details
1	Mr Mahesh Kotecha, CFA	President, Structured Credit International Corp. (SCIC), New York
2	Mr Toyoo Gyohten	President, Institute for International Monetary Affairs, Japan and Senior Adviser, Bank of Tokyo, Mitsubishi Limited
3	Mr. Claes De Neergaard From 1 May 2024	Former Honorary Vice President of the European Investment Bank (EIB), Board member of the European Bank for Reconstruction and Development (EBRD), Chairman of AP3 (the Swedish National pension Fund)
4	Mr Jannik Lindbaek	Former Executive Vice president and CEO of the International Finance Corporation ("IFC")
5	Mr Lars Ekengren Up to 30 April 2024	Former Deputy Director General, Swedish International Development Agency ("SIDA")

### 7. Capital and Shareholding

The Bank's authorised share capital is USD 2,160,000,000 comprising 160,000 shares with a par value of USD 13,500 each.

The authorised shares are classified into Class A shares (144,000) which are available for subscription to only Member States and in equal proportion and Class B (16,000) which are available for subscription to members other than Member States.

Class A shareholders do not have option to exit the Bank but the Charter provide basis on which class B shareholders may exit/sale their shares.

During the year, in line with the Shareholders' commitment to ensure the Bank is well capitalized, the Governing Council approved conversion of USD 53.97 million of accumulated profits to paid up share capital, resulting to allotment of additional 3,998 shares in proportion of the paid capital as at the end of December 2023. This was done in line with Bank's charter and the 2024-2028 Strategic Plan to increase its financial capacity and sustainability.

In addition, during the year the Bank received USD 15.01 million from the Republic of Rwanda towards clearance of their capital subscription commitment. The payments received resulted to allotment of 975 additional shares.

## Directors' Report (Continued)

### 7. Capital and Shareholding (continued)

The Bank's paid up capital by Class A and Class B shareholders as at 31 December 2024 and 2023, respectively, were as follows:

Name	2024			2023		
	Shares	Value	%	Shares	Value	%
<b>Class A</b>		<b>USD'000</b>			<b>USD'000</b>	
Government of Kenya	4,778	64,503	23.30%	3,800	51,300	24.46%
Government of United Republic of Tanzania	4,778	64,503	23.30%	3,800	51,300	24.46%
Government of Uganda	4,778	64,503	23.30%	3,800	51,300	24.46%
Government of Rwanda	4,531	61,169	22.09%	2,828	38,179	18.21%
<b>Total Class A</b>	<b>18,865</b>	<b>254,678</b>	<b>91.99%</b>	<b>14,228</b>	<b>192,079</b>	<b>91.59%</b>

Name	2024			2023		
	Shares	Value	%	Shares	Value	%
<b>Class B</b>		<b>USD'000</b>			<b>USD'000</b>	
African Development Bank	1,559	21,046.5	7.602%	1,240	16,740	7.98%
Others <sup>3</sup>	83	1,120.5	0.408%	66	891	0.43%
<b>Total Class B</b>	<b>1,642</b>	<b>22,167</b>	<b>8.01%</b>	<b>1,306</b>	<b>17,631</b>	<b>8.41%</b>
<b>Total Class A &amp; B</b>	<b>20,507</b>	<b>276,845</b>	<b>100%</b>	<b>15,534</b>	<b>209,710</b>	<b>100%</b>

3 Other shareholders are comprised of Yugoslav Consortium (35 shares), SBIC Africa Investment (30 shares), NCBA Bank Kenya (6 shares), Nordea Bank Sweden (6 shares), Standard Chartered Bank London (6 shares) and Barclays Bank Pls London (6 shares).

### 8. Financial Performance

Performance highlights

Performance indicator	Formula	2024	2023
Profit for the year (USD '000')	NA	11,201	13,052
Total assets (USD '000')	NA	505,985	454,382
Equity	NA	348,514	322,302
Return on Assets	(Profit/Total assets) *100%	2.21%	2.87%
Return on Equity	(Profit/Total equity) *100%	3.21%	4.05%
Operating expenses to Operating Income	(Operating expense/Net interest income + non-interest income) *100	34.31%	30.50%
Non-Performing Loans ratio	Non-performing (Stage 3) loans/Gross loans and advances) *100%	0.89%	0.88%
Total Capital ratio	(Total capital/Risk weighted assets including Off balance sheet items) *100	120%	124%
Earnings per share (USD)	Profit attributable to ordinary shares/ Weighted average number of ordinary shares outstanding during the year	631	850

## Directors' Report (Continued)

### 8. Financial Performance (continued)

The Bank continued to record profitable results and growth in assets.

#### Credit rating

On December 19, 2024, the S&P Global Ratings assigned its 'A' long-term and 'A-1' short-term issuer credit ratings with a stable outlook to EADB. The stable outlook further reflects the Bank's ability to deliver its ambitious 2024-2028 Business strategy in its partner states.

The Moody's rating report released in October 2024 re-affirmed the Bank's Baa3 rating with stable outlook sighting strong capital position and robust liquidity levels.

Similarly rating report by the GRC also released in August 2024 also maintained the Bank's long-term issuer and short-term credit ratings of BBB- and A3 respectively with stable outlook.

### 9. Cash flow and Liquidity Management

The Bank continued to prudently manage its liquidity management as one of the top priorities. Detailed liquidity risk management report is contained on Note 38(c) of the financial statements.

During the year the Bank maintained adequate liquidity with actual liquidity ratio at the end of 2024 at 5.47 times compared to 7.93 times in 2023 which was above the target ratio of 1.33 times.

The Bank's cash and cash equivalents at the end of year amounted to USD 206.16 million and was above USD 192.29 million recorded in 2023 as part of proceeds from borrowings were held in liquid assets awaiting disbursements.

### 10. Market overview

The global economy in 2024 remained resilient despite ongoing challenges. Central Banks continued to navigate inflationary pressures, and interest rates remained elevated. Geopolitical tensions, including the ongoing Russia-Ukraine conflict, persisted, affecting global supply chains and growth prospects.

However, economies in the East African region, including the Bank's Member States, demonstrated robust growth. Kenya and Tanzania led the way, with higher growth rates in 2024 compared to 2023, according to the International Monetary Fund's (IMF) World Economic Outlook Report released in October 2024.

The IMF report projects that all four Member States will maintain healthy growth rates in 2025, driven by investments in infrastructure, agriculture, and manufacturing. The Bank is well-positioned to support both the public and private sectors in the Member States, leveraging its expertise and resources to foster economic development and growth.

As we look ahead to 2025, the Bank remains optimistic about the region's growth prospects. We expect:

- Continued investments in strategic sectors, driving economic growth and development
- Strengthening regional cooperation and integration, enhancing trade and economic opportunities
- Increased focus on sustainable development, climate change mitigation, and environmental conservation

The Bank is committed to supporting its Member States in achieving their development goals, while navigating the complexities of the global economy.

### 11. Future Plans

The Bank will continue to play a catalytic role in the development of the region.

There will be significant growth in initiatives aimed at increasing the Bank's lending to both the private and public sector given the good operating environment and programs promoted by the Member States to support economic growth. The Bank will improve its visibility through various campaign and stakeholders' events to report its development impact both to provide feedback but also attract more borrowers with viable project that the Bank can finance to create more impact.

Given its very good credit rating, and in order to fund the projected growth in lending activities, the Bank will continue to mobilize appropriately priced funds to support its plans.

### 12. Risk and Risk Management

The Bank prides in its strong capital and liquidity strength reflected by very solid ratios throughout 2024. The Bank is proactively managing Enterprise risk through prudent credit risk management approaches that involve portfolio insurance where applicable as a way of reducing residual credit risks. It is equally deploying modern techniques to manage funds invested with other top rated counterpart Banks.

These methods of identifying risks early and adopting control mitigants to protect available capital and liquidity management reflect the Bank is on the right trajectory in achieving the 2024-2028 Strategic targets. The overall risk profile of the Bank's balance sheet has led to the confidence reflected by S&P Credit Rating Agency awarding an A(long term)/A-1(short term) rating in the year 2024.

## Directors' Report (Continued)

### 13. Solvency

The Board of Directors confirm that the financial statements have been prepared based on International Financial Reporting Standards (IFRS<sup>®</sup> Accounting Standards) and that they have been prepared on a going concern basis. The Board confirm that the Bank has all necessary resources to continue operating on this basis for a foreseeable future.

### 14. Resources

The Bank holds sufficient resources to advance its vision and mission.

Key among those resources is a dedicated and highly skilled human capital which has been the bedrock of the Bank's performance. The Bank will continue to implement different strategies to improve its employee value proposition and make the Bank a dream employer to all professionals.

Equally important are committed shareholders who not only continued to provide required capital, but also remained engaged and provided guidance throughout the year. The Bank's management and staff will continue to work tirelessly to deliver aspirations of the shareholders.

The Bank continued to earn trust of fund providers who provided needed funding as efforts continued to implement projects in Member States. The Bank's strong liquidity position is a testament of dependability of the fund providers. The Bank will not only make sure that repayments of maturing obligations are made on timely basis, but also further improve the financial performance to safeguard sustainability.

### 15. Employee Welfare

Cordial and harmonious working relationship continued during the year and this facilitated achievements recorded. The Bank continued to implement various initiatives to improve staff welfare.

The Bank operates a defined contribution retirement benefit scheme to which employees contribute 10% of their basic salary and the Bank contributes 10%, 12.5% or 15% of the employee's basic salary depending on the length of service. The scheme is independently managed by a professional fund manager who provides periodic reports to a committee nominated by staff.

The Bank provides medical insurance cover for employees, their spouses and up to four qualifying dependants through a reputable medical insurance provider. Continuous monitoring of the services offered by the insurance cover is undertaken to guarantee quality service is provided to staff. More details on employee welfare are included in note 39 of the accounts.

Various training opportunities were provided to staff during the year in order to improve their performance.

The Bank is an equal employer and staff are offered equal opportunities based on their merits and not based on gender, disability or any similar attributes in their jurisdictions/ countries of residence.

### 16. Related Party Transactions

The Bank's related party transactions are concluded at arm's length basis. Details of related party transactions at the end of the year are shown on Note 42.

### 17. Environmental, Social and Governance

The Bank's adoption of an Environmental, Social, and Governance (ESG) and Climate change approach has remarkably improved the way the business practices are conducted and demonstrated its commitment to responsible and sustainable lending, thereby contributing to a more environmentally conscious, socially responsible, and economically viable future of the East African Member States. The Bank conducted its business in 2024 with ESG at the helm of every stage to ensure that the mandate of promoting sustainable socio-economic development of the East African region is addressed.

The Bank's 2024-2028 business strategy spells out the ESG aspects to ensure the achievements of the Bank as a partner in development. An additional Clean Energy Transition Policy was approved, adding strength to the previous ESG-related policy frameworks and manuals which have guided the way business was conducted without doing harm to the environment. All the stakeholders are mandated to abide by the requirements of the Bank to ensure that risks and opportunities with respect to ESG operations are explored and integrated in the business execution.

The environmental factors were monitored and managed with respect to all the projects financed to ensure that their environmental and social risk impacts and opportunities were managed. The essence was to ensure that all Bank-financed projects are aligned to the Nationally Determined Contributions (NDC), National Development Plans (NDPs), National Adaptation Plans (NAPs), Sustainable Development Goals (SDGs), to mention but a few, of their respective Member States. The metrics for emphasis include the direct and indirect greenhouse gas emissions, responsible stewardship of natural resources, and the Bank's overall resilience against physical climate risks such as climate change, flooding, drought and fires.

The Social pillar plays an instrumental part in the Bank's ESG approach. EADB maintained an active and a cordial working relationship with partners and all stakeholders to drive business throughout the year.

On the other hand, the Governance pillar confirmed that the Bank's strong Board's composition which played a crucial role in guiding the Bank in the achievement of its ESG operations. The Bank's Management also ensured that all the Bank's financed projects exhibited a strong Board governance to ensure adherence to ESG compliance and the related policies.

The Bank continues to execute its operations with an unwavering commitment to the ESG pillars to promote green investments to counter the negative impact of climate change caused by destruction of the natural environment and guard the projects against the Regulatory requirements which are taking root and becoming mandatory across the continent and East Africa in particular.

## Directors' Report (Continued)

### 18. Stakeholders

The Bank values contribution and support of all its stakeholders and implement strategies to assess the stakeholder's expectations and how they will be met. Cordial relationship continued with all stakeholders during the year. The Bank will continue to actively engage with its stakeholders with the view to improve the value creation process.

### 19. Dividends

The Directors do not recommend the payment of dividends for the year 2024 (2023: Nil). This is in line with shareholders' strategy to build up the capital of the Bank.

### 20. IFRS® sustainability disclosure standards S1 and S2

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, issued by the ISSB in June 2023, are the first IFRS sustainability disclosure standards. IFRS S1 sets out the general requirements for a complete set of sustainability-related financial disclosures. IFRS S1 is designed to be applied in conjunction with IFRS S2, which is a topic-based standard that specifies disclosures relating to climate.

The IFRS Sustainability Disclosure Standards are based on the four-pillars of the Task Force on Climate Related Financial Disclosures (TCFD framework): governance, strategy, risk management and metrics and targets. The TCFD framework is required or used voluntarily in a number of territories. Therefore, the structure of the IFRS Sustainability Disclosure Standards will be familiar to preparers and users of sustainability reporting that have used, or have an understanding of, the TCFD framework.

Consistent with the process to adopt International Financial Reporting Standards (IFRS), IFRS Sustainability Disclosure Standards need to be adopted by local securities exchanges and other regulators to become mandatory. In July 2024, ICPAU issued a public consultation on the adoption of the IFRS® Sustainability Disclosure Standards (IFRS S1 General requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related disclosures), in Uganda, the analysis of results of which is still underway.

As per the consultation, a phased approach to the adoption is being proposed as follows:

Phase	Timelines (Accounting period beginning on or after)	Organisations involved
Phase I – Voluntary adoption	01 January 2027	Public Interest Entities (PIEs)
Phase II – Mandatory Adoption	01 January 2028	Public Interest Entities (PIEs)
Phase III – Voluntary adoption	01 January 2029	Other entities (other than PIEs)
Phase IV – Government Organisations	To be determined by ICPAU when IPSASB issues sustainability reporting standards for public sector entities	Government Organisations

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

An entity shall apply this Standard in preparing and reporting sustainability-related financial disclosures in accordance with IFRS Sustainability Disclosure Standards. Sustainability-related risks and opportunities that could not reasonably be expected to affect an entity's prospects are outside the scope of this Standard.

Other IFRS Sustainability Disclosure Standards specify information an entity is required to disclose about specific sustainability-related risks and opportunities.

An entity may apply IFRS Sustainability Disclosure Standards irrespective of whether the entity's related general purpose financial statements (referred to as 'financial statements') are prepared in accordance with IFRS Accounting Standards or other generally accepted accounting principles or practices (GAAP).

This Standard uses terminology suitable for profit-oriented entities, including public-sector business entities. If entities with not-for-profit activities in the private sector or the public sector apply this Standard, they might need to amend the descriptions used for particular items of information when applying IFRS Sustainability Disclosure Standards.

IFRS S2 Climate related Disclosures

This Standard applies to climate-related risks to which the entity is exposed, which are climate-related physical risks and climate-related transition risks and climate-related opportunities available to the entity.

Climate-related risks and opportunities that could not reasonably be expected to affect an entity's prospects are outside the scope of this Standard.

### 21. Events after reporting date

There are no other events after the reporting period.

### 22. Auditor

The Bank's external auditor, KPMG Certified Public Accountants, being eligible for reappointment has expressed willingness to continue in office. The Bank's 2025 external auditors shall be appointed by the Governing Council in accordance with Article 26 (d) of the Bank's Charter.

By order of the Board



Chairman – Board of Directors

27 May 2025

Date



Director

27 May 2025

Date

## Statement Of Directors' Responsibilities

The Bank's directors are responsible for the preparation of financial statements that give a true and fair view of East African Development Bank comprising the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policies, in accordance with IFRS<sup>®</sup> Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), and in the manner required by the Treaty and Charter of East African Development Bank ("the Bank's Charter").

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the Bank to continue as going concern and have no reason to believe that the business will not be a going concern for at least the next twelve months from the date of this statement.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the IFRS Accounting Standards, and in the manner required by the Treaty and Charter of East African Development Bank ("the Bank's Charter").

Approval of the financial statements

The financial statements of East African Development Bank, as identified in the first paragraph, were approved by the Board of Directors and authorised for issue by the Governing Council on .....27 May 2025..... and were signed on their behalf by:



Chairman – Board of Directors



Ag. Director General

## Independent auditor's report to the Members of the East African Development Bank

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of East African Development Bank (the Bank), as set out on pages 83 to 149 which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Treaty and Charter of East African Development Bank ("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 Auditor's Responsibilities for the 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, and we have fulfilled our other 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 matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Independent auditor's report to the Members of the East African Development Bank (Continued)

### Report on the audit of the financial statements (Continued)

#### Key audit matters (Continued)

Expected credit losses on loans and advances to customers	
Refer to Notes 21(a)(ii), 15 and 38(b) of the financial statements	
Key audit matter	How the matter was addressed in our audit
<p>Expected credit losses (ECL) on loans and advances to customers is considered a Key Audit Matter because the directors make complex and significant judgments over both timing of recognition of impairment and the estimation of the amount of any such impairment. The loans and advances are material to the Bank as they represent 25% of its total assets.</p> <p>The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Bank's determination of expected credit losses (ECL) are:</p> <p><b>Model estimations</b></p> <p>Inherently, judgmental modelling is used to estimate ECLs which involves determining Probabilities of Default ('PD'), Loss Given Default ('LGD'), and Exposures at Default ('EAD') and ultimately the Expected Credit Loss (ECL).</p> <p><b>Economic scenarios</b></p> <p>IFRS 9 <i>Financial Instruments</i> requires the Bank to measure Expected Credit Loss (ECL) on a forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied to determining the economic scenarios used such as the expected trend of the gross domestic product, growth of credit to the private sector and expected trend of consumer price index and the probability weightings applied to them and the associated impact on ECL.</p> <p><b>Significant Increase in Credit Risk ('SICR')</b></p> <p>The criteria selected to identify a significant increase in credit risk and applying the appropriate staging is a key area of judgement within the Bank's ECL calculation as these criteria include application of quantitative factors such as days past due and qualitative factors such as financial performance, and internal and external market factors which determine whether a 12-month or lifetime expected credit loss is assessed.</p>	<p>Our audit procedures in this area included:</p> <ul style="list-style-type: none"> <li>Obtaining an understanding of the credit management processes and performing end to end process assessments to identify the controls used in the determination of ECL. This includes assessing the design and implementation and operating effectiveness of the management review controls in the ECL process.</li> <li>Selecting a sample of facilities from the Bank's loan book and evaluated whether loan facilities sampled are correctly staged/classified by comparing the credit risk information for each facility against the Bank's staging criteria for each stage.</li> <li>Evaluating the appropriateness of the SICR criteria used by assessing the qualitative factors such as the borrower's financial performance by reviewing latest financial reports submitted to the Bank and correspondences between the borrower and the Bank and quantitative factors such as days past due used in the staging process by checking the repayment history and the last repayment date.</li> <li>Obtaining a sample and evaluating key inputs and assumptions impacting ECL calculations to assess the reasonableness of economic forecasts.</li> <li>Involving our FRM specialists to assess the; <ul style="list-style-type: none"> <li>Key economic variables such as inflation, exchange rates, lending rates, total external debt stock per capita that are used to develop the forward-looking inputs;</li> <li>Loss given default by testing the accuracy of collateral values attached to the facilities sampled and agreeing the Forced Sale Values to valuation reports prepared by independent valuation experts as well as obtaining their time to realization;</li> <li>Exposure at default by assuming contractual rundown of the facilities in line with the respective contractual terms and performing a recomputation based on the outstanding loan balance and accrued interest and</li> <li>PD assumptions applied by obtaining historical registers of loans at quarterly snapshots covering twenty quarters which were agreed to the respective Management Accounts and subsequently used a script to perform a re-computation and compared the results with the final audited ECL results. ECL is calculated as a probability weighted average of the ECL under three economic scenarios, base, best and worst scenarios which were tested by our FRM team for reasonableness.</li> </ul> </li> </ul> <p>Involving our Financial Risk Management (FRM) specialists in the review of the ECL methodology including PD, LGD, EAD modelling, and the ECL computation with respect to theoretical foundation, input data and mathematical accuracy.</p>

## Independent auditor's report to the Members of the East African Development Bank (Continued)

### Report on the audit of the financial statements (Continued)

#### Key audit matters (Continued)

Expected credit losses on loans and advances to customers	
Refer to Notes 21(a)(ii), 15 and 38(b) of the financial statements	
Key audit matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> <li>Inspecting of the Forward-Looking Information model data inputs for completeness and accuracy by comparing with externally published data as well as output for bias</li> <li>Testing the model's mathematical soundness by reperformance of PD and LGD calculations and recalculating the ECL on a sample of loans.</li> <li>Challenging key assumptions made by the Bank in determining forward looking information by involving our internal financial modeling specialist to assess the completeness of the macro-economic variables considered, the relationship and correlation between the Bank's probability of default parameters and the macro-economic variables, reasonableness of the overlays made to macro-economic variables to model the economic scenarios and probability weightings made to economic scenarios.</li> <li>Assessing the adequacy of disclosures in financial statements, especially whether the disclosures appropriately disclose the key assumptions and judgements used in determining the expected credit losses in accordance with IFRS 7 Financial Instruments: Disclosures.</li> </ul>

#### Other information

The Directors are responsible for the other information. The other information comprises the information included in the East African Development Bank Financial Statements for the year ended 31 December 2024 but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report and the Integrated Annual Report 2024, which is expected to be made available to us after that date.

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

#### Directors' responsibilities for the financial statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by the Bank's Charter and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

## Independent auditor's report to the Members of the East African Development Bank (Continued)

### Report on the audit of the financial statements (Continued)

#### Auditors' responsibilities for the audit of the financial statements

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

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 Bank to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period 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 on the audit resulting in this independent auditor's report is CPA Stephen Ineget – P0401.



Certified Public Accountants  
3rd Floor, Rwenzori Courts  
Plot 2 & 4A Nakasero road  
P.O Box 3509  
Kampala, Uganda



CPA Stephen Ineget

Date: 5<sup>th</sup> June 2025



## Statement of Comprehensive Income For The Year Ended 31 December 2024

	Notes	2024 USD'000	2023 USD'000
Interest income	3	29,555	25,623
Interest expense	4	(8,921)	(6,305)
<b>Net interest income</b>		<b>20,634</b>	<b>19,318</b>
Fee and commission income	5	83	152
Other operating income	6	1,503	2,050
Other losses	7	(891)	(844)
Net fair value (losses)/gains on investment property	21	93	(292)
<b>Net operating income</b>		<b>21,422</b>	<b>20,384</b>
Net impairment losses on financial assets	15(b)	(2,872)	(1,114)
<b>Operating income after impairment charges</b>		<b>18,550</b>	<b>19,270</b>
Employee benefits expense	8	(3,493)	(3,119)
Depreciation and amortization	22,23 24	(332)	(689)
Other operating expenses	9	(3,524)	(2,410)
<b>Profit before income tax</b>	10	<b>11,201</b>	<b>13,052</b>
Income tax expense	11	-	-
<b>Profit for the year</b>		<b>11,201</b>	<b>13,052</b>
Other comprehensive income	35	-	1,224
<b>Total comprehensive income</b>		<b>11,201</b>	<b>14,276</b>
Earnings per share – basic (Expressed in USD per share)	12	631	850

The notes set out on pages 88 to 149 form an integral part of these financial statements.

## Statement Of Financial Position As At 31 December 2024

	Notes	2024 USD'000	2023 USD'000
<b>Assets</b>			
Cash at Bank	13	33,414	60,473
Placements with commercial Banks	14	308,593	241,980
Loans and advances to customers	15	128,516	114,506
Derivative financial instruments	17	296	-
Assets available for sale	18	1,361	3,370
Equity investments at fair value through profit and loss	19	1,001	649
Other assets	20	1,211	1,816
Intangible assets	23	-	-
Property and equipment	22	8,313	8,646
Right of use assets	24	232	311
Investment property	21	23,048	22,631
<b>Total assets</b>		<b>505,985</b>	<b>454,382</b>
<b>Liabilities</b>			
Other liabilities	25	12,279	4,427
Derivative financial instruments	17	-	6
Borrowings	26	130,444	112,837
Lease liabilities	27	244	306
Special funds	28	3,990	3,990
Grants	29	3,035	3,035
Capital fund	31	7,479	7,479
<b>Total liabilities</b>		<b>157,471</b>	<b>132,080</b>
<b>Capital and reserves</b>			
Share capital	30	276,845	209,710
Share premium	30	8,874	7,024
Funds waiting allotment	32	70	71
Special reserve	33	33,052	12,906
Revaluation reserves	35	10,319	10,456
Retained earnings	36	19,354	82,135
<b>Total shareholders' equity</b>		<b>348,514</b>	<b>322,302</b>
<b>Total equity and liabilities</b>		<b>505,985</b>	<b>454,382</b>

The financial statements set out on pages 83 to 149 were approved by the Board of Directors and authorised for issue by the Governing Council on 27 May 2025 and were signed on their behalf by:



Chairman – Board of Directors



Ag. Director General

The notes set out on pages 88 to 149 form an integral part of these financial statements.

## Statement Of Changes In Equity For The Year Ended 31 December 2024

	Notes	Share Capital USD '000	Share premium USD '000	Special reserves USD '000	Funds awaiting allotment USD '000	Fair value reserve USD '000	Retained earnings USD '000	Revaluation reserve USD '000	Total equity USD '000
<b>Year ended 31 December 2024</b>									
<b>At start of year</b>		209,710	7,024	12,906	71	-	82,135	10,456	322,302
<b>Comprehensive income</b>									
Profit for the year		-	-	-	-	-	11,201	-	11,201
<b>Total comprehensive income</b>									
<b>Transactions with owners</b>									
Additional capital allotted during the year	30,32	13,162	1,850	-	(15,012)	-	-	-	-
Cash received towards share capital	32	-	-	-	15,011	-	-	-	15,011
Transfer to special reserve	33	-	-	146	-	-	(146)	-	-
Transfer from the revaluation reserve	35	-	-	-	-	-	137	(137)	-
Transfer from retained earnings	33,36	53,973	-	20,000	-	-	(73,973)	-	-
		67,135	1,850	20,146	(1)	-	(73,982)	(137)	15,011
<b>At end of year</b>		<b>276,845</b>	<b>8,874</b>	<b>33,052</b>	<b>70</b>	<b>-</b>	<b>19,354</b>	<b>10,319</b>	<b>348,514</b>

The notes set out on pages 88 to 149 form an integral part of these financial statements.

## Statement Of Changes In Equity For The Year Ended 31 December 2024 (Continued)

Year ended 31 December 2023	Notes	Share Capital USD '000	Share premium USD '000	Special reserves USD '000	Funds awaiting allotment USD '000	Fair value reserve USD '000	Retained earnings USD '000	Revaluation reserve USD '000	Total equity USD '000
At start of year		205,120	6,530	12,785	69	-	69,452	9,273	303,229
<b>Comprehensive income</b>									
Profit for the year		-	-	-	-	-	13,052	-	13,052
<b>Total comprehensive income</b>							<b>13,052</b>		<b>13,052</b>
<b>Other comprehensive income</b>									
Revaluation movement on land and buildings	35	-	-	-	-	-	-	1,224	1,224
<b>Other comprehensive income</b>								<b>1,224</b>	<b>1,224</b>
<b>Transactions with owners</b>									
Additional capital allotted during the year	30,32	7,763	494	-	(8,257)	-	-	-	-
Cash received towards share capital	32	-	-	-	8,259	-	(121)	-	8,259
Transfer to special reserve	33	-	-	121	-	-	41	(41)	-
Transfer from the revaluation reserve	35	-	-	-	-	-	-	-	-
Share repurchase	30	(3,173)	-	-	-	-	-	-	(3,173)
Premium on par value	30	-	-	-	-	-	(289)	-	(289)
<b>At end of year</b>		<b>209,710</b>	<b>7,024</b>	<b>12,906</b>	<b>71</b>	<b>-</b>	<b>82,135</b>	<b>10,456</b>	<b>322,302</b>
<b>Transactions with owners</b>									

The notes set out on pages 88 to 149 form an integral part of these financial statements.

## Statement Of Cash Flows For The Year Ended 31 December 2024

	Notes	2024 USD'000	2023 USD'000
<b>Cash flows from operating activities</b>			
Interest receipts		27,968	26,238
Interest payments	26	(6,180)	(4,670)
Interest paid on lease liabilities	27	(60)	(33)
Net fee and commission receipts		-	300
Other income received		973	2,008
Payments to employees and suppliers		(7,111)	(5,824)
<b>Cash inflows from operating activities</b>		<b>15,590</b>	<b>18,019</b>
Principal loan receipts		24,995	29,242
New loan disbursements		(38,225)	(26,443)
Net other receipts from customers		233	1,193
Settlement of other liabilities		(1,090)	(317)
<b>Net cash flows generated from operating activities</b>		<b>1,503</b>	<b>21,694</b>
<b>Investing activities</b>			
Purchase of Investment property	21	(191)	(142)
Purchase of property and equipment	22	(76)	(193)
Proceeds from sale of property and equipment		-	1
Placements with commercial Banks		(14,490)	(15,855)
<b>Net cash used in investing activities</b>		<b>(14,757)</b>	<b>(16,189)</b>
<b>Financing activities</b>			
Settlement of medium- and long-term borrowings	26	(18,390)	(16,745)
Proceeds from borrowings	26	29,555	37,371
Payment of principal portion of the lease liability	27	(65)	(83)
Receipt from Member States towards share capital	32	15,011	8,259
Share repurchase	30	-	(3,462)
<b>Net cash generated from financing activities</b>		<b>26,111</b>	<b>25,340</b>
<b>Net increase in cash and cash equivalents</b>		<b>12,857</b>	<b>30,845</b>
Cash and cash equivalent at start of year	34	192,287	162,888
Effect of exchange rates on cash held		1,020	(1,446)
<b>At end of year</b>	34	<b>206,164</b>	<b>192,287</b>

The notes set out on pages 88 to 149 form an integral part of these financial statements.

## Notes to the financial statements

### 1. Reporting entity

East African Development Bank (“the Bank”) was created under the Treaty for the East African Co-operation of 1967, which was subsequently amended and re-enacted as the Treaty and Charter of the East African Development Bank (“The Charter”) in 1980 with its current membership comprising the four East African Countries of Uganda, Kenya, Tanzania and Rwanda with its head office in Kampala, Uganda. The Bank is primarily involved in development finance lending and the provision of related services as stipulated under its Charter.

The Bank’s principal office address is:

Plot 4 Nile Avenue, EADB Building

P. O. Box 7128, Kampala, Uganda

For purposes of the Bank’s Charter, the profit and loss account is represented by the statement of comprehensive income and the balance sheet is represented by the statement of financial position in these financial statements.

### 2. Material accounting policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years unless otherwise stated.

#### a. Basis of preparation

The Bank’s financial statements are prepared in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Treaty and Charter of East African Development Bank (“the Bank’s Charter”). Additional information required by the Bank’s Charter is included within the financial statements where appropriate. The financial statements are presented in the functional currency, United States Dollars (“USD”), rounded to the nearest thousand (“000”), and prepared on the historical cost basis, except where otherwise stated in the accounting policies below.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the Bank’s accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions are changed. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 37.

#### c. Changes in accounting policy and disclosures

##### (i) New and amended standards adopted by the Bank

The following new or revised standards, amendments and interpretations are effective for the year ended 31 December 2024 and have been applied in preparing these financial statements where applicable.

Standards available for early adoption	Effective date
Lease liability in a Sale and Leaseback (Amendments to IFRS 16)	01 January 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements	01 January 2024
Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants – Amendments to IAS 1 Presentation of Financial Statements	01 January 2024

Amendments to IFRS 16 Leases impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.

The amendments confirm the following.

On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.

After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019 and potentially restate those that included variable lease payments.

The amendment did not have a significant impact on the financial statements of the Bank.

## Notes to the financial statements (continued)

### 2. Material accounting policies (continued)

#### b) Changes in accounting policy and disclosures (continued)

##### (i) New and amended standards adopted by the Bank (continued)

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

The IASB’s amendments apply to supplier finance arrangements that have all of the following characteristics.

- A finance provider pays amounts a company (the buyer) owes its suppliers.
- A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
- The company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

The amendments do not apply to arrangements for financing receivables or inventory.

The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company’s liabilities and cash flows, and the company’s exposure to liquidity risk.

Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement.

The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.

Companies need to start collating additional information to meet the new disclosure requirements because some of the information may not always be readily available – i.e. the carrying amount of financial liabilities for which suppliers have already received payment from finance providers. Companies may need to obtain this information from their finance providers directly.

The IASB expects that finance providers will generally be able to make this information available, at least on an aggregated and anonymized basis – e.g. where restrictions may exist.

The amendments did not have significant impact on the financial statements of the Bank.

Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants – Amendments to IAS 1 Presentation of Financial Statements

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The International Accounting Standards Board (IASB) has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.

Similar to existing requirements in IAS 1, the classification of liabilities is unaffected by management’s intentions or expectations about whether the company will exercise its right to defer settlement or will choose to settle early.

A company will classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement.

The amendments also clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.

When a liability includes a counterparty conversion option that involves a transfer of the company’s own equity instruments, the conversion option is recognised as either equity or a liability separately from the host liability under IAS 32 Financial Instruments: Presentation. The IASB has now clarified that when a company classifies the host liability as current or non-current, it can ignore only those conversion options that are recognised as equity.

The amendment did not have a significant impact on the financial statements of the Bank.

## Notes to the financial statements (continued)

### 2. Principal accounting policies (continued)

#### b. Changes in accounting policy and disclosures (continued)

##### (ii) New and amended standards and interpretations issued but not yet effective

The following new IFRS Accounting Standards together with their Interpretations had been published at the date of preparation of the accompanying Financial Statements but are not mandatory as of December 31, 2024. Although in some cases the International Accounting Standards Board ("IASB") allows early adoption before their effective date, the Bank has not proceeded with this option for any such new standards.

Standards available for early adoption	Effective date
Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	01 January 2025
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i>	01 January 2026
Annual Improvements to IFRS Accounting Standards – Amendments to: <ul style="list-style-type: none"> <li>IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>;</li> <li>IFRS 7 <i>Financial Instruments: Disclosures</i> and its accompanying <i>Guidance on implementing IFRS 7</i>;</li> <li>IFRS 9 <i>Financial Instruments</i>;</li> <li>IFRS 10 <i>Consolidated Financial Statements</i>; and</li> <li>IAS 7 <i>Statement of Cash flows</i></li> </ul>	01 January 2026
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	01 January 2026
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	01 January 2027
IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	01 January 2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 <i>Available for optional adoption/ effective date deferred indefinitely. Early adoption continues to be permitted</i>	To be determined

#### Exchange Rates

Under IAS 21 The Effects of Changes in Foreign Exchange Rates, a company uses a spot exchange rate when translating a foreign currency transaction.

However, in rare cases, it is possible that one currency cannot be exchanged into another. This lack of exchangeability might arise when a government imposes controls on capital imports and exports, for example, or when it provides an official exchange rate but limits the volume of foreign currency transactions that can be undertaken at that rate. Consequently, market participants are unable to buy and sell currency to meet their needs at the official exchange rate and turn instead to unofficial, parallel markets.

Although few jurisdictions are affected by this, it can have a significant accounting impact for those companies affected.

In August 2023, the International Accounting Standards Board (IASB) amended IAS 21 to clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The amendment is not expected to have a significant impact on the financial statements of the Bank.

## Notes to the financial statements (continued)

### 2. Principal accounting policies (continued)

#### b. Changes in accounting policy and disclosures (continued)

##### (ii) New and amended standards and interpretations issued but not yet effective

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*

Over the past few years, questions have arisen regarding how to classify some financial assets with ESG-linked features – e.g. a loan with a reduction in its interest rate if a specified ESG target is met by the borrower – under existing requirements. As the global market for these financial assets is growing rapidly, there has been an urgent need for clarification on how such features should be analysed.

The International Accounting Standards Board (IASB) has now amended IFRS 9 *Financial Instruments* following its post-implementation review (PIR) of the classification and measurement requirements. The amendments include guidance on the classification of financial assets, including those with contingent features.

The IASB has also amended IFRS 7 *Financial Instruments: Disclosures*. Companies will now be required to provide additional disclosures on financial assets and financial liabilities that have certain contingent features.

The question of when to recognise or derecognise a trade receivable or payable seems relatively simple on the surface. However, it has generated a significant amount of debate because there is diversity in practice for both the receivable and payable sides of the transaction.

Companies that recognise or derecognise financial assets or financial liabilities on the payment initiation date could see a change to their accounting following amendments to IFRS 9 *Financial Instruments* issued by the International Accounting Standards Board (IASB).

However, companies may be permitted to derecognise financial liabilities settled by an electronic payment system earlier than their settlement date, subject to certain criteria being met.

The amendment is not expected to have a significant impact on the financial statements of the Bank.

**Annual Improvements to IFRS Accounting Standards – Amendments to: IFRS 1 *First-time Adoption of International Financial Reporting Standards*; IFRS 7 *Financial Instruments: Disclosures* and its accompanying *Guidance on implementing IFRS 7*; IFRS 9 *Financial Instruments*; IFRS 10 *Consolidated Financial Statements*; and IAS 7 *Statement of Cash flows***

The IASB's amendments remove the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured.

Under IFRS 15, a trade receivable may be recognised at an amount that differs from the transaction price – e.g. when the transaction price is variable. Conversely, IFRS 9 requires that companies initially measure trade receivables without a significant financing component at the transaction price.

The IASB has amended IFRS 9 to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15.

If a lease liability is derecognised, then the derecognition is accounted for under IFRS 9. However, when a lease liability is modified, the modification is accounted for under IFRS 16 *Leases*.

The IASB's amendment states that when lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit or loss. However, the amendment does not address how to distinguish between derecognition and modification of a lease liability. The IASB has indicated that it may consider this issue as part of a future project.

The amendment is not expected to have a significant impact on the financial statements of the Bank.

#### Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

Companies face challenges in applying IFRS 9 *Financial Instruments* to contracts referencing nature-dependent electricity – sometimes referred to as renewable power purchase agreements (PPAs). The International Accounting Standards Board (IASB) has now amended IFRS 9 to address these challenges. The amendments include guidance on:

- the 'own-use' exemption for purchasers of electricity under such PPAs; and
- hedge accounting requirements for companies that hedge their purchases or sales of electricity using PPAs.

The IASB has also added new disclosure requirements for certain PPAs to IFRS 7 *Financial Instruments: Disclosures* and IFRS 19 *Subsidiaries without Public Accountability: Disclosures*.

The amendment is not expected to have a significant impact on the financial statements of the Bank.

## Notes to the financial statements (continued)

### 2. Principal accounting policies (continued)

#### b. Changes in accounting policy and disclosures (continued)

##### (ii) New and amended standards and interpretations issued but not yet effective

##### IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will have an effect on the Bank, bringing significant changes to how it presents the income statement and what information to disclose. The Bank is required to report the newly defined 'operating profit' subtotal which is an important measure for investors' understanding of the Bank's operating results i.e., investing and financing results are specifically excluded. This means that the results of equity accounted investees are no longer part of operating profit and are presented in the 'investing' category. It also requires the Bank to analyse their operating expenses directly on the face of the income statement either by nature, by function or on a mixed basis. Under the new standard, the Bank needs to choose the presentation method that provides the 'most useful structured summary' of those expenses. If any items are presented by function on the face of the income statement, then a company provides more detailed disclosures about their nature.

To provide investors with better insight into financial performance, the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether material information is included in the primary financial statements or is further disaggregated in the notes.

The amendment is expected to have a significant impact on the financial statements of the Bank.

##### IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19.

A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date:

- it does not have public accountability; and
- its parent produces consolidated financial statements under IFRS Accounting Standards.

A subsidiary applying IFRS 19 is required to clearly state in its explicit and unreserved statement of compliance with IFRS Accounting Standards that IFRS 19 has been adopted.

Eligible subsidiaries can choose to apply the standard for reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

The amendment is not expected to have a significant impact on the financial statements of the Bank.

#### c. Functional and presentation currency

Items included in the Bank's financial statements are measured using the currency of the primary economic environment in which the Bank operates ('the functional currency'). These financial statements are presented in United States Dollars (USD), which is the Bank's functional currency. Except as indicated, the financial information has been rounded off to the nearest thousand.

Assets and liabilities expressed in various currencies are translated into US Dollars at rates of exchange ruling at the statement of financial position date. Transactions during the year are converted at exchange rates ruling at the transaction date. The resulting differences from the conversion and translation of all transactions and balances are dealt with in the statement of profit or loss in the period in which they arise.

#### d. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Bank's Board of Directors.

#### e. Revenue recognition

##### (i) Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' or 'interest expense' respectively in the statement of profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

## Notes to the financial statements (continued)

### 2. Principal accounting policies (continued)

#### e. Revenue recognition (continued)

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest income and expense presented in the statement of profit or loss includes interest on financial assets and liabilities at amortised cost on an effective interest rate basis.

##### (ii) Fees and commission income

Fees and commission income that are integral to the effective interest rate on a financial asset or liability are included in the measurement of effective interest rate and are recognised over time as the related services are performed.

Other fees and commission income including account servicing fees are recognized at a point in time as the contractual service is performed per requirement of IFRS 15, Revenue from contracts with customers.

##### (iii) Dividend income

Dividend income is recognised when the right to receive dividends is established.

#### f. Property and equipment

Property and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Property and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

##### Revaluation surplus

In accordance with IAS 16, the nature of revaluation surplus results from valuation of assets with significant changes in fair value. The fair value of land and buildings is usually determined from market-based evidence by appraisal that is done by professionally qualified valuers after every three to five years.

Changes in fair value are recognized in other comprehensive income and accumulated in equity under revaluation surplus.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Management and Directors review the residual value and useful life of an asset at the year end and any change considered to be appropriate in accounting estimate is recorded through the statement of comprehensive income.

Depreciation is calculated to write off the cost of the property and equipment on a straight-line basis over the expected useful lives of the assets concerned. The rates for depreciation used are as follows:

## Notes to the financial statements (continued)

### 2. Principal accounting policies (continued)

#### f. Property and equipment (continued)

Buildings	5%
Motor vehicles	25%
Office equipment	10% - 25%
Furniture	12.5%

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining the result for the year.

#### g. Intangible assets

Computer software costs which are clearly identifiable and controlled by the Bank and have probable benefits exceeding the costs beyond one year are recognised as an intangible asset. Intangible assets are stated at cost net of accumulated amortization and impairment losses.

Subsequent expenditure on software is capitalized only when it increases the future economic benefits embodied in specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization is recognized in statement of profit or loss on a straight-line basis over an estimated useful life of software from the date that it is available for users. The estimated useful life of the software is four years.

#### h. Capital work-in-progress

Assets in the course of construction (capital work-in-progress) are not depreciated. Upon completion of the project the accumulated cost is transferred to an appropriate asset category where it is depreciated according to the policy.

#### i. Financial assets and liabilities

##### Measurement methods

Amortized cost and effective interest rate

##### (a) Financial Assets

##### (i) Classification and subsequent measurement

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

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e., its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. At initial recognition, the Bank measures 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 incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions.

Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognized for financial assets measured at amortized cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognized in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the Bank recognises the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- In all other cases, the difference is deferred, and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

## Notes to the financial statements (continued)

### 2. Principal accounting policies (continued)

#### f. Financial assets and liabilities (continued)

##### (a) Financial Assets (continued)

Classification and subsequent measurement (continued) The Bank applies IFRS 9 and classifies its financial assets in the following measurement categories:

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

The classification requirements for debt and equity instruments are described below:

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

- The Bank's business model for managing the asset; and
- The cash flow characteristics of the asset.

##### Debt instruments

Based on these factors, the Bank classifies its debt instruments into one of the following three measurement categories:

- Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.
- Fair value through other comprehensive income (FVOCI):** Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through Other Comprehensive Income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in profit or loss.
- When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in 'Net Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.
- Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the profit or loss statement within 'Net trading income' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Net investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

**Business model:** the business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Factors considered by the Bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

An example is the liquidity portfolio of assets, which is held by the Bank as part of liquidity management and is generally classified within the hold to collect and sell business model.

Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

**SPPI:** Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

## Notes to the financial statements (continued)

### 2. Principal accounting policies (continued)

#### i. Financial assets and liabilities (continued)

##### (a) Financial Assets (continued)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Bank reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

##### Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares. The Bank subsequently measures all equity investments at fair value through profit or loss, except where the Bank management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income.

The Bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.

Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Bank's right to receive payments is established. Gains and losses on equity investments at FVPL are included in the other losses line in the statement of comprehensive income.

#### ii) Impairment

The Bank assesses on a forward-looking basis the expected credit losses associated with its debt instrument assets carried at amortized cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Bank recognizes a loss allowance for such losses at each reporting date. The measurement of expected credit loss (ECL) reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

##### Significant Increase in Credit Risk (SICR)

At each reporting date, the Bank performs both qualitative and quantitative assessments whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition.

(ii) Impairment The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors.

- The common assessments for SICR are largely determined by the macroeconomic outlook, management judgement, and delinquency and monitoring.
- Quantitative models may not always be able to capture all reasonable and supportable information that may indicate a significant increase in credit risk. Qualitative factors may be assessed to supplement the gap. Examples of situations include a significant departure from the primary source of repayment, changes in adjudication criteria for a particular group of borrowers; changes in portfolio composition; and legislative changes impacting certain portfolios.

#### (iii) Modification of loans

As a long-term lender, it is not unusual for the Bank to renegotiate or otherwise modify the contractual cash flows of loans to customers. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms.

## Notes to the financial statements (continued)

### 2. Principal accounting policies (continued)

#### i. Financial assets and liabilities (continued)

##### (b) Financial liabilities (continued)

#### ii) Derecognition (continued)

iii) **Modification of loans (continued)** The Bank does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Bank derecognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred.

However, the Bank also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognized in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss.

Financial assets, or a portion thereof, are de-recognized when the contractual rights to receive the cash flows from the assets have expired, or when the Bank assesses that the possibility for such cash flow is remote especially when a loan remains in non-performing category for long period without being turned around successfully.

In most cases the Bank continues to follow up for repayments and when cashflows can be ascertained with reasonable degree of certainty then recognition of the expected cashflow is included in the financial statements. In other cases, recognition is made when actual collection happens.

#### (b) Financial liabilities

##### i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except loan commitments.

##### ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Bank and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

## Notes to the financial statements (continued)

### 2. Principal accounting policies (continued)

#### j. Derivative instruments

The Bank uses derivative instruments in its portfolios for asset/liability management, and risk management. These instruments are mainly cross-currency swaps and interest rate swaps. The derivatives are used to manage exposure to currency risk which arises when the Bank issues loans in the local currencies of Member States out of predominantly USD denominated borrowings. The interest component of the derivatives is reported as part of interest income and expense.

The Bank classifies all derivatives as held-for-trading and these are measured at fair value, with all changes in fair value recognised in profit or loss.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss. Where material, such derivatives are separated from the host contract and measured at fair value with unrealised gains and losses reported in profit or loss.

#### k. Impairment of non-financial assets

The carrying amounts of the Bank's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such a condition exists, the assets' recoverable amount is estimated, and an impairment loss recognised in the statement of comprehensive income whenever the carrying amount of an asset exceeds the recoverable amount.

#### l. Fiduciary assets

Assets held in a fiduciary capacity are not treated as assets of the Bank in the statement of financial position.

#### m. Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in IFRS 16.

#### i. Bank acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Bank allocates consideration in the contract to each lease component on the basis of its relative standalone price. However, for leases of branches and office premises the Bank has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component. The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate. The Bank determines its incremental borrowing rate by analyzing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

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

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Short-term leases and leases of low-value assets

The Bank has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## Notes to the financial statements (continued)

### 2. Principal accounting policies (continued)

#### m. Leases (continued)

#### ii. Bank acting as a lessor

At inception or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices. When the Bank acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease. To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Bank applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Bank further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

#### n. Offsetting

Financial assets and liabilities are only offset and the net amount reported in the statement of financial position where there is a legally enforceable right to set off the recognised amounts and the Bank intends to either settle on a net basis or realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis when permitted by the accounting standard or for gains and losses arising from a group of similar transactions. During the year there was no offsetting transaction (2023: Nil).

#### o. Provisions

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where the Bank expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

#### i) Retirement obligations

The Bank operates a defined contribution retirement benefit scheme to which employees contribute 10% of their basic salary and the Bank contributes 10%, 12.5% or 15% of the employees' basic salary depending on his/her length of service. The Bank complies with Member States regulations with respect to social security contributions where applicable. A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation. The Bank's contributions to the scheme are charged to the statement of profit or loss in the year in which they are made. Costs relating to early retirement are charged to the statement of profit or loss in the year in which they are incurred.

#### ii) Service gratuity

The Director General is entitled to contract gratuity equivalent to 20% of the annual gross salary. Gratuity is accounted for on an accruals basis. An accrual for the amount payable is made each year and is charged to the statement of profit or loss.

#### iii) Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

#### p. Investment properties

Properties held for long-term rental yields that are not occupied by the Bank are classified as investment properties.

Certain properties of the Bank consist of a portion that is held for rental and a portion used for administrative purposes or occupied by Bank staff. In respect to such properties, portions that are held for rental yields or capital appreciation and can be leased or sold separately have been accounted for as investment property.

The properties held purely for rental yields have been classified under investment property. The investment properties are recognised at fair value. When the use of property changes from owner occupied to investment property, the property is re-measured at fair value and reclassified as investment property. Any gain arising on revaluation is recognised through other comprehensive income. Any loss arising on revaluation is recognised through the surplus or deficit.

## Notes to the financial statements (continued)

### 2. Principal accounting policies (continued)

#### q. Grants

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. When the grant relates to an expense item, (revenue grant) it is recognised as income over periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, (capital grant) it is recognised in the statement of comprehensive income on a systematic basis over the expected useful life of the relevant asset.

#### r. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise of cash with Banks held as demand and time deposits with original maturities of less than 90 days.

#### s. Contingent liabilities – Financial guarantees and loan commitments

Letters of credit acceptances and guarantees are accounted for as Off-Balance Sheet items and described as contingent liabilities. Financial guarantee contracts require the issuer to make pre-agreed payments to reimburse the holder for loss incurred because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Such financial guarantees are given to Banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other Banking facilities.

Financial guarantees are initially measured at fair value and subsequently measured at the higher of:

- The amount of loss allowance; and
- The premium received on initial recognitions less income recognized in accordance with the principles of IFRS 15.

Loan commitments provided by the Bank are measured as the amount of the loss allowance assuming the customer draws on the loan. However, the drawdown from the loans commitments is subject to fulfilments of conditions agreed in the loan contract and therefore the provision takes into account such conditions.

#### t. Taxation

In accordance with Article 49 of the Bank's Charter, the Bank, its property, other assets, income and its operations and transactions are exempt from all taxation and custom duties within member countries.

#### u. Dividends

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

#### v. Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The classifications have had an impact on the respective comparative balances in the statement of comprehensive income, statement of financial position and the statement of cashflows respectively.

#### w. Share capital

Class A and Class B Ordinary shares are classified as 'share capital' within equity. Any premium received over and above the par value of the shares is classified as 'share premium' under equity.

Class A shareholders do not have option to exit the Bank. However, the Charter provide basis under which class B shareholders may exit or sale their shares. The sale of Class B shares is accounted for as a share repurchase.

#### x. Capital reserves

The Capital reserves include:

- Funds awaiting allotment, representing unallocated contributions designated for share capital;
- A revaluation reserve, arising from the periodic revaluation of the Bank's property; and
- A special reserve, this is non-distributable and is maintained to enable the Bank to meet liabilities on borrowings or guarantees, as provided under Article 18 of the Bank's Charter.

## Notes to the financial statements (continued)

### 3. Interest income

	2024	2023
	USD '000	USD '000
Interest income on loans to projects	13,114	11,729
Interest income on lease receivables	12	21
Interest income on deposits with other Banks	16,352	13,873
Interest income from derivatives	77	-
	<b>29,555</b>	<b>25,623</b>

All interest income is calculated using the effective interest income method.

### 4. Interest expense

	2024	2023
	USD '000	USD '000
Interest expense on borrowings	7,373	4,874
Interest expense on lines of credit	1,259	1,431
Interest expense on derivatives	289	-
	<b>8,921</b>	<b>6,305</b>

All interest expense is calculated using the effective interest income method.

### 5. Fee and commission income

	2024	2023
	USD '000	USD '000
Management Fees	83	126
Other fees and commission income	-	26
	<b>83</b>	<b>152</b>

Performance obligations and revenue recognition policies

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Bank recognises revenue when it transfers control over a service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Management fees	Management fees comprises fees paid by customers to cater for monitoring costs incurred by the Bank in relation to their accounts. These fees are paid as a percentage of the amount outstanding on the loan.	Management fees is recognised over time as the Bank monitors the loan.
Other fees and commission income	Other Fees and Commission Income is comprised of income earned in the form of restructuring fees, early loan repayment penalties, and others	Other fees and Commission income is recognised when the contractual terms are triggered for example when a customer's loan is restructured or prepaid.

## Notes to the financial statements (continued)

### 6. Other operating income

	2024	2023
	USD '000	USD '000
Rental income	530	498
Dividend income	11	15
Recovery of previously written off loans	847	1,387
Profit on Sale of Fixed Assets	-	1
Write back of other liabilities	115	149
	<b>1,503</b>	<b>2,050</b>

### 7. Other losses

	2024	2023
	USD '000	USD '000
Net foreign exchange losses	(1,565)	(838)
Net fair value gain on equity investments at fair value (Note 19)	276	-
Net fair value gain/(loss) on derivative instruments (Note 17)	398	(6)
	<b>(891)</b>	<b>(844)</b>

### 8. Employee benefits expense

	2024	2023
	USD '000	USD '000
Salaries and wages	2,176	2,038
Pension and gratuity (Note 39)	314	310
Other staff costs	1,003	771
	<b>3,493</b>	<b>3,119</b>

### 9. Other operating expenses

	2024	2023
	USD '000	USD '000
Staff duty travel	187	176
Directors' expenses	162	119
Insurance	255	263
Advertising and publicity	293	159
Legal fees	893	487
Computer software expenses	152	138
Internal audit costs	43	29
Statutory audit fees	75	64
Consultancy fees	326	299
Project insurance	305	-
Utilities	59	65
Communication costs	124	99
Establishments expenses	422	358
Subscription to professional bodies	19	18
Other administrative expenses	209	136
	<b>3,524</b>	<b>2,410</b>

## Notes to the financial statements (continued)

### 9. Other operating expenses (continued)

Other administrative expenses include printing, stationery, swift and Bank charges, Bank membership subscriptions, etc.

### 10. Profit before income tax

	2024	2023
	USD '000	USD '000
Profit before income tax	11,201	13,052
Profit before income tax is stated after charging the following expenses by their nature:		
Directors' emoluments:		
- Fees and allowances	58	38
- Other Board expenses	37	49
Depreciation on property and equipment (note 22)	253	605
Depreciation of right-of-use asset (note 24)	79	84
Amortization of intangible assets (note 23)	-	-
Impairment losses charged on financial assets (note 15b)	2,872	1,114
Employee benefits expense (Note 8)	3,493	3,119
Auditor's remuneration	75	64
Operating expenses (note 9)	3,524	2,410

### 11. Taxation

In accordance with Article 49 of the Bank's Charter, the Bank, its property, other assets, income and its operations and transactions are exempt from all taxation and custom duties within Member States.

### 12. Earnings per share – basic and diluted

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares for the number of shares not yet issued but for which payments have been received by the Bank.

	2024	2023
	USD	USD
Net profit attributable to ordinary shareholders	11,201,000	13,052,000
Weighted average number of ordinary shares in issue and paid up during the year	17,763	15,348
<b>Basic earnings per share</b>	<b>631</b>	<b>850</b>
<b>Diluted Earnings per share</b>		
Dilutive number of ordinary shares	5	5
Total issued and dilutive shares	17,768	15,353
<b>Diluted earnings per share</b>	<b>630</b>	<b>850</b>

Dilutive shares represent the number of shares generated from the balance of funds awaiting allotment (Note 32).

## Notes to the financial statements (continued)

### 13. Cash at Bank

	2024	2023
	USD '000	USD '000
Cash at Bank	33,414	60,473

### 14. Placements with commercial Banks

	2024	2023
	USD '000	USD '000
<b>Placements with Banks in Member States</b>		
Principal	40,202	64,136
Interest receivable	487	549
<b>Placements with other Banks</b>		
Principal	265,282	176,053
Interest receivable	2,622	1,242
	<b>308,593</b>	<b>241,980</b>
The above amount is analyzed as follows:		
Amounts due within 3 months of date of acquisition	172,750	131,813
Amounts due after 3 months of date of acquisition	135,843	110,167
	<b>308,593</b>	<b>241,980</b>

The weighted average effective interest rate on deposits due from Banks was 4.94% (2023: 5.41%).

### 15. Loans and advances to customers

	2024	2023
	USD '000	USD '000
<b>Loans to projects (Gross)</b>		
Principal	129,087	114,977
Interest receivable	2,224	1,955
Deferred fee income from disbursed loans	(655)	(508)
<b>Gross loans</b>	<b>130,656</b>	<b>116,424</b>
Gross loans and leases receivable comprise the following:		
Loans to projects	130,563	116,189
Finance lease receivables	93	235
<b>Total gross loans and receivables</b>	<b>130,656</b>	<b>116,424</b>
Impairment losses on loans and advances (Note 15a)	(2,140)	(1,918)
<b>Net carrying amounts</b>	<b>128,516</b>	<b>114,506</b>
<b>Maturity analysis of loans</b>		
Loans maturing within one year	40,852	40,499
Loans maturing after one year but within five years	109,841	94,029
Loans maturing after five years	13,626	15,818
	<b>164,319</b>	<b>150,346</b>

## Notes to the financial statements (continued)

### 15. Loans and advances to customers (continued)

a) The table below is an analysis of the movement in the provision for impairment of loans and advances.

	2024	2023
	USD '000	USD '000
Loss allowance at end of year	2,140	1,918
Less: provisions at start of the year as above	(1,918)	(8,553)
Increase in provision for expected credit losses	<b>222</b>	<b>(6,635)</b>
Direct write-offs	2,561	7,663
<b>Total charge for the year</b>	<b>2,783</b>	<b>1,028</b>
<b>Distribution of loans and receivables by sector</b>		
Agro, marine and food processing	13%	10%
Construction companies, building materials and real estate	2%	8%
Financial Institutions	25%	24%
Education, health and other community services	1%	13%
Transport and storage	55%	38%
Electricity and water	2%	6%
Hotels, tourism, leisure and entertainment	2%	1%
	<b>100%</b>	<b>100%</b>

b) Expected credit losses on financial assets

	2024	2023
	USD '000	USD '000
<b>Impairment losses charged to profit or loss</b>		
Impairment on loans and advances to customers (Note 15 a)	2,783	1,028
Impairment on other financial assets (Note 20)	89	86
	<b>2,872</b>	<b>1,114</b>

### 16. Segment information

Management has determined the operating segments based on information reviewed by the Board of Directors for the purpose of allocating resources and assessing performance. The Board of Directors considers the business from both a geographic and product perspective. Geographically, the Board considers the performance in Kenya, Uganda, Tanzania and Rwanda. The reportable operating segments derive their revenue primarily from lending to foster development through various products such as project loans, leases and equity. The Board assesses the performance of the operating segments based on a measure of gross loans and advances to customers, portfolio quality, approvals, disbursements and profit. The measure excludes the effects of unrealised gains or losses on financial instruments. Interest expenditure is allocated to segments based on agreed formula reflecting total funds deployed. The segment information provided to the Board of Directors for the reportable segments for the year ended 31 December 2024 and 2023 respectively is as follows:

## Notes to the financial statements (continued)

### 16. Segment information (continued)

Year ended 31 December 2024

Loan exposure by country	Gross Balances USD'000	%	Net Balances USD'000	%
<b>Country</b>				
Uganda	39,495	30%	38,133	30%
Kenya	8,048	6%	7,982	6%
Tanzania	78,013	60%	77,311	60%
Rwanda	5,100	4%	5,090	4%
<b>Total</b>	<b>130,656</b>	<b>100%</b>	<b>128,516</b>	<b>100%</b>
<b>Exposure by product</b>				
Long term loans	114,831	88%	112,732	88%
Medium term loans	10,659	8%	10,618	8%
Short term loans	5,166	4%	5,166	4%
<b>Total</b>	<b>130,656</b>	<b>100%</b>	<b>128,516</b>	<b>100%</b>

Year ended 31 December 2023

Loan exposure by country	Gross Balances USD'000	%	Net Balances USD'000	%
<b>Country</b>				
Uganda	33,037	28%	32,360	28%
Kenya	7,158	6%	7,011	6%
Tanzania	72,839	63%	71,751	63%
Rwanda	3,390	3%	3,384	3%
<b>Total</b>	<b>116,424</b>	<b>100%</b>	<b>114,506</b>	<b>100%</b>
<b>Exposure by product</b>				
Long term loans	106,132	91.2%	104,239	91.0%
Medium term loans	5,125	4.4%	5,104	4.5%
Short term loans	5,167	4.4%	5,163	4.5%
<b>Total</b>	<b>116,424</b>	<b>100%</b>	<b>114,506</b>	<b>100%</b>

Year ended 31 December 2024

Country	Performing portfolio USD'000	%	Non performing portfolio USD'000	%	Totals USD'000
<b>Portfolio quality (Gross)</b>					
Uganda	38,338	29.3%	1,157	0.9%	39,495
Kenya	8,048	6.2%	-	0.0%	8,048
Tanzania	78,013	59.7%	-	0.0%	78,013
Rwanda	5,100	3.9%	-	0.0%	5,100
<b>Totals</b>	<b>129,499</b>	<b>99.1%</b>	<b>1,157</b>	<b>0.9%</b>	<b>130,656</b>
<b>Portfolio quality (Net)</b>					
<b>Country</b>					
Uganda	38,031	29.6%	102	0.1%	38,133
Kenya	7,982	6.2%	-	0.0%	7,982
Tanzania	77,311	60.1%	-	0.0%	77,311
Rwanda	5,090	4.0%	-	0.0%	5,090
<b>Totals</b>	<b>128,414</b>	<b>99.9%</b>	<b>102</b>	<b>0.1%</b>	<b>128,516</b>

## Notes to the financial statements (continued)

### 16. Segment information (continued)

Year ended 31 December 2023

Country	Performing portfolio USD'000	%	Non-performing portfolio USD'000	%	Total USD'000
<b>Portfolio quality (Gross)</b>					
Uganda	32,011	27.5%	1,026	0.9%	33,037
Kenya	7,158	6.1%	-	-	7,158
Tanzania	72,839	62.6%	-	-	72,839
Rwanda	3,390	2.9%	-	-	3,390
<b>Totals</b>	<b>115,398</b>	<b>99.1%</b>	<b>1,026</b>	<b>0.9%</b>	<b>116,424</b>
<b>Portfolio quality (Net)</b>					
<b>Country</b>					
Uganda	31,518	27.5%	842	0.7%	32,360
Kenya	7,011	6.1%	-	-	7,011
Tanzania	71,751	62.7%	-	-	71,751
Rwanda	3,384	3.0%	-	-	3,384
<b>Totals</b>	<b>113,664</b>	<b>99.3%</b>	<b>842</b>	<b>0.7%</b>	<b>114,506</b>

Approvals and disbursements

	Approvals		Disbursements	
	USD'000	USD'000	USD'000	USD'000
<b>By country</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Uganda	10,498	9,291	11,345	5,648
Kenya	-	7,556	1,932	-
Tanzania	79,806	20,000	20,000	20,000
Rwanda	20,746	3,178	4,948	795
	<b>111,050</b>	<b>40,025</b>	<b>38,225</b>	<b>26,443</b>
<b>By product</b>				
Loans	111,050	40,025	38,225	26,443
Leases	-	-	-	-
	<b>111,050</b>	<b>40,025</b>	<b>38,225</b>	<b>26,443</b>

## Notes to the financial statements (continued)

### 16 Segment information (continued) Segment statement of profit or loss for year ended December 2024

	Uganda USD'000	Kenya USD'000	Tanzania USD'000	Rwanda USD'000	Head Office USD'000	Total USD'000
Interest income	4,917	5,330	6,053	2,210	11,045	29,555
Interest expense	(2,401)	(828)	(2,582)	(289)	(2,821)	(8,921)
<b>Net interest income</b>	<b>2,516</b>	<b>4,502</b>	<b>3,471</b>	<b>1,921</b>	<b>8,224</b>	<b>20,634</b>
Fee and commission income	39	18	15	11	-	83
Other operating income	88	492	923	-	-	1,503
Other gains/(losses)	266	(1,420)	276	34	(47)	(891)
Net fair value gain/(loss) investment property	-	-	1,035	-	(942)	93
<b>Net operating income</b>	<b>2,909</b>	<b>3,592</b>	<b>5,720</b>	<b>1,966</b>	<b>7,235</b>	<b>21,422</b>
Net impairment losses on financial assets	(590)	(2,655)	377	(4)	-	(2,872)
<b>Operating income after impairment charges</b>	<b>2,319</b>	<b>937</b>	<b>6,097</b>	<b>1,962</b>	<b>7,235</b>	<b>18,550</b>
Employee benefits expense	(349)	(349)	(349)	(176)	(2,270)	(3,493)
Depreciation and amortization	-	(27)	(9)	(25)	(271)	(332)
Other operating expenses	(586)	(636)	(722)	(263)	(1,317)	(3,524)
<b>Profit before income tax</b>	<b>1,384</b>	<b>(75)</b>	<b>5,017</b>	<b>1,498</b>	<b>3,377</b>	<b>11,201</b>
Income tax expense	-	-	-	-	-	-
<b>Profit for the year</b>	<b>1,384</b>	<b>(75)</b>	<b>5,017</b>	<b>1,498</b>	<b>3,377</b>	<b>11,201</b>
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>1,384</b>	<b>(75)</b>	<b>5,017</b>	<b>1,498</b>	<b>3,377</b>	<b>11,201</b>

## Notes to the financial statements (continued)

### 16 Segment information (continued) Segment statement of profit or loss for year ended December 2023

	Uganda USD'000	Kenya USD'000	Tanzania USD'000	Rwanda USD'000	Head Office USD'000	Total USD'000
Interest income	2,810	1,732	6,906	291	13,884	25,623
Interest expense	(1,046)	(160)	(2,374)	(111)	(2,614)	(6,305)
<b>Net interest income</b>	<b>1,764</b>	<b>1,572</b>	<b>4,532</b>	<b>180</b>	<b>11,270</b>	<b>19,318</b>
Fee and commission income	71	33	27	21	-	152
Other operating income	3	1,487	3	26	531	2,050
Other gains/(losses)	(21)	(3,847)	109	32	2,883	(844)
Net fair value gain/(loss) investment property	(102)	-	(190)	-	-	(292)
<b>Net operating income</b>	<b>1,715</b>	<b>(755)</b>	<b>4,481</b>	<b>259</b>	<b>14,684</b>	<b>20,384</b>
Net impairment losses on financial assets	(38)	(1,067)	(20)	11	-	(1,114)
<b>Operating income after impairment charges</b>	<b>1,677</b>	<b>(1,822)</b>	<b>4,461</b>	<b>270</b>	<b>14,684</b>	<b>19,270</b>
Employee benefits expense	(312)	(312)	(312)	(156)	(2,027)	(3,119)
Depreciation and amortization	-	(46)	(19)	(52)	(572)	(689)
Other operating expenses	(498)	(420)	(498)	(249)	(745)	(2,410)
<b>Profit before income tax</b>	<b>867</b>	<b>(2,600)</b>	<b>3,632</b>	<b>(187)</b>	<b>11,340</b>	<b>13,052</b>
Income tax expense	-	-	-	-	-	-
<b>Profit for the year</b>	<b>867</b>	<b>(2,600)</b>	<b>3,632</b>	<b>(187)</b>	<b>11,340</b>	<b>13,052</b>
Other comprehensive income	551	61	122	-	490	1,224
<b>Total comprehensive income</b>	<b>1,418</b>	<b>(2,539)</b>	<b>3,754</b>	<b>(187)</b>	<b>11,830</b>	<b>14,276</b>

# Notes to the financial statements (continued)

16 Segment information (continued)  
Segment statement of financial position for year ended December 2024

	Uganda USD'000	Kenya USD'000	Tanzania USD'000	Rwanda USD'000	Head office USD'000	Total USD'000
<b>Assets</b>						
Cash at Bank	16,616	8,447	4,363	531	3,457	33,414
Placements	-	-	-	-	308,593	308,593
Loans and lease receivables	38,133	7,982	77,311	5,090	-	128,516
Assets available for sale	-	1,361	-	-	-	1,361
Equity investments	-	116	885	-	-	1,001
Other assets	132	-	10	25	1,044	1,211
Derivative financial instrument	-	-	126	170	-	296
Investment Property	13,720	998	4,153	-	4,177	23,048
Property and equipment	2,514	293	483	184	4,839	8,313
Right of Use Asset	-	78	-	154	-	232
<b>Total assets</b>	<b>71,115</b>	<b>19,275</b>	<b>87,331</b>	<b>6,154</b>	<b>322,110</b>	<b>505,985</b>
<b>Liabilities</b>						
Other liabilities	422	389	8,362	304	2,802	12,279
Borrowings	-	-	-	-	130,444	130,444
Lease liabilities	-	89	-	155	-	244
Special funds	-	-	-	-	3,990	3,990
Grants	-	-	150	-	2,885	3,035
Capital fund	-	-	-	-	7,479	7,479
<b>Total liabilities</b>	<b>422</b>	<b>478</b>	<b>8,512</b>	<b>459</b>	<b>147,600</b>	<b>157,471</b>
<b>Capital and reserves</b>						
Share capital	64,503	64,503	64,503	61,169	22,167	276,845
Share premium	-	-	-	-	8,874	8,874
Funds waiting allotment	-	-	-	-	70	70
Special reserve	-	-	-	-	33,052	33,052
Revaluation reserves	-	-	-	-	10,319	10,319
Retained earnings	6,190	(45,706)	14,316	(55,473)	100,027	19,354
<b>Total shareholders' equity</b>	<b>70,693</b>	<b>18,797</b>	<b>78,819</b>	<b>5,696</b>	<b>174,509</b>	<b>348,514</b>
<b>Total equity and liabilities</b>	<b>71,115</b>	<b>19,275</b>	<b>87,331</b>	<b>6,155</b>	<b>322,109</b>	<b>505,985</b>

# Notes to the financial statements (continued)

16 Segment information (continued)  
Segment statement of financial position for year ended December 2023

	Uganda USD'000	Kenya USD'000	Tanzania USD'000	Rwanda USD'000	Head office USD'000	Total USD'000
<b>Assets</b>						
Cash at Bank	18,644	3,550	192	1,290	36,797	60,473
Placements	34,857	29,828	-	-	177,295	241,980
Loans and lease receivables	32,359	7,011	71,752	3,384	-	114,506
Assets available for sale	-	3,370	-	-	-	3,370
Equity investments	-	96	553	-	-	649
Other assets	94	-	59	20	1,643	1,816
Investment Property	13,685	824	3,946	-	4,176	22,631
Property and equipment	2,387	-	1,149	-	5,110	8,646
Right of Use Asset	-	93	-	218	-	311
<b>Total assets</b>	<b>102,026</b>	<b>44,772</b>	<b>77,651</b>	<b>4,912</b>	<b>225,021</b>	<b>454,382</b>
<b>Liabilities</b>						
Other liabilities	13	-	114	-	4,300	4,427
Derivative financial instrument	-	-	-	6	-	6
Borrowings	-	-	-	-	112,837	112,837
Lease liabilities	-	89	-	217	-	306
Special funds	-	-	-	-	3,990	3,990
Grants	-	-	150	-	2,885	3,035
Capital fund	-	-	-	-	7,479	7,479
<b>Total liabilities</b>	<b>13</b>	<b>89</b>	<b>264</b>	<b>223</b>	<b>131,491</b>	<b>132,080</b>
<b>Capital and reserves</b>						
Share capital	51,300	51,300	51,300	38,178	17,632	209,710
Share premium	-	-	-	-	7,024	7,024
Funds waiting allotment	-	-	-	-	71	71
Special reserve	-	-	-	-	12,906	12,906
Revaluation reserves	-	-	-	-	10,456	10,456
Retained earnings	15,076	(38,624)	26,226	(33,489)	112,946	82,135
<b>Total shareholders' equity</b>	<b>66,376</b>	<b>12,676</b>	<b>77,526</b>	<b>4,689</b>	<b>161,035</b>	<b>322,302</b>
<b>Total equity and liabilities</b>	<b>66,389</b>	<b>12,765</b>	<b>77,790</b>	<b>4,912</b>	<b>292,526</b>	<b>454,382</b>

## Notes to the financial statements (continued)

### 17. Derivative financial instruments

Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices, commodity prices, foreign exchange rates, credit risk and indices. The table below analyses the notional principal amounts and the positive (assets) and negative (liabilities) fair values of the Bank's derivative financial instruments. Notional principal amounts are the amount of principal underlying the contract at the reporting date. There was an increase in the number of derivative instruments during the year. The fair values of derivative financial assets and financial liabilities (currency swap) at 31 December 2024 were as follows:

	2024	2023
	USD'000	USD'000
Notional principal amounts	13,675	2,000
Fair value Assets	13,675	2,000
Fair value Liabilities	13,283	2,006

The table below shows the movement in fair value of financial assets during the year and fair value included in the profit or loss.

	2024	2023
	USD '000	USD '000
Derivative asset/(Liability) at the start of the year	(6)	-
Fair value gain/(loss) during the year	398	(6)
Net interest payable on derivative instruments	(96)	-
	296	(6)

### 18. Assets available for sale

In 2023 the Bank de-recognized two loans, having made full provision. The loans were secured by land properties which were put up for sale. These include apartment blocks and land in different locations. Valuation of the assets available for sale was independently done by professional valuers. It has been estimated that the sale process will take approximately one year and therefore the estimated sale values were discounted to the present values at the time of reporting. The Bank wrote off one of the assets available for sale after it no longer met conditions for available for sale assets. The asset was accordingly written off and fully impaired under IFRS 9.

	2024	2023
	USD '000	USD '000
Assets available for sale at the start of the year	3,370	-
Additions during the year	-	3,370
Write off of assets available for sale asset	(2,477)	-
<b>Less:</b>		
Receipts/repayments	(209)	-
Foreign exchange Loss	677	-
Fair value gain/ (loss)	-	-
Assets available for sale end of year	1,361	3,370

### 19. Equity investments at fair value through profit and loss

The Bank advances financing in the form of equity in exceptional cases where the project is assessed to have a significant impact on the community and its development as well as where the equity participation is necessary for improving the capital structure of the company or where the sponsors are unable to raise additional equity to enable the borrower operate on a commercially sound footing. Usually these are companies, which have substantial development impact but whose cash flows cannot support continuous repayments for long term loans. These investments are reported at their fair values in accordance with the Bank's accounting policies.

## Notes to the financial statements (continued)

### 19. Equity investments at fair value through profit and loss (continued)

The movement in equity investments during the year was as follows:

	2024	2023
	USD '000	USD '000
At start of year	649	718
<b>Less:</b>		
Provisions	-	-
Foreign exchange gain/(loss)	76	(69)
Fair value gain	276	-
<b>At end of year</b>	<b>1,001</b>	<b>649</b>

### 20. Other assets

Prepayments	185	92
Value Added Tax receivable	590	435
Fees and commission receivable	19	19
Tenants rent receivable	80	71
Front End Fees	858	830
Settlement Account	10	699
Other receivables	206	243
	<b>1,948</b>	<b>2,389</b>
IFRS 9 impairment provision	(737)	(573)
	<b>1,211</b>	<b>1,816</b>

Other receivables includes staff debtors, interbranch transfers, settlement account for money markets, and salary advances.

The movement in the IFRS 9 impairment provision for other assets is included below;

	2024	2023
	USD '000	USD '000
At start of year	573	604
Provisions for the year	89	86
Net foreign exchange movement	75	(117)
<b>At end of year</b>	<b>737</b>	<b>573</b>

The foreign exchange movements result from the impact of revaluation as the provisions are maintained in the currencies of the respective receivables.

Maturity profile of other assets	2024	2023
	USD '000	USD '000
Amount receivable with in 3months	299	930
Amount receivable with in 6months	35	36
Amounts receivable within one year	877	850
	<b>1,211</b>	<b>1,816</b>

### 21. Investment property

At start of year	22,631	18,773
Additions	191	142
Transfers from Work in Progress (Note 22)	133	4,008
Net fair value gains /(losses)	93	(292)
<b>At end of year</b>	<b>23,048</b>	<b>22,631</b>

An independent valuation of the Bank's land and buildings was performed by professional valuers Knight Frank Limited for locations in Uganda and Kenya and Africa Property Limited for locations in Tanzania, to determine the fair value of the land and buildings as at 31 December 2024 based on estimated open market values.

## Notes to the financial statements (continued)

### 21. Investment property (continued)

Properties that are held by the Bank for generation of rental income have been classified under investment property. Land and buildings to the extent occupied by the Bank for administrative use are classified under property, plant and equipment (Note 22).

The table below shows revenue, costs and capital commitments related to investment property:

	2024	2023
	USD '000	USD '000
Rental income from investment property	530	498
Direct operating expenses: Rented properties	15	19
Direct operating expenses: Unrented properties	3	13
Approved capital commitment	2,500	1,300

The Bank signs annual lease agreements with its tenants. All future undiscounted lease payments amounting to USD 105,631 are due within 1 year.

The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs for the year ended 31 December 2024 other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

#### Fair value measurements

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is determined annually by the Management team after discussion with and approval by the Board of Directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

Investment properties were measured based on Fair value of the properties as was determined using the market approach valuation method. The valuations have been performed by an independent expert based on a collation and analysis of appropriate comparable transactions, together with evidence of demand within the vicinity of the subject property. With the benefit of such transactions, they applied these to the property, taking into account size, location, aspect and other material factors.

As at the dates of fair valuation on 31 December 2024, the properties' fair values are based on valuations performed by Knight Frank Uganda Limited and Africa Property Limited, registered independent valuers who have valuation experience for similar office properties in Uganda, Kenya and Tanzania. A net gain from the fair valuation of the investment properties of USD 92,761 in 2024 was recognised in profit or loss.

The fair value measurements for all of the investment properties have been categorized as Level 2 fair value measurements.

#### Market approach valuation method

The following are the two market approach valuation methods used in measuring the fair values of the investment properties as well as the significant inputs used;

##### (i) Comparative method

In undertaking the valuation of the property, the valuers made their assessment on the basis of a collation and analysis of appropriate comparable transactions, together with evidence of demand within the vicinity of the subject property. With the benefit of such transactions, they then applied these to the property, taking into account size, location, aspect and other material factors.

##### (ii) Depreciation replacement cost

The valuation was undertaken using the Depreciated Replacement Cost (DRC) method. The DRC method is based on an estimate of the Market Value for the existing use of the land, plus the current gross replacement (reproduction) costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimisation. The DRC method is used for certain types of properties which are rarely, if ever, sold in the open market, except by way of a sale of the business of which they are a part (called the business in occupation), due to their uniqueness arising from the specialised nature and design of the buildings, their configuration, size, location or otherwise.

## Notes to the financial statements (continued)

### 21. Investment property (continued)

Fair Value was used as a basis of value in the valuation in line with IFRS Accounting Standards and the RICS Valuation Practice Guidance Application (VPGA 1), which give guidance on valuations for inclusion in financial statements. Both RICS Professional Valuation Standards and International Valuation Standards (IVS) indicate that the definition of Fair Value in IFRS is consistent with Market Value.

Land and buildings are usually traded in the market as a single unit -the land supports the buildings, and the buildings cannot be used independently of the land. Therefore, the valuation process did not differentiate between the two elements. Nevertheless, the IFRS Accounting Standards treats land and buildings as 'separable' which leads to a requirement for separate valuations of the two elements hence the apportionment when ascertaining Fair Values for financial reporting. However, it should be noted that whilst the split was possible as a hypothetical exercise, it was emphasized that the resultant figures were informal apportionments and that the individual figures did not themselves represent the Fair Value of the elements involved, since the true valuation could only be the figure taken as a whole.

Market approach valuation method (continued) Fair value measurements

Fair value measurements as per valuation reports	2024	2023
	USD'000	USD '000
Land	17,814	16,779
Buildings	5,234	5,852
<b>Total</b>	<b>23,048</b>	<b>22,631</b>

#### The fair value movement for the above is included below

	2024	2023
	USD'000	USD'000
<b>Land</b>		
At start of year	16,779	13,923
Valuation gain/(loss)	1,035	(137)
Transfers from Property and equipment	-	2,993
<b>At end of year</b>	<b>17,814</b>	<b>16,779</b>
<b>Buildings</b>		
At start of year	5,852	4,850
Additions	191	142
Valuation gain/(loss)	(942)	(155)
Transfers from Property and equipment	-	1,015
Transfers from Work in Progress	133	-
<b>At end of year</b>	<b>5,234</b>	<b>5,852</b>

## Notes to the financial statements (continued)

## 22. Property and equipment

Fixed asset Movement Schedule year 2024	Land and buildings		Capital work in progress		Office equipment		Motor Vehicles		Furniture & fittings		Total	
	USD 000'	USD 000'	USD 000'	USD 000'	USD 000'	USD 000'	USD 000'	USD 000'	USD 000'	USD 000'	USD 000'	USD 000'
<b>Costs</b>												
<b>At 1 January 2023</b>	13,078	54	2,019	686	800	16,637						
Correction of opening balance	(81)	-	6	1	72	(2)						
<b>Corrected Opening balance</b>	<b>12,997</b>	<b>54</b>	<b>2,025</b>	<b>687</b>	<b>872</b>	<b>16,635</b>						
Revaluation gain	1,224	-	-	-	-	1,224						
Additions	26	103	60	-	4	193						
Disposals	-	-	(28)	-	(11)	(39)						
Reclassification of assets to Investment property	(4,008)	-	-	-	-	(4,008)						
Reversal of accumulated depreciation on revaluation	(1,910)	-	-	-	-	(1,910)						
<b>At 31 December 2023</b>	<b>8,329</b>	<b>157</b>	<b>2,057</b>	<b>687</b>	<b>865</b>	<b>12,095</b>						
<b>At 1 January 2024</b>	8,329	157	2,057	687	865	12,095						
Correction of opening balance	-	-	-	(8)	-	(8)						
<b>Corrected Opening balance</b>	<b>8,329</b>	<b>157</b>	<b>2,057</b>	<b>679</b>	<b>865</b>	<b>12,087</b>						
Additions	-	-	61	15	-	76						
Transfer to Investment property	-	(133)	-	-	-	(133)						
Transfer from WIP	-	(23)	-	-	-	(23)						
<b>At 31 December 2024</b>	<b>8,329</b>	<b>1</b>	<b>2,118</b>	<b>694</b>	<b>865</b>	<b>12,007</b>						
<b>Accumulated Depreciation</b>												
<b>At 1 January 2023</b>	(1,434)	-	(1,851)	(686)	(824)	(4,795)						
Correction of opening balance	-	-	11	(1)	(8)	2						
<b>Corrected Opening balance</b>	<b>(1,434)</b>	<b>-</b>	<b>(1,840)</b>	<b>(687)</b>	<b>(832)</b>	<b>(4,793)</b>						
Depreciation reserve-Disposal	-	-	28	-	11	39						
Depreciation charge	(476)	-	(104)	-	(25)	(605)						
Reversal of accumulated depreciation on revaluation	1,910	-	-	-	-	1,910						
<b>At 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>(1,916)</b>	<b>(687)</b>	<b>(846)</b>	<b>(3,449)</b>						
<b>At 1 January 2024</b>	-	-	(1,916)	(687)	(846)	(3,449)						
Correction of opening balance	-	-	-	8	-	8						
<b>Corrected Opening balance</b>	<b>-</b>	<b>-</b>	<b>(1,916)</b>	<b>(679)</b>	<b>(846)</b>	<b>(3,441)</b>						
Depreciation charge	(200)	-	(41)	(1)	(11)	(253)						
<b>At 31 December 2024</b>	<b>(200)</b>	<b>-</b>	<b>(1,957)</b>	<b>(680)</b>	<b>(857)</b>	<b>(3,694)</b>						
<b>Net book amount</b>												
<b>At 31 December 2023</b>	<b>8,329</b>	<b>157</b>	<b>141</b>	<b>-</b>	<b>19</b>	<b>8,646</b>						
<b>At 31 December 2024</b>	<b>8,129</b>	<b>1</b>	<b>161</b>	<b>14</b>	<b>8</b>	<b>8,313</b>						

## Notes to the financial statements (continued)

## 22. Property and Equipment (Continued)

The fair value measurement for all land and buildings have been categorized as Level 2 fair value measurements.

An independent valuation of the Bank's land and buildings was performed by professional valuers Knight Frank Limited for locations in Uganda and Kenya and Africa Property Limited for locations in Tanzania, to determine the fair value of the land and buildings as at 31 December 2024 based on estimated open market values. Land and buildings to the extent occupied by the Bank for administrative use are classified under property and equipment while the rest are classified under Investment Property (Note 21). The details of the fair valuation methods used are disclosed in note 21.

In 2023, properties at a cost of USD 4.008 million were transferred from property and equipment to investment property in line with their usage.

If the land and building were carried at cost, the carrying amount is summarised below.

	2024	2023
	USD'000	USD'000
<b>Cost</b>	4,615	4,615
Accumulated depreciation	(2,388)	(2,157)
<b>Carrying amount</b>	<b>2,227</b>	<b>2,458</b>

## 23. Intangible assets

	2024	2023
	USD'000	USD'000
<b>Cost</b>		
At start of year	1,965	1,965
Additions during the year	-	-
	<b>1,965</b>	<b>1,965</b>
<b>Amortization</b>		
At start of year	(1,965)	(1,965)
Amortization charge for the year	-	-
	<b>(1,965)</b>	<b>(1,965)</b>
<b>At end of year</b>	<b>-</b>	<b>-</b>

## 24. Right-of-use assets

In respect of the change in accounting policy to IFRS 16 – Leases, the carrying amount of prepaid operating lease rentals at 1 January 2019 were reclassified as right-of-use assets specifically in respect to the Bank's rented office premises in Kenya and Rwanda. The average lease term is 2 years and 3 years, respectively. In 2023, the Bank made adjustments after re-calculating the amounts based on the new leases and interest rates.

	2024	2023
	USD'000	USD'000
<b>Cost at start of year</b>	<b>405</b>	<b>677</b>
Additions	-	11
Lease remeasurement (change in payment terms)	-	87
Correction of prior year error	-	(370)
<b>Adjusted cost at end of year</b>	<b>405</b>	<b>405</b>
<b>Accumulated depreciation</b>		
At the start of year	(94)	(479)
Depreciation charge for the year	(79)	(84)
Correction of prior error	-	469
<b>Accumulated depreciation at end of year</b>	<b>(173)</b>	<b>(94)</b>
<b>Net carrying amount at end of year</b>	<b>232</b>	<b>311</b>

## Notes to the financial statements (continued)

### 25. Other liabilities

	2024	2023
	USD'000	USD'000
Advances from customers	184	156
Rent received in advance	45	42
Accrued expenses	1,100	911
Deferred fee income	505	298
Deposits from tenants	82	114
KFW line of credit	-	1,661
KFW Managed Fund-Annual Interest	1,510	961
Suspended Income	97	13
Settlement Control Account	8,653	233
Other creditors	103	38
	<b>12,279</b>	<b>4,427</b>
<b>Maturity analysis of Other liabilities</b>		
Amount payable with in 6months	8,883	427
Amount payable with in 6months	1,381	1,080
Amounts payable within one year	2,015	2,920
	<b>12,279</b>	<b>4,427</b>

Deferred income relating to loan arrangement fees on running loans is excluded from other liabilities to loans and advances to customers in compliance to the IFRS9 requirement to measure financial assets at amortised cost using the effective interest rate.

### 26. Borrowings

	2024	2023
	USD'000	USD'000
Lines of credit with multi-lateral development Banks	127,914	101,198
Lines of credit with other financial Institutions	2,530	11,639
	<b>130,444</b>	<b>112,837</b>
<b>Maturity analysis of borrowings</b>		
Amounts payable within one year	16,510	15,544
Amounts payable after one year but within five years	97,541	87,526
Amounts payable after five years	46,835	41,464
	<b>160,886</b>	<b>144,534</b>
<b>Borrowings movement analysis</b>		
<b>At start of year</b>	<b>112,837</b>	<b>94,962</b>
Proceeds from borrowings	29,555	37,371
Interest incurred during the year	8,632	6,305
Principal payments within the year	(18,390)	(16,745)
Interest payments within the year	(6,180)	(4,670)
Foreign exchange differences	3,990	(4,386)
At end of year	<b>130,444</b>	<b>112,837</b>

The weighted average effective interest rate on borrowings was 6.62% (2023: 7.00%). The Bank has not given any security for the borrowings and has not defaulted on any of them. More information regarding the currency, maturity and contractual repricing rates for the Bank's borrowings are shown in Note 38.

## Notes to the financial statements (continued)

### 27. Lease liabilities

	2024	2023
	USD'000	USD'000
Current	120	102
Non-current	124	204
	<b>244</b>	<b>306</b>
Below is an analysis of the movements in lease liabilities:		
<b>At start of year</b>	<b>306</b>	<b>316</b>
Additions	-	11
Payments of principal portion of lease liability	(65)	(83)
Payments of interest portion of lease liability	(60)	(33)
Interest charge for the year (recognized in profit or loss)	60	33
Lease remeasurement	-	87
Net foreign exchange difference	3	(25)
At end of year	<b>244</b>	<b>306</b>

In 2023, the Bank recalculated its lease liability and updated its discount rate based and new leasing terms. The incremental borrowing rate applied was 16.5% and 8.37% for leases denominated in Kenya Shillings and United States Dollars respectively.

At 31 December 2024, the future minimum lease payments under non-cancellable operating leases were payable as follows:

	2024	2023
	USD'000	USD'000
Below 6 months	60	78
6 - 12 months	60	63
1 - 5 Years	291	362
Over 5 Years	-	-
	<b>411</b>	<b>503</b>

Amounts recognised in the profit or loss

	2024	2023
	USD'000	USD'000
Interest on lease liabilities	60	33
Depreciation on right of use asset	79	84

Amounts recognised in the statement of cashflows

	2024	2023
	USD'000	USD'000
Payment of principal portion of the lease liability	65	83
Interest paid on lease liabilities	60	33
	<b>125</b>	<b>116</b>

## Notes to the financial statements (continued)

### 28. Special funds

	2024	2023
	USD'000	USD'000
At start and end of year	3,990	3,990

This relates to the Norwegian/ EADB fund which was created out of a 1986/7 grant of NOK 30 million by the Norwegian Government to the Government of Uganda to provide loans for the rehabilitation of Ugandan industries. Under the grant agreement, the Bank was allowed to use a portion of interest paid on those loans to cover administrative expenses. Any balance of interest on loans and other interest earned on funds made available under the agreement was to accrue to a special fund to be managed by the Bank. The special fund was to be used for certain expenditure including; a) payments to consultants and experts, b) strengthening the Bank's administrative capacity, c) technical assistance, d) loans on concessionary terms, e) or any other purpose agreed by the government of Norway and the Bank. The agreement is silent on the use of principal repayments. Consultations are underway with the Norwegian Government to determine the utilisation/ disposition of the remaining balance. The principal repayments that were repaid from the loans disbursed under the fund created a liability since EADB is eventually expected to repay the amount unless agreed otherwise.

### 29. Grants

	Housing Finance Bank feasibility study grant	Share repurchase grant	Total
	USD'000	USD'000	USD'000
<b>Year ended 31 December 2024</b>			
At start of year	150	2,885	3,035
Additions	-	-	-
<b>At end of year</b>	<b>150</b>	<b>2,885</b>	<b>3,035</b>
<b>Year ended 31 December 2023</b>			
At start of year	150	1,731	1,881
Additions	-	1,154	1,154
<b>At end of year</b>	<b>150</b>	<b>2,885</b>	<b>3,035</b>

#### Share repurchase grant

The share re-purchase grant was created during the year ended 31 December 2021 out of the discount offered by FMO and DEG from the real value of shares at the time of their exit. The difference between the market value and agreed settlement value is used to create grants which will be used to either support new Class A shareholder or create an SME fund as may be approved by the Governing Council. As per provisions of the share sale/purchase agreement, no additional grant was received in 2024 (2023: USD 1.15m). The 2023 grant received was a waiver on the last instalment after the Bank fulfilled all conditions set in the share sale/purchase agreement.

#### SWISS/ EADB Fund

The SWISS fund for technical assistance was established following a grant from the Swiss Government. The funds were to be utilized for EADB's institution building support, staff training, corporate strategy and restructuring study. The Bank began utilizing this grant for capacity building through offering scholarships and training for selected East African lawyers through the extractive industries seminars and medical training. The grant was fully utilized in 2022 so there was no transaction during the year ended 31 December 2024 (2023: Nil).

## Notes to the financial statements (continued)

### 29. Grants (continued)

#### Housing Finance Feasibility study grant

The grant represents funds received from the Government of Tanzania to fund the Housing Finance Bank feasibility study.

### 30. Share capital

	Paid up share capital	Callable share capital	Total	Paid up share capital	Callable share capital	Total
	Number	Number	Number	USD'000	USD'000	USD'000
<b>(1) Authorised share capital</b>						
<b>Class A</b>						
At 1 January 2023	24,000	120,000	144,000	324,000	1,620,000	1,944,000
At 31 December 2023	24,000	120,000	144,000	324,000	1,620,000	1,944,000
<b>At 31 December 2024</b>	<b>24,000</b>	<b>120,000</b>	<b>144,000</b>	<b>324,000</b>	<b>1,620,000</b>	<b>1,944,000</b>
<b>Class B</b>						
At 1 January 2023	4,000	12,000	16,000	54,000	162,000	216,000
At 31 December 2023	4,000	12,000	16,000	54,000	162,000	216,000
<b>At 31 December 2024</b>	<b>4,000</b>	<b>12,000</b>	<b>16,000</b>	<b>54,000</b>	<b>162,000</b>	<b>216,000</b>
<b>Totals Authorised (Class A&amp;B) As at December 2023&amp;2024</b>						
	<b>28,000</b>	<b>132,000</b>	<b>160,000</b>	<b>378,000</b>	<b>1,782,000</b>	<b>2,160,000</b>
<b>(2) Issued share capital</b>						
<b>Class A</b>						
At 1 January 2023	13,653	68,265	81,918	184,316	921,579	1,105,895
Issue of shares	575	2,875	3,450	7,763	38,813	46,576
<b>At 31 December 2023</b>	<b>14,228</b>	<b>71,140</b>	<b>85,368</b>	<b>192,079</b>	<b>960,392</b>	<b>1,152,471</b>
Issue of shares	4,637	23,185	27,822	62,599	312,998	375,597
<b>At 31 December 2024</b>	<b>18,865</b>	<b>94,325</b>	<b>113,190</b>	<b>254,678</b>	<b>1,273,390</b>	<b>1,528,068</b>
<b>Class B</b>						
At 1 January 2023	1,541	1,037	2,578	20,804	14,000	34,804
Issue of shares	-	-	-	-	-	-
Share repurchase at par	(235)	-	(235)	(3,173)	-	(3,173)
<b>At 31 December 2023</b>	<b>1,306</b>	<b>1,037</b>	<b>2,343</b>	<b>17,631</b>	<b>14,000</b>	<b>31,631</b>
Issue of shares	336	-	336	4,536	-	4,536
Share repurchase at par	-	-	-	-	-	-
<b>At 31 December 2024</b>	<b>1,642</b>	<b>1,037</b>	<b>2,679</b>	<b>22,167</b>	<b>14,000</b>	<b>36,167</b>
<b>Total (CL A&amp;B) 2024</b>						
	<b>20,507</b>	<b>95,362</b>	<b>115,869</b>	<b>276,845</b>	<b>1,287,390</b>	<b>1,564,235</b>
<b>Total (CL A&amp;B) 2023</b>						
	<b>15,534</b>	<b>72,177</b>	<b>87,711</b>	<b>209,710</b>	<b>974,392</b>	<b>1,184,102</b>

## Notes to the financial statements (continued)

### 30. Share capital (Continued)

(3) Paid up capital	Class A	Class B	Total	Class A	Class B	Total
	Number	Number	Number	USD'000	USD'000	USD'000
At 1 January 2023	13,653	1,541	15,194	184,316	20,804	205,120
Issue of shares	575	-	575	7,763	-	7,763
Share repurchase	-	(235)	(235)	-	(3,173)	(3,173)
<b>At 31 December 2023</b>	<b>14,228</b>	<b>1,306</b>	<b>15,534</b>	<b>192,079</b>	<b>17,631</b>	<b>209,710</b>
Issue of shares	4,637	336	4,973	62,599	4,536	67,135
Share repurchase	-	-	-	-	-	-
<b>At 31 December 2024</b>	<b>18,865</b>	<b>1,642</b>	<b>20,507</b>	<b>254,678</b>	<b>22,167</b>	<b>276,845</b>

Name	2024			2023		
	Shares	Value USD'000	%	Shares	Value USD'000	%
<b>Class A</b>						
Government of Kenya	4,778	64,503	23.30%	3,800	51,300	24.46%
Government of United Republic of Tanzania	4,778	64,503	23.30%	3,800	51,300	24.46%
Government of Uganda	4,778	64,503	23.30%	3,800	51,300	24.46%
Government of Rwanda	4,531	61,169	22.09%	2,828	38,179	18.21%
<b>Total Class A</b>	<b>18,865</b>	<b>254,678</b>	<b>91.99%</b>	<b>14,228</b>	<b>192,079</b>	<b>91.59%</b>
<b>Class B</b>						
African Development Bank	1,559	21,046.5	7.60%	1,240	16,740	7.98%
FMO – Netherlands Development Finance Company	-	-	-	-	-	-
DEG – Deutsche Investitions- und Entwicklungsgesellschaft	-	-	-	-	-	-
Yugoslavia Consortium	35	472.5	0.17%	28	378	0.18%
SBIC - Africa Holdings	30	405	0.15%	24	324	0.16%
NCBA Bank Kenya Ltd	6	81	0.03%	5	67.5	0.032%
Nordea Bank Sweden	6	81	0.03%	5	67.5	0.032%
Standard Chartered Bank London	3	40.5	0.01%	2	27	0.013%
Barclays Bank Plc., London	3	40.5	0.01%	2	27	0.013%
<b>Total Class B</b>	<b>1,642</b>	<b>22,167</b>	<b>8.01%</b>	<b>1,306</b>	<b>17,631</b>	<b>8.41%</b>
<b>Total Class A &amp; B</b>	<b>20,507</b>	<b>276,845</b>	<b>100%</b>	<b>15,534</b>	<b>209,710</b>	<b>100%</b>

#### Authorised share capital

In 2015 the authorised capital stock was increased from USD 1,080,000,000 to USD 2,160,000,000 consisting of 80,000 additional shares being 100% increase in capital stock of the Bank with a par value of USD 13,500 each. This was to enable admission of new members into the Bank. In addition, a resolution was passed in 2013 approving African Development Bank (AfDB), a class B shareholder, to subscribe for a further 740 class B paid up shares and 1,037 class B callable shares at USD 13,500 each.

## Notes to the financial statements (continued)

### 30. Share capital (Continued)

#### Class A

The authorised number of Class A ordinary shares is 144,000, (2023: 144,000) at a par value of USD 13,500 each. Class A ordinary shares are available for subscription to only Member States and in equal proportion.

#### Class B

The authorised number of Class B ordinary shares is 16,000 (2023: 16,000) at a par value of USD 13,500 each. Class B ordinary shares are available for subscription to members other than Member States. All issued Class B shares are fully paid up.

#### Transfers from retained earnings to paid up capital

During the year the Bank converted USD 53.97 million of its accumulated profits and allotted additional 3,998 shares to existing shareholders in proportion of their paid up capital as at the end of December 2023. This included 3,662 Class A shares amounting to USD 49.44 million and 336 Class B shares valued at 4.53 million.

#### Share premium

Share premium arose on the shares issued to the Republic of Rwanda on admission at a value of USD 17,913 per share above par value of USD 13,500 per share translating into a premium of USD 4,413 per share. Additional shares issued and paid for by the Republic of Rwanda on the admission program in 2024 was 419 shares translating to a premium of USD 1.85 million compared to 112 additional shares in 2023 translating to a premium of USD 0.494 million. The cumulative number of shares issued and paid for by the Republic of Rwanda on the admission program is 2,011 which is equivalent to a premium of USD 8.87 million (2023: 1,592 shares equivalent to a premium of USD 7.02 million).

#### Callable capital

The capital stock of paid-in and callable Class A shares shall be available for subscription by Member States in such proportion that, for every six shares subscribed, one share shall be fully paid-in with the remaining being callable. The Bank's Charter provides that the Bank may make calls on its callable share capital in the event that it is unable to repay borrowings and any other eligible payments due out of pre-existing resources. In March 2012, the Bank's Charter was amended to allow class B shareholders to subscribe to callable capital of the Bank. In 2013, the Governing Council passed a special waiver on article 4(2) b of the Bank's Charter which sets out that for every four shares subscribed every one share is fully paid in. Following the waiver, 1,037 class B callable shares were allotted to African Development Bank.

#### Dividends

In accordance with the Bank's Charter, Class B shareholders have priority in respect of distributions to members over Class A shareholders. Dividends are payable to shareholders based on the number of shares held by each member. During the year, the Bank did not declare any dividends (2023: NIL).

#### Share repurchase

Class A shareholders do not have the option to exit the Bank but the Charter provides basis on which class B shareholders may exit/sale their shares. During the year, the Bank did not buy any shares from class B shareholders unlike in 2023 where 235 shares FMO and DEG shares were repurchased.

	2024	2023
<b>Number of shares</b>	-	235
<b>Value of shares</b>	USD'000	USD'000
Amount paid for shares	-	3,462
Par value of shares paid for (at 13,500 per share)	-	3,173
Premium on par value	-	289

## Notes to the financial statements (continued)

### 31. Capital fund

	2024	2023
	USD '000	USD '000
At start and end of year	7,479	7,479

This represents the balance of funds received from the Norwegian Government, in 1982 and 1987 for the Norwegian/ EADB fund on a grant basis. The Bank awaits feedback from the Norwegian Government on the disposition of the outstanding amount and therefore remains a liability until a decision is made otherwise.

### 32. Funds awaiting allotment

	2024	2023
	USD '000	USD '000
<b>At start of year</b>	<b>71</b>	<b>69</b>
Cash received towards share capital	15,011	8,259
Share allotment within the year	(15,012)	(8,257)
At end of year	70	71

### 33. Special reserve

<b>At start of year</b>	<b>12,906</b>	<b>12,785</b>
Transfer of appraisal fees	146	121
Transfer from retained earnings	20,000	-
<b>At end of year</b>	<b>33,052</b>	<b>12,906</b>

The transfer to the special reserve is made in accordance with Article 17 of the Bank's Charter, the reserve being credited with commissions earned during the year. The special reserve is non distributable and serves the purpose of enabling the Bank meet its liabilities on borrowings or guarantees chargeable.

During the year the Bank transferred USD 20 million from the retained earnings to special reserve to boost its special reserve.

### 34. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2024	2023
	USD '000	USD '000
Cash and Bank balances (Note 13)	33,414	60,473
Balances due from Banks originally maturing within 90 days	172,750	131,814
	<b>206,164</b>	<b>192,287</b>

### 35. Revaluation reserve

The revaluation surplus arose from the revaluation of land and buildings performed and is non distributable.

	2024	2023
	USD '000	USD '000
<b>At start of year</b>	<b>10,456</b>	<b>9,273</b>
Revaluation gain during the year	-	1,224
Transfer of excess depreciation to retained earnings	(137)	(41)
<b>At end of year</b>	<b>10,319</b>	<b>10,456</b>

The transfer of excess depreciation relates to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the original cost.

## Notes to the financial statements (continued)

### 36. Retained earnings

Retained earnings comprises of brought forward accumulated earnings plus year end profits.

	2024	2023
	USD '000	USD '000
<b>At start of year</b>	<b>82,135</b>	<b>69,452</b>
Profit for the year	11,201	13,052
Transfers from retained earnings	(9)	(369)
Transfer to special reserve	(20,000)	-
Transfer to share capital	(53,973)	-
At end of year	<b>19,354</b>	<b>82,135</b>

### 37. Use of estimates and judgments

The Bank makes estimates and assumptions that affect the reported amounts of assets and 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.

This note provides an overview of the areas that involve a higher degree of judgement and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year.

#### Measurement of expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about the future economic conditions and credit behaviour of the customers which are used to derive the inputs of expected credit loss (ECL), namely probability of default, exposure at default (ED) and loss given default (LGD).

A number of judgements and assumptions are required in applying the accounting requirements for measuring ECL such as:

- Determining criteria for significant increase in credit risk (SICR);
- Choosing appropriate models and assumptions for measuring the ECL; and
- Determining the economic scenarios to be used.
- Assessing the appropriateness of management overlays where applicable

#### Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Valuation techniques using significant unobservable inputs.

## Notes to the financial statements (continued)

### 38. Financial risk management

#### (a) Introduction and overview

The Bank continues to be exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing such risks and the Bank's management of its capital.

#### Risk management framework

The Bank recognizes that development financing is a combination of servicing clients and managing resultant risks. The Bank assumes various kinds of risks in the process of providing financial products and services in the Member States.

The Bank's enterprise risk management (ERM) defines the Bank-wide risk objectives, philosophy, approach, appetite/tolerance and control environment framework and includes both the broader risk areas and emerging risks. The Bank has a Board approved ERM policy which defines its risk management framework and it requires that all Bank employees assume a culture of recognizing an in-depth understanding of various risks that have bearing on the operations of the Bank and specific risks associated with each line of business.

The Objectives of the Bank's ERM policy are:

- To establish management structure that adequately identifies, measures, monitors and controls inherent and emerging risks in the Bank's various products, operations and lines of business.
- To recognize the importance of sound risk management and the need for prudent risk taking.
- To communicate Board's risk appetite.
- To establish minimum risk management guidelines for the entire spectrum of risk taking in the Bank.
- To establish scope of responsibilities

Risk Management at EADB starts from the top and is fully integrated into existing management process with structures established to ensure that each business area, management and staff have a clear understanding of risks inherent in their business area and that adequate systems and controls are in place to manage the risks.

The Board of directors have the overall responsibility of risk management and it delegated operational implementation to Management, but it sets the risk appetite statement, supporting policies and monitors their implementation. The Board retains responsibility for financial results of the Bank and for ensuring that required corporate governance structures, culture, practices and systems of internal control are in place and serving the purpose.

Management team is charged with day to day oversight of the risk management process, implementation and integrity of the risk management system. This is achieved through various committees including the Assets and Liabilities Management Committee (ALCO) and the Project Committee (PROCO).

Operational oversight, monitoring and policy control functions are delegated to the Risk and Compliance department.

The risk-taking departments are supposed to understand the inherent risks in their areas and manage them at that point while the internal audit department provides independent review of the Bank's risk management framework.

#### (b) Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Bank's loans and advances to customers, other Banks and investment securities. For risk management reporting purposes, the Bank considers all elements of credit risk exposure such as individual obligor default risk and sector risk.

In the normal course of its business, the Bank is exposed to credit risk from loans and advances to customers and short term investments counterparties. The counterparties' credit risk exposure is managed through constant monitoring of the status of financial institutions where deposits are maintained. As a policy, the Bank places its deposits with strong commercial Banks and internationally rated financial institutions. Credit risk is also minimized by the Bank's policy of diversification.

The Bank has investment policies and guidelines for the type of financial products and services and to manage exposure to individual projects and industries.

#### Management of credit risk

Management's Projects Committee is responsible for oversight of the Bank's credit risk, including, formulating credit policies, covering collateral requirements and credit assessments, risk grading and reporting.

## Notes to the financial statements (continued)

### 38. Financial risk management (continued)

#### (b) Credit risk (continued)

It is also responsible for documentary, legal procedures and compliance with regulatory and statutory requirements undertaken in consultation with the Bank's legal Department, establishing the authorization structure for the approval and renewal of credit facilities with concurrence of the Board of Directors; reviewing and assessing credit risk. The Bank assesses all credit exposures, prior to facilities being committed to customers. Renewals and reviews of facilities are subject to the same review process, limiting concentrations of exposure to counterparties, products and industries (for loans and advances). New loan project requests are subject to Bank's risk grading in order to ensure that only viable projects are approved.

The Bank has a Portfolio team which is responsible for monitoring the credit quality of loans and ensuring appropriate corrective action is timely taken. The credit administration also provides advice, guidance and specialist skills to Operations Department to promote best practice in the management of credit risk. The Portfolio team prepares regular reports for Management and the Board's consideration on the performance of the loan portfolio.

The Operations Department is required to implement the Bank's credit policies and procedures and ensure that credit approval authorities are observed. The Operations Department is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolio, including those subject to Board approval. The Regular audits of the Operations Department and the Bank's credit processes are undertaken by Internal Audit.

#### Loans and advances (including loan commitments and guarantees)

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is the same approach used for the purposes of measuring Expected Credit Loss.

#### Credit risk grading

The Bank uses internal credit risk grading that reflect its assessment of the probability of default of individual counterparties. The Bank uses internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of application (such as sector and business risk, management/directors quality, financial resources, and level of collateral is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers.

#### Expected credit loss measurement.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Bank.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. The Bank considers financial assets to be credit impaired when the borrower is unlikely to pay its credit obligations to the Bank in full without recourse to recovery actions such as realising security or when the borrower has a risk classification of F or G.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- IFRS 9 framework requires that forward looking information be considered in measuring ECL.

Purchased or originated credit-impaired financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

#### The 3 stages are as detailed below:

**Stage 1:** includes financial instruments that have not experienced a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognised. 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date.

**Stage 2:** includes financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised and interest revenue is calculated on the net carrying amount (that is, net of credit allowance). Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

**Stage 3:** includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and interest revenue is calculated on the net carrying amount.

## Notes to the financial statements (continued)

### 38. Financial risk management (continued)

#### (b) Credit risk (continued)

##### Change in credit quality since initial recognition

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets)

Recognition of expected credit losses

Staging	Characteristics	ECL determination	Revenue recognition
Stage 1	Not experienced significant increase in credit risk since initial recognition. Performing at initial recognition*	12 Months Expected Credit Losses	Interest revenue based on gross exposure
Stage 2	Underperforming Assets with significant increase in credit risk since initial recognition*	Lifetime expected credit losses	Interest revenue based on net carrying amount (net of impairment)
Stage 3	Have objective evidence of impairment at reporting date. Non-performing Credit impaired assets	Lifetime expected credit losses	Interest revenue based on net carrying amount (net of impairment)

\*Except for purchased or originated credit impaired assets

The Bank has considered the following in determining the staging of facilities:

#### 1. Qualitative factors

- The client's risk rating
- Internal and external market factors

#### 2. Quantitative factors

- The facilities arrears status
- Number of restructures, if any
- Reasons for restructure.
- Change in client credit rating over the past 12 months.

#### 3. The indicators of Significant Increase in Credit Risk (SICR) are:

- If the facility has internally assigned credit rating of grade D or worse.
- If the facility has been restructured due to cash flow difficulties.

#### Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

## Notes to the financial statements (continued)

### 38. Financial risk management (continued)

#### (b) Credit risk (continued)

##### Measuring ECL – Explanation of inputs, assumptions and estimation techniques (continued)

- Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Bank use a transition matrix approach in estimating the probabilities of default. According to this approach, the monthly migration matrix is multiplied out over a period of twelve months to get the 12M PD. Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

#### Forward-looking information incorporated in the ECL models

To incorporate forward looking information into the ECL calculations, macroeconomic overlays were applied to the probability of default. Overlays were estimated and applied for three different scenarios, base case scenario, downside scenario and optimistic scenario.

These macroeconomic overlays and the probability of each economic scenario occurring were set using management judgement.

The main factors considered while assessing the possible impact of the economic scenario are:

- expected trend of the gross domestic product (GDP),
- expected trend of the consumer price index; and
- growth of credit to private sector.

Analysis is then made to determine how such changes are likely going to affect the probabilities of default as well as loss given default.

Maximum exposure to credit risk – Financial instruments subject to impairment

The following tables contain analyses of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The carrying amount of financial assets below also represents the Bank's maximum exposure to credit risk on these assets.

Loans and advances to customers

	Kenya USD'000	Uganda USD'000	Tanzania USD'000	Rwanda USD'000	Total USD'000
<b>At 31 December 2024</b>					
Stage 1	8,048	37,652	78,013	5,100	128,813
Stage 2	-	686	-	-	686
Stage 3	-	1,157	-	-	1,157
<b>Gross amount*</b>	<b>8,048</b>	<b>39,495</b>	<b>78,013</b>	<b>5,100</b>	<b>130,656</b>

## Notes to the financial statements (continued)

### 38. Financial risk management (continued)

#### (b) Credit risk (continued)

Measuring ECL – Explanation of inputs, assumptions and estimation techniques (continued)

	Kenya USD'000	Uganda USD'000	Tanzania USD'000	Rwanda USD'000	Total USD'000
<b>At 31 December 2023</b>					
Stage 1	7,158	32,011	72,839	3,390	115,398
Stage 2	-	-	-	-	-
Stage 3	-	1,026	-	-	1,026
<b>Gross amount*</b>	<b>7,158</b>	<b>33,037</b>	<b>72,839</b>	<b>3,390</b>	<b>116,424</b>

\*Total loans have been disclosed exclusive of deferred loan processing fee income which was USD ('000s) 655 as at 31 December 2024 (2023: USD '000s 508).

**Maximum exposure to credit risk – Financial instruments whose impairment was determined to be immaterial**

In relation to other financial assets such as balances with other Banks and other receivables, the Bank considers the following factors while assessing significant increase in credit risk: payment delays and past due information; and indicators of counterparty financial distress such as cash flow or liquidity issues. The key inputs in determining ECL are PD, LGD and EAD. Management performed an assessment of ECL as at 31 December 2024 and noted that the impact is not material to the financial statements.

The table below shows the other financial assets for which the impairment was determined to be immaterial.

	2024 USD'000	2023 USD'000
<b>On balance sheet financial assets</b>		
Cash at Bank	33,414	60,473
Placements with commercial Banks	308,593	241,980
Other assets receivable excluding non-financial assets	148	876
<b>Total</b>	<b>342,155</b>	<b>303,329</b>

	2024 USD'000	2023 USD'000
<b>Credit exposures relating to off-balance sheet items statement of financial position</b>		
Loan commitments	6,338	4,945

The ECL on the Loan commitments is included within the ECL on Loans and advances to customers.

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent “step up” (or “step down”) between 12-month and Lifetime ECL;

- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period.

The following tables explain the changes in the gross amount and the loss allowance between the beginning and the end of the annual period due to these factors:

## Notes to the financial statements (continued)

### 38. Financial risk management (continued)

#### (b) Credit risk (continued)

Measuring ECL – Explanation of inputs, assumptions and estimation techniques (continued)

	Stage 1 12-Month ECL USD'000	Stage 2 Lifetime ECL USD'000	Stage 3 Lifetime ECL USD'000	Total USD'000
<b>Year ended 31 December 2024</b>				
<b>Loans and advances to customers</b>				
<b>Gross carrying amount as at 1 January 2024</b>	<b>115,398</b>	<b>-</b>	<b>1,026</b>	<b>116,424</b>
<b>Transfers</b>				
Transfer from Stage 1	(686)	686	-	-
Transfer from Stage 2	-	-	-	-
Financial assets derecognised during the period other than write offs	(35,060)	-	80	(34,980)
Financial assets written off	-	-	-	-
New financial assets originated	38,225	-	-	38,225
Changes in interest accruals	10,936	-	51	10,987
<b>Gross carrying amount as at 31 Dec 2024*</b>	<b>128,813</b>	<b>686</b>	<b>1,157</b>	<b>130,656</b>

	12-Month ECL USD'000	Lifetime ECL USD'000	Lifetime ECL USD'000	Total USD'000
<b>Provision for impairment</b>				
<b>As at 1 January 2024</b>	<b>1,734</b>	<b>-</b>	<b>184</b>	<b>1,918</b>
New Financial Assets Originated	-	-	-	-
Transfers	-	11	-	11
Financial Assets written off	-	-	-	-
Movements for the period	(660)	-	871	211
<b>As at 31 December 2024</b>	<b>1,074</b>	<b>11</b>	<b>1,055</b>	<b>2,140</b>
<b>Net carrying amount as at 31 December 2024</b>	<b>127,739</b>	<b>675</b>	<b>102</b>	<b>128,516</b>

## Notes to the financial statements (continued)

### 38. Financial risk management (continued)

#### (b) Credit risk (continued)

Year ended 31 December 2023	Stage 1	Stage 2	Stage 3	Total
	12-Month ECL	Lifetime ECL	Lifetime ECL	
	USD'000	USD'000	USD'000	USD'000
<b>Loans and receivables</b>				
<b>Gross carrying amount as at 1 January 2023</b>	<b>111,245</b>	<b>18,731</b>	<b>5,203</b>	<b>135,179</b>
Transfers				
Transfer from Stage 1 to Stage 2	(135)	-	135	-
Transfer from Stage 2 to stage 1	8,643	(9,672)	1,029	-
Financial assets derecognised during the period other than write offs	(40,565)		(115)	(40,680)
Financial assets written off	-	(9,059)	(5,338)	(14,397)
New financial assets originated	26,443	-	-	26,443
Changes in interest accruals	9,767	-	112	9,879
<b>Gross carrying amount as at 31 Dec 2023*</b>	<b>115,398</b>	<b>-</b>	<b>1,026</b>	<b>116,424</b>
<b>Provision for impairment</b>				
As at 1 January 2023	1,803	4,318	2,432	8,553
New Financial Assets Originated	53	-	-	53
Transfers	114	(267)	153	-
Financial Assets written off	-	(4,118)	(2,449)	(6,567)
Movements for the period	(236)	67	48	(121)
<b>As at 31 December 2023</b>	<b>1,734</b>	<b>-</b>	<b>184</b>	<b>1,918</b>
<b>Net carrying amount as at 31 December 2023</b>	<b>113,664</b>	<b>-</b>	<b>842</b>	<b>114,506</b>

\*Gross carrying amount of loans has been disclosed exclusive of deferred loan processing fee income which was USD ('000s) 655 as at 31 December 2024 (2023: USD '000s 508).

#### Geographical concentration of financial assets

Year ended December 2023	Uganda	Tanzania	Kenya	Rwanda	Overseas	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
<b>Financial assets</b>						
Bank balances	16,616	8,447	4,363	531	3,457	33,414
Placements with Banks	15,281	8,251	17,157	-	267,904	308,593
Loans and advances	38,133	77,311	7,982	5,090	-	128,516
Assets available for sale	-	-	1,361	-	-	1,361
Equity investments	-	885	116	-	-	1,001
Other assets excluding non-financial assets	112	1	5	25	5	148
	<b>70,142</b>	<b>94,895</b>	<b>30,984</b>	<b>5,646</b>	<b>271,366</b>	<b>473,033</b>

## Notes to the financial statements (continued)

### 38. Financial risk management (continued)

#### (b) Credit risk (continued)

Year ended December 2023	Uganda	Tanzania	Kenya	Rwanda	Overseas	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
<b>Financial assets</b>						
Bank balances	18,644	192	3,550	1,290	36,797	60,473
Placements with Banks	34,857	-	29,828	-	177,295	241,980
Loans and advances	32,359	71,752	7,011	3,384	-	114,506
Assets available for sale	-	-	3,370	-	-	3,370
Equity investments	-	553	96	-	-	649
Other assets excluding non-financial assets	519	118	219	20	-	876
	<b>86,379</b>	<b>72,615</b>	<b>44,074</b>	<b>4,694</b>	<b>214,092</b>	<b>421,854</b>

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

2024	PD ranges	12-month ECL (Stage 1)	Lifetime ECL Not Credit Impaired (Stage 2)	Lifetime ECL Credit Impaired (Stage 3)	Total 31 December
<b>Loans and advances to Customers at amortised cost</b>					
Grade 1-6: Strong	0-0.59	93,512	-	-	93,512
Grade 7-9: Satisfactory	0.06-11.34	29,231	-	-	29,231
Grade 10: Higher risk	11.35-99.9	6,070	-	-	6,070
Grade 11-12: Credit impaired	100	-	686	1,157	1,843
<b>Gross carrying amount</b>		<b>128,813</b>	<b>686</b>	<b>1,157</b>	<b>130,656</b>
Loss allowance		(1,074)	(11)	(1,055)	(2,140)
<b>Carrying amount</b>		<b>127,739</b>	<b>675</b>	<b>102</b>	<b>128,516</b>

2023	PD ranges	12-month ECL (Stage 1)	Lifetime ECL Not Credit Impaired (Stage 2)	Lifetime ECL Credit Impaired (Stage 3)	Total 31 December
<b>Loans and advances to Customers at amortised cost</b>					
Grade 1-6: Strong	0-0.59	83,200	-	-	83,200
Grade 7-9: Satisfactory	0.06-11.34	32,198	-	-	32,198
Grade 10: Higher risk	11.35-99.9	-	-	-	-
Grade 11-12: Credit impaired	100	-	-	1,026	1,026
<b>Gross carrying amount</b>		<b>115,398</b>	<b>-</b>	<b>1,026</b>	<b>116,424</b>
Loss allowance		(1,734)	-	(184)	(1,918)
<b>Carrying amount</b>		<b>113,664</b>	<b>-</b>	<b>842</b>	<b>114,506</b>

\*Gross carrying amount of loans has been disclosed exclusive of deferred loan processing fee income which was USD ('000s) 665 as at 31 December 2024 (2023: USD '000s 508).

#### Write off policy

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Bank. Where loans or receivables have been written off, the Bank continues to engage in enforcement activity to recover the amounts due. Where securities are readily available for sale without resistance of the borrower, the same are booked as assets available for sale based on the standards. During the year there was nil loan was written off (2023: USD 13.03 million)

## Notes to the financial statements (continued)

### 38. Financial risk management (continued)

#### (b) Credit risk (continued)

##### ECL sensitivity analysis

The sensitivity analysis for the key parameters considered by the Bank in determining expected credit losses is shown in the table below. It shows increase/ (decline) in profit before income tax and equity for instantaneous PD shocks

	2024	2023
	USD '000	USD '000
+10% probability of PD shock	199	186
-10% probability of PD shock	(199)	(186)

Note that the sensitivity of changes in the forward-looking information used for ECL on the profit or loss equals the impact on equity because the Bank is exempted from income tax

#### Collateral and other credit enhancements

##### Collateral coverage

The Bank holds collateral and other enhancements against certain exposures. These are updated annually against the loan portfolio. The table below shows the types of collateral and their coverage.

##### At 31 December 2024

Stage	Gross Loans	Property	Securities	Guarantees	Total Collateral	Coverage
Stage 1	128,813	21,457	2,998	27,733	52,188	41%
Stage 2	686	686	-	-	686	100%
Stage 3	1,157	187	-	-	187	16%
	130,656	22,330	2,998	27,733	53,061	41%

Country wise	Gross Loans	Property	Securities	Guarantees	Total Collateral	Coverage
Uganda	39,495	18,371	781	-	19,152	48%
Kenya	8,048	992	2,217	2,034	5,243	65%
Tanzania	78,013	2,967	-	25,699	28,666	37%
Rwanda	5,100	-	-	-	-	-
	130,656	22,330	2,998	27,733	53,061	41%

##### At 31 December 2023

Stage	Gross Loans	Property	Securities	Guarantees	Total Collateral	Coverage
Stage 1	115,398	26,088	2,356	2,648	31,092	27%
Stage 3	1,026	1,024	-	-	1,024	100%
	116,424	27,112	2,356	2,648	32,116	28%

Country wise	Gross Loans	Property	Securities	Guarantees	Total Collateral	Coverage
Uganda	33,037	21,148	529	-	21,677	66%
Kenya	7,158	1,203	1,827	2,648	5,678	79%
Tanzania	72,839	4,761	-	-	4,761	7%
Rwanda	3,390	-	-	-	-	-
	116,424	27,112	2,356	2,648	32,116	28%

## Notes to the financial statements (continued)

### 38. Financial risk management (continued)

#### (b) Credit risk (continued)

##### Collateral and other credit enhancements (continued)

The Bank holds collateral against loans and advances to customers in the form of legal mortgages, sovereign guarantees, insurance guarantees and floating charge over assets. Estimates of fair value are based on the value of the collateral assessed at the time of borrowing.

An estimate of fair value of collateral and other security enhancements held against financial assets in stage 3 is shown below

	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
	USD'000	USD'000	USD'000	USD'000
At December 2024	1,157	(1,055)	102	187
At December 2023	1,026	(184)	842	7,351

Stage 3 collateral value submitted was USD 7.48M (2023 USD 7.35M) but the Bank assumed 2.5% (USD 0.187M) (2023 USD 7.35M) because it owned by members and recoverability of member owned security is questionable

Settlement risk: The Bank's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of the counterparty to honour its obligations to deliver cash, securities or other assets as contractually agreed. Settlement limits form part of the credit approval/limit monitoring process described earlier.

#### (c) Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations on its financial liabilities. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Bank has access to a diverse funding base. Funds are raised mainly from borrowings and share capital. This enhances funding flexibility, limits dependence on one source of funds and generally lowers the cost of funds. The Bank strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Bank continually assesses liquidity risk by identifying and monitoring changes in funding required in meeting business goals and targets set in terms of the overall Bank strategy. In addition, the Bank has an Asset and Liability Committee that meet on a regular basis to monitor liquidity risk, review and approve liquidity policies and procedures.

The Bank maintains a minimum of 1.33 times coverage of designated liabilities for the next twelve months in liquid assets as per the liquidity policy. Designated liabilities consist of liabilities and budgeted commitments that are due in twelve months.

The liquidity policy ratio as at the end of the year is as follows:

	2024	2023
	USD '000	USD '000
Cash and cash equivalents as per liquidity policy	241,728	281,374
Designated liabilities as per liquidity policy	(44,160)	(35,495)
Surplus per liquidity policy	197,568	245,879
<b>Liquidity ratio</b>	<b>5.47</b>	<b>7.93</b>

Liquidity ratio is a ratio of cash and cash equivalent and designated liabilities per the liquidity policy

(c) Liquidity risk (continued)

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at 31 December 2024 to the contractual maturity date.

2024	Matured USD '000	Contractual cash flows			Total USD '000	Carrying amount USD '000
		< 6 Months USD '000	>6 Months <1 Year USD '000	> 1 Year < 5 Years USD '000		
<b>Assets</b>						
Cash at Bank	33,414	-	-	-	33,414	33,414
Deposits due from commercial Banks	-	306,617	5,104	-	311,721	308,593
Loans and advances excluding deferred income	-	21,512	18,242	109,841	163,221	128,516
Derivative financial instruments	-	-	-	-	-	296
Assets available for sale	-	-	1,361	-	1,361	1,361
Equity investments at fair value	-	-	-	1,001	1,001	1,001
Other assets receivable excluding non-financial assets	-	148	-	-	148	148
<b>Total assets</b>	<b>33,414</b>	<b>328,277</b>	<b>24,707</b>	<b>110,842</b>	<b>510,866</b>	<b>473,329</b>
<b>Liabilities and shareholder funds</b>						
Lease Liability	-	60	60	291	411	244
Other accounts payable	9,191	2,583	-	-	11,774	11,774
Borrowings	-	8,127	8,383	97,541	160,886	130,444
Derivative financial instruments	-	43	415	710	1,168	-
Special funds	-	-	-	-	3,990	3,990
Grants	-	-	-	-	3,035	3,035
Capital fund	-	-	-	7,479	7,479	7,479
<b>Total liabilities and shareholder funds</b>	<b>9,191</b>	<b>10,813</b>	<b>8,858</b>	<b>98,542</b>	<b>188,743</b>	<b>156,966</b>
<b>Net liquidity gap -31 Dec 2024</b>	<b>24,223</b>	<b>317,464</b>	<b>15,849</b>	<b>12,300</b>	<b>(47,713)</b>	<b>322,123</b>
<b>Cumulative net liquidity gap -31 Dec 2024</b>	<b>24,223</b>	<b>341,687</b>	<b>357,536</b>	<b>369,836</b>	<b>322,123</b>	

Notes to the financial statements (continued)

(c) Liquidity risk (continued)

2023	Matured USD '000	Contractual cash flows			Total USD '000	Carrying amount USD '000
		< 6 Months USD '000	>6 Months <1 Year USD '000	> 1 Year < 5 Years USD '000		
<b>Assets</b>						
Cash at Bank	60,473	-	-	-	60,473	60,473
Deposits due from commercial Banks	-	242,659	4,223	-	246,882	241,980
Loans and advances excluding deferred income	-	24,808	15,691	94,029	150,346	114,506
Assets available for sale	-	-	3,370	-	3,370	3,370
Equity investments at fair value	-	-	-	649	649	649
Other assets receivable excluding non-financial assets	-	876	-	-	876	876
<b>Total assets</b>	<b>60,473</b>	<b>268,343</b>	<b>23,284</b>	<b>94,678</b>	<b>462,596</b>	<b>421,854</b>
<b>Liabilities and shareholder funds</b>						
Lease Liability	15	63	63	362	503	306
Other accounts payable	-	4,087	-	42	4,129	4,129
Medium- and long-term borrowing	-	6,987	8,557	87,526	144,534	112,837
Derivative financial instruments	-	6	-	-	6	6
Special funds	-	-	-	-	3,990	3,990
Grants	-	-	-	-	3,035	3,035
Capital fund	-	-	-	7,479	7,479	7,479
<b>Total liabilities and shareholder funds</b>	<b>15</b>	<b>11,143</b>	<b>8,620</b>	<b>87,930</b>	<b>163,676</b>	<b>131,782</b>
<b>Net liquidity gap -31 Dec 2023</b>	<b>60,458</b>	<b>257,200</b>	<b>14,664</b>	<b>6,748</b>	<b>(40,150)</b>	<b>298,920</b>
<b>Cumulative net liquidity gap -31 Dec 2023</b>	<b>60,458</b>	<b>317,658</b>	<b>332,322</b>	<b>339,070</b>	<b>298,920</b>	

## Notes to the financial statements (continued)

### 38. Financial risk management (continued)

#### (c) Liquidity risk (continued)

##### Off balance sheet items

The Bank's off-balance sheet items comprise loans commitments, letters of credit and capital commitments. The dates of the contractual amounts of the Bank's off-balance sheet financial instruments that it commits to extend credit to customers, letters of credit and capital commitments are summarised in the table below;

	< 6 Months USD '000	> 6 Months < 1 Year USD '000	> 1 Year < 5 Years USD '000	> 5 Years USD'000	Total USD '000
Loan commitments – 2024	-	5,398	940	-	6,338
Loan commitments - 2023	4,945	-	-	-	4,945

#### (d) Interest rate risk

In broad terms the interest rate risk is the sensitivity of the Bank's financial performance to changes in the interest rates. The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. Risk management initiatives are aimed at optimizing net interest income, given market interest rates levels consistent with the Bank's business strategies. In order to minimize interest risk, the Bank has a policy of natural hedge where the approved lending commitments are matched to specific lines of credit or source of funds, including adopting the funding interest rate characteristics (fixed or variable) to its on-lending activities.

As at 31 December 2024 if interest rates on interest bearing assets and liabilities had been lower by 200 bps, with all other variables held constant, the impact on statement of profit or loss would be a loss of USD 3.4 million (2023: loss of USD 3.2 million), which is 1.05% of the total shareholders' equity (2023: 1.00%). The Bank is tax exempt and there is no impact of tax. Therefore, the impact of movement in interest rates on the profit or loss equals to the impact on equity. This is shown in the table below.

	2024 USD'000	2023 USD'000
Total assets repricing within 6 months	368,277	365,125
Total liabilities repricing within 6 months	(28,302)	(43,667)
<b>Interest gap</b>	<b>339,975</b>	<b>321,458</b>
Impact of interest fall by 200 bps	(3,400)	(3,215)
Impact on total shareholders' equity/profit/loss	(1.05%)	(1.00%)

Note that the impact of movement in interest rates on the profit or loss equals to the impact on equity because the Bank is exempted from income tax

## Notes to the financial statements (continued)

### 38. Financial risk management (continued)

#### (d) Interest rate risk (continued)

The table below summarizes the exposure to interest rate risks. Included in the table are the Bank's assets and liabilities at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates. The Bank does not bear interest rate risk on off balance sheet items.

	2024	Up to 1 month USD '000	1 - 3 months USD '000	3 - 6 months USD '000	6 - 12 months USD '000	1 - 5 years USD '000	Over 5 years USD '000	Non-interest bearing USD '000	Total USD '000
<b>Assets</b>									
Cash at Bank		33,414	-	-	-	-	-	-	33,414
Placement with commercial Banks		124,211	48,539	130,842	5,001	-	-	-	308,593
Loans and advances excluding deferred income		2,478	15,374	12,468	50,921	36,874	12,541	-	130,656
Assets available for sale		-	-	-	1,361	-	-	-	1,361
Equity investments		-	-	-	-	-	-	1,001	1,001
Other assets receivable non-financial assets		13	858	80	-	-	-	260	1,211
<b>Total assets</b>		<b>160,116</b>	<b>64,771</b>	<b>143,390</b>	<b>57,283</b>	<b>36,874</b>	<b>12,541</b>	<b>1,261</b>	<b>476,236</b>
<b>Liabilities</b>									
Lease liability		-	14	46	60	124	-	-	244
Other liabilities		8,755	230	1,100	1,510	45	-	639	12,279
Borrowings		9,540	3,012	5,605	34,509	43,536	34,242	-	130,444
<b>Total liabilities and equity</b>		<b>18,295</b>	<b>3,256</b>	<b>6,751</b>	<b>36,079</b>	<b>43,705</b>	<b>34,242</b>	<b>639</b>	<b>142,967</b>
<b>Interest Gap at 31 Dec 2024</b>		<b>141,821</b>	<b>61,515</b>	<b>136,639</b>	<b>21,204</b>	<b>(6,831)</b>	<b>(21,701)</b>	<b>622</b>	<b>333,269</b>
<b>Cumulative Gap 31 Dec 2024</b>		<b>141,821</b>	<b>203,336</b>	<b>339,975</b>	<b>361,179</b>	<b>354,348</b>	<b>332,647</b>	<b>333,269</b>	<b>333,269</b>

(d) Interest rate risk (continued)

2023	Up to 1 month		1 - 3 months		3 - 6 months		6 - 12 months		1 - 5 years		Over 5 years		Total	
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000				
<b>Assets</b>														
Cash at Bank	60,473	-	-	-	-	-	-	-	-	-	-	-	-	60,473
Placements with commercial Banks	68,989	72,543	96,437	4,011	-	-	-	-	-	-	-	-	-	241,980
Loans and advances excluding deferred income	1,999	37,450	26,938	36,221	13,300	516	-	-	-	-	-	-	-	116,424
Assets available for sale	-	-	-	3,370	-	-	-	-	-	-	-	-	-	3,370
Equity investments	-	-	-	-	-	-	-	-	-	-	-	-	649	649
Other assets receivable non-financial assets	73	223	580	-	-	-	-	-	-	-	-	-	940	1,816
<b>Total assets</b>	<b>131,534</b>	<b>110,216</b>	<b>123,955</b>	<b>43,602</b>	<b>13,300</b>	<b>516</b>	<b>1,589</b>	<b>424,712</b>						
<b>Liabilities</b>														
Lease liability	28	14	46	59	204	-	-	351						
Other liabilities	37	1,843	2,207	42	298	-	-	4,427						
Borrowings	14,173	899	24,937	4,022	42,053	26,753	-	112,837						
<b>Total liabilities and equity</b>	<b>14,238</b>	<b>2,756</b>	<b>27,190</b>	<b>4,081</b>	<b>42,299</b>	<b>26,753</b>	<b>298</b>	<b>117,615</b>						
<b>Interest Gap at 31 Dec 2023</b>	<b>117,296</b>	<b>107,460</b>	<b>96,765</b>	<b>39,521</b>	<b>(28,999)</b>	<b>(26,237)</b>	<b>1,291</b>	<b>307,097</b>						
<b>Cumulative Gap 31 Dec 2023</b>	<b>117,296</b>	<b>224,756</b>	<b>321,521</b>	<b>361,042</b>	<b>332,043</b>	<b>305,806</b>	<b>307,097</b>							

Notes to the financial statements (continued)

38. Financial risk management (continued)

(e) Currency risk

The Bank does not actively engage in dealing and trading operations in currencies and so the Bank's exposure to currency risk mainly involves the risk of foreign exchange losses or gains arising on the retranslation of monetary assets, liabilities and off-balance sheet items denominated in foreign currency. To minimize currency risk in a multi-currency environment, the Bank matches its funding in one currency with assets in the same currency. Balances below show exposure at the end of December 2024 and 2023.

2024	UGX '000	KES '000	TZS '000	RWF '000	EUR '000	GBP '000	SEK '000	Total '000
<b>ASSETS (Figures in USD)</b>								
Cash at Bank	16,776	4,351	8,442	522	92	15	-	30,198
Placements with commercial Banks	405	-	8,251	-	783	-	-	9,439
Loans and advances to customers	19,362	6,049	-	4,926	2,034	-	-	32,371
Assets available for sale	-	116	885	-	-	-	-	1,001
Equity investments	-	1,361	-	-	-	-	-	1,361
Other assets	132	(389)	(8,142)	25	4	-	-	(8,370)
<b>TOTAL ASSETS</b>	<b>36,675</b>	<b>11,488</b>	<b>9,436</b>	<b>5,473</b>	<b>2,913</b>	<b>15</b>	<b>-</b>	<b>66,000</b>
<b>LIABILITIES</b>								
Lease liability	-	73	-	-	-	-	-	73
Other liabilities	282	249	8,255	5,039	(2)	40	-	13,863
Borrowings	36,277	11,174	-	-	2,851	-	-	50,302
<b>TOTAL LIABILITIES</b>	<b>36,559</b>	<b>11,496</b>	<b>8,255</b>	<b>5,039</b>	<b>2,849</b>	<b>40</b>	<b>-</b>	<b>64,238</b>
<b>Net currency position Dec 2024</b>	<b>116</b>	<b>(8)</b>	<b>1,181</b>	<b>434</b>	<b>64</b>	<b>(25)</b>	<b>-</b>	<b>1,762</b>
<b>Cumulative position Dec 2024</b>	<b>116</b>	<b>108</b>	<b>1,289</b>	<b>1,723</b>	<b>1,787</b>	<b>1,762</b>	<b>1,762</b>	<b>1,762</b>
<b>Closing exchange rate Dec 2024</b>	<b>3,679</b>	<b>129.25</b>	<b>2,425.00</b>	<b>1,377.00</b>	<b>0.96</b>	<b>0.80</b>	<b>10.98</b>	

## Notes to the financial statements (continued)

## 38. Financial risk management (continued)

## (e) Currency risk (continued)

2023	UGX '000	KES '000	TZS '000	RWF '000	EUR '000	GBP '000	SEK '000	Total '000
<b>ASSETS (Figures in USD)</b>								
Cash at Bank	16,848	3,533	16	1,281	1,841	10	-	23,529
Placements with commercial Banks	-	-	-	-	554	-	-	554
Loans and advances excluding deferred income	11,950	4,535	0	795	2,648	-	-	19,928
Assets available for sale	-	3,370	-	-	-	-	-	3,370
Equity investments	-	96	553	-	-	-	-	649
Other assets	142	688	78	20	-	-	-	928
<b>TOTAL ASSETS</b>	<b>28,940</b>	<b>12,222</b>	<b>647</b>	<b>2,096</b>	<b>5,043</b>	<b>10</b>	<b>-</b>	<b>48,958</b>
<b>LIABILITIES</b>								
Lease liability	-	89	-	-	-	-	-	89
Other liabilities	250	127	6	2,011	(1)	48	-	2,441
Borrowings	29,121	18,492	-	-	4,992	-	-	52,605
<b>TOTAL LIABILITIES</b>	<b>29,371</b>	<b>18,708</b>	<b>6</b>	<b>2,011</b>	<b>4,991</b>	<b>48</b>	<b>-</b>	<b>55,135</b>
<b>Net currency position Dec 2023</b>	<b>(431)</b>	<b>(6,486)</b>	<b>641</b>	<b>85</b>	<b>52</b>	<b>(38)</b>	<b>-</b>	<b>(6,177)</b>
<b>Cumulative position Dec 2023</b>	<b>(431)</b>	<b>(6,917)</b>	<b>(6,276)</b>	<b>(6,191)</b>	<b>(6,139)</b>	<b>(6,177)</b>	<b>(6,177)</b>	<b>(6,177)</b>
<b>Closing exchange rate Dec 2023</b>	<b>3,780.0</b>	<b>156.50</b>	<b>2,515.0</b>	<b>1,258.6</b>	<b>0.90</b>	<b>0.78</b>	<b>10.18</b>	<b>10.18</b>

## Notes to the financial statements (continued)

## 38. Financial risk management (continued)

## (e) Currency risk (continued)

## Sensitivity analysis

The Bank held more assets in other currencies than assets ('long' position) at the end of the year. With the long position, a 10% appreciation of USD against other currencies with position held at 31 December 2024 would have decreased profit by USD 4.28 million (2023: increase of USD 3.46 million) and negatively impact shareholders equity by 1.3% (2023: positive impact of 1.07%). The Bank is tax exempt and there is no impact of tax. Therefore, the impact of movement in currency exchange rates on the profit or loss equals to the impact on equity. This is assuming that all other variables, in particular interest rates remain constant. Reverse movements and impact would happen if depreciation of USD happened against other currencies.

	2024 USD'000	2023 USD'000
FX denominated assets	66,000	48,958
FX denominated liabilities	(64,238)	(55,221)
<b>Net open position</b>	<b>1,762</b>	<b>(6,263)</b>
Impact of a 10% appreciation of USD exchange rate	(4,276)	3,463
Impact on total shareholders' equity/Profit/Loss	(1.33%)	1.07%

The impact of movement in currency exchange rates on the profit or loss equals to the impact on equity because the Bank is exempt from income tax.

## (f) Fair value measurement

## a) Fair value of financial instruments

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Fair value is determined using unadjusted quoted prices in an active market for identical assets and liabilities. Types of financial assets include: actively traded government and other agency securities, listed derivative instruments and listed equities. Types of financial liabilities include listed derivative instruments.
- Level 2 – Fair value is determined using valuation models with direct or indirect market observable inputs. Types of financial assets include: corporate and other government bonds and loans, and over-the-counter (OTC) derivatives. Types of financial liabilities include over-the-counter (OTC) derivatives.
- Level 3 – Fair value is determined using Valuation models using significant non- market observable inputs. Types of financial assets include: highly structured OTC derivatives with unobservable parameters and corporate bonds in illiquid markets. Types of financial liabilities include highly structured OTC derivatives with unobservable parameters.

This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible. As at 31 December 2024 and 2023, fair values of the financial instruments held by the Bank were as follows:

## Notes to the financial statements (continued)

### 38. Financial risk management (continued)

#### (f) Fair value measurement (continued)

##### a) Fair value of financial instruments (continued)

	Level 2	Level 3	Total	Carrying Amount
	USD'000	USD'000	USD'000	USD'000
<b>31 December 2024</b>				
Financial assets at fair value through profit or loss				
Derivative financial instruments	296	-	296	296
Equity investments at fair value through profit and loss	-	1,001	1,001	1,001
<b>Total assets</b>	<b>296</b>	<b>1,001</b>	<b>1,297</b>	<b>1,297</b>

	Level 2	Level 3	Total	Carrying Amount
	USD'000	USD'000	USD'000	USD'000
<b>31 December 2023</b>				
Financial assets at fair value through profit or loss				
Derivative financial instruments	(6)	-	(6)	(6)
Equity investments at fair value through profit and loss	-	649	649	649
<b>Total assets</b>	<b>(6)</b>	<b>649</b>	<b>643</b>	<b>643</b>

Derivative financial instruments: The Bank uses widely recognised valuation models to determine the values of its derivative financial instruments such as currency swaps held at the end of the year. Observable market inputs such as exchange rates and interest rates are used in the valuation.

Equity Investments: Fair value of the unquoted ordinary shares has been estimated using the net asset value of the investments. Based on the published result of the investment, the directors compute the value of the investment based on the number of shares in issue and the value per share. The following table shows the valuation technique used in measuring the fair values of the Equity Investments as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable input	Interrelationship between key unobservable inputs and fair value measurement
<p><i>Net asset value of the investments:</i> This valuation model involves obtaining the net assets of the investee at a given point in time and further computing the percentage shareholding through dividing the number of shares by the total shares of the entity. The value is then computed by multiplying the percentage shareholding by the net assets.</p>	<ul style="list-style-type: none"> <li>Net assets of investees (2024: USD 121,560; 2023: USD 121,560)</li> <li>Total shareholding in investees (2024: 255,372,171 shares; 2023: 255,372,171 shares)</li> <li>The Bank's shareholding in the investees (2024: 1,631,812 shares; 2023: 1,631,812 shares)</li> </ul>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>Net assets growth were higher (lower);</li> <li>total shareholding in investees reduced (increased);</li> <li>the Bank's shareholding in the investees increased (reduced).</li> </ul>

## Notes to the financial statements (continued)

### 38. Financial risk management (continued)

#### (f) Fair value measurement (continued)

##### a) Fair value of financial instruments (continued)

	Level 2	Level 3	Total	Carrying amount
	USD'000	USD'000	USD'000	USD'000
<b>31 December 2024</b>				
At amortised cost				
Loans and advances excluding deferred income	133,427	-	133,427	130,656
Other assets excluding non-financial assets	148	-	148	148
Placements with commercial Banks	308,593	-	308,593	308,593
Cash at Bank	33,414	-	33,414	33,414
<b>Total assets</b>	<b>475,582</b>	<b>-</b>	<b>475,582</b>	<b>472,811</b>

	Level 2	Level 3	Total	Carrying amount
	USD'000	USD'000	USD'000	USD'000
<b>31 December 2023</b>				
At amortised cost				
Loans and advances excluding deferred income	123,387	-	123,387	116,424
Other assets excluding non-financial assets	876	-	876	876
Placements with commercial Banks	241,980	-	241,980	241,980
Cash at Bank	60,473	-	60,473	60,473
<b>Total assets</b>	<b>426,716</b>	<b>-</b>	<b>426,716</b>	<b>419,753</b>

The fair values of the Bank's short-term financial assets and financial liabilities measured at amortised cost approximate their carrying amounts in the statement of financial position and are categorised under level 2 of the fair value hierarchy. The estimated fair value of long-term loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows for loans are discounted at the average lending rate for the year to determine fair value.

Liabilities as per balance sheet – at amortised cost

	Level 2	Level 3	Total	Carrying amount
	USD'000	USD'000	USD'000	USD'000
<b>31 December 2024</b>				
At amortised cost				
Other liabilities	12,279	-	12,279	12,279
Borrowings	160,886	-	160,886	130,444
Lease liabilities	244	-	244	244
Special funds	3,990	-	3,990	3,990
Grants	3,035	-	3,035	3,035
Capital fund	7,479	-	7,479	7,479
<b>Total Liabilities</b>	<b>187,913</b>	<b>-</b>	<b>187,913</b>	<b>157,471</b>

## Notes to the financial statements (continued)

### 38. Financial risk management (continued)

#### (f) Fair value measurement (continued)

##### a) Fair value of financial instruments (continued)

31 December 2023	Level 2	Level 3	Total	Carrying amount
	USD'000	USD'000	USD'000	USD'000
<b>At amortised cost</b>				
Other liabilities	4,427	-	4,427	4,427
Borrowings	144,534	-	144,534	112,837
Lease liabilities	306	-	306	306
Special funds	3,990	-	3,990	3,990
Grants	3,035	-	3,035	3,035
Capital fund	7,479	-	7,479	7,479
<b>Total Liabilities</b>	<b>163,771</b>	<b>-</b>	<b>163,771</b>	<b>132,074</b>

#### Reconciliation of level 3 financial assets

The Bank holds shares in the following entities highlighted below:

- 931,812 shares (2023: 931,812 shares) in Corporation at a share price of TZS 1,000 each (2023: TZS 1,000).
- 50,000 shares (2023: 50,000) in Central Depository and Settlement Corporation at a share price of KES 100 each (2023: KES 100)
- 650,000 preference shares (2023: 650,000 shares) in NCBA Bank Tanzania Limited at a share price of TZS 1,000 (2023: TZS 1,000)

The share price above was determined based on net assets and total number of shares for each of the entities. The value of net assets has been obtained from the audited financial statements as at 31 December 2023.

The Bank has also invested in Catalyst EA Investment Limited and BPI but a full provision for outstanding amount has since recognised in the profit or loss. The outstanding amounts before provisions were:

- Catalyst EA Investment Limited USD 374,145 (2023: USD 374,145)
- BPI USD 19,405 (2023: USD 19,405)

The following table shows the reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy:

2024						
Equity investments	Azania	CDSC	NCBA	BPI	Catalyst	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
<b>At start of year</b>	<b>385</b>	<b>96</b>	<b>168</b>	<b>-</b>	<b>-</b>	<b>649</b>
Revaluation gain/(loss)	39	20	17	-	-	76
Fair value gain/ (loss)	192	-	84	-	-	276
<b>At end of year</b>	<b>616</b>	<b>116</b>	<b>269</b>	<b>-</b>	<b>-</b>	<b>1,001</b>

2023						
Equity investments	Azania	CDSC	NCBA	BPI	Catalyst	Total
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
<b>At start of year</b>	<b>415</b>	<b>122</b>	<b>181</b>	<b>-</b>	<b>-</b>	<b>718</b>
Revaluation gain/(loss)	(30)	(26)	(13)	-	-	(69)
<b>At end of year</b>	<b>385</b>	<b>96</b>	<b>168</b>	<b>-</b>	<b>-</b>	<b>649</b>

#### a) Fair value of non-financial instruments

Note that the Bank also holds non-financial assets at fair value. See note 21 for disclosures of the land and buildings that are measured at fair value.

## Notes to the financial statements (continued)

### 38. Financial risk management (continued)

#### (g) Capital management

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

- To comply with the capital requirements set under the Bank's Charter;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The Bank's capital requirements are strictly observed under Article 11 of the Bank's Charter which requires that the Bank's outstanding loans, equity investments and guarantees do not at any one time exceed three times the Bank's unimpaired subscribed capital plus reserves and surplus relating to its ordinary capital resources but excluding the special reserve. The Bank was well within this limit as of 31 December 2024. The ratio is computed as a ratio of loans, equities and lease receivables divided by shareholders equity less special reserves.

	2024	2023
	USD '000	USD '000
<b>Gross Loans and advances to customers</b>	<b>130,656</b>	<b>116,424</b>
Shareholders' equity	348,514	322,302
Special reserve	(33,052)	(12,906)
	<b>315,462</b>	<b>309,396</b>
<b>Ratio</b>	<b>0.41</b>	<b>0.38</b>

The Capital adequacy ratio is calculated based on the Basel Accord as Capital divided by Risk Weighted Asset. The ratio of 120% (2023: 124%) is above the limit widely used by regulators of 15%.

The Weighted Risk is determined by applying the following weights on various asset categories: Loans with less than 90 days in arrears 70%-250%, loans with more than 90 days in arrears 100%-150%, line of credit to rated Banks 20%-100%, line of credit to non-rated Banks 100%, placements with rated Banks 50%, placements with non-rated Banks 100%, equity investments 300%-400% and other receivables 100%.

#### Capital structure

	2024	2023
	USD'000'	USD'000'
Tier 1 Capital	338,753	311,846
Tier 2 Capital	10,415	10,456
	<b>349,168</b>	<b>322,302</b>
Total risk-weighted assets (including credit risk and Operational risk)	<b>290,977</b>	<b>260,734</b>
Capital adequacy ratio	<b>120%</b>	<b>124%</b>

Tier 1 capital includes share capital, share premium, special reserves, capital awaiting allotment and retained earnings.

Tier 2 Capital is composed of revaluation reserve.

The following table shows the breakdown of the Total risk-weighted assets (including credit risk and Operational risk)

	2024	2023
	USD'000'	USD'000'
Direct Lending (Up-to-date Loans/below 90 days)	80,044	73,460
Lines of Credit	33,444	25,744
Short term Investments	101,968	87,559
Equity Investments	4,825	3,669
Past Due Loans (above 90 days)	1,163	1,545
Other receivables	34,463	36,863
<b>Credit Risk Exposures</b>	<b>255,907</b>	<b>228,840</b>
Net open position of FX denominated assets and liabilities	2	(6)
Operational Risk	35,068	31,900
Total risk-weighted assets (including credit risk and Operational risk)	<b>290,977</b>	<b>260,734</b>

## Notes to the financial statements (continued)

### 38. Financial risk management (continued)

#### (g) Capital management (continued)

The above balances are results of stress tests conducted under a variety of scenarios covering both normal and more severe market conditions. The scenarios are developed taking into account both Bank specific events (e.g a rating downgrade) and market-related events.

#### Net debt reconciliation

Below is an analysis of net debt and the movements in net debt for each of the periods presented.

	2024	2023
	USD '000	USD '000
Cash and cash equivalents (Note 34)	206,164	192,287
Borrowings (Notes 26)	(130,444)	(112,837)
Lease liabilities (Note 27)	(244)	(306)
Net debt	75,476	79,144

	Borrowings	Lease liabilities	Liquid assets	Total
	USD '000	USD '000	USD '000	USD '000
<b>At 1 January 2024</b>	<b>(112,837)</b>	<b>(306)</b>	<b>192,287</b>	<b>79,144</b>
Additions	(29,555)	-	-	(29,555)
Repayments	24,570	125	-	24,695
Interest expense	-	(60)	-	(60)
Net foreign exchange difference	(3,990)	(3)	1,020	(2,973)
Other adjustments/ movements	(8,632)	-	12,857	4,225
<b>At 31 December 2024</b>	<b>(130,444)</b>	<b>(244)</b>	<b>206,164</b>	<b>75,476</b>
<b>At 1 January 2023</b>	<b>(94,962)</b>	<b>(316)</b>	<b>162,888</b>	<b>67,610</b>
Additions	(37,371)	(11)	-	(37,382)
Repayments	22,884	116	-	23,000
Interest expense	-	(33)	-	(33)
Net foreign exchange difference	2,804	25	(1,446)	1,383
Remeasurement	-	(87)	-	(87)
Other adjustments/ movements	(6,192)	-	30,845	24,653
<b>At 31 December 2023</b>	<b>(112,837)</b>	<b>(306)</b>	<b>192,287</b>	<b>79,144</b>

Liquid assets comprise Cash and Bank balances as well as balances due from Banks originally maturing within 90 days. (Note 34)

## Notes to the financial statements (continued)

### 39. Employee retirement benefit plans and gratuity

	Note	2024	2023
		USD '000	USD '000
Contribution to the retirement benefit plan	(i)	236	232
Contribution to the statutory pension scheme (NSSF)	(ii)	6	6
Gratuity	(iii)	72	72
		<b>314</b>	<b>310</b>

- (i) The Bank operates a defined contribution retirement benefit scheme to which employees contribute 10% of their basic salary and the Bank contributes 10%, 12.5% or 15% of the employees' basic salary depending on his/her length of service. A Board of Trustees manages the scheme, the scheme administrator is Alexander Forbes, custodian Standard Chartered Bank Uganda and Fund manager Sanlam Investments Limited.
- (ii) The Bank also makes contributions to a statutory pension scheme, the National Social Security Fund for its casual staff. The contributions and obligations under the scheme are limited to specific contributions legislated from time to time and the Bank's contribution is currently 10% of the employees' gross salary and Kenya Shillings 200 for Kenyan employees resident in Kenya.
- (iii) Gratuity is paid to the Director General at 20% of annual gross salary at the end of each year.

#### Other staff benefits

The Bank promoted the welfare of its staff through various measures such as the car purchase loan scheme, education assistance loans, housing loans and a funded medical scheme. Costs associated with providing these benefits are expensed as and when incurred and reported under employee benefits expense (Note 8).

### 40. Capital commitments

There were no approved capital commitments outstanding at the end of year (2023: NIL).





EAST AFRICAN DEVELOPMENT BANK

EADB Building, 4 Nile Avenue,, P .O. Box 7128, Kampala, Uganda., Telephone: +256 417 112 900., Email: [admin@eadb.org](mailto:admin@eadb.org).