



ROOTED IN TIME AND RISING STRONGER IN DELIVERING SUSTAINABLE DEVELOPMENT

Annual Report 2025

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EADB's Annual Report 2025

**EAST AFRICAN
DEVELOPMENT BANK**

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ABBREVIATIONS & ACRONYMS

AAMFI	Alliance of African Multilateral Financial Institutions
AfCFTA	Africa Continental Free Trade Area
AfDB	African Development Bank
AfreximBank	African Export-Import Bank
BRD	Development Bank of Rwanda
ALCO	Asset & Liability Management Committee
AML/CFT	Anti-Money Laundering / Counter-Financing of Terrorism
BSC	Balanced Score Card
CBS	Core Banking System
CETP	Clean Energy Transition Partnership
COP	Conference of the Parties (UN Climate Change Conference Charter)
DG	Director General
DFI	Development Finance Institution
EACOP	East African Crude Oil Pipeline
EADB	East African Development Bank
EMDEs	Emerging Markets and Developing Economies
ERP	Enterprise Resource Planning
FDI	Foreign Direct Investment
FiCS	Finance in Common (Global network of Public Development Banks)
GCPA	Global Climate Policy Alliance* (as referenced in the report event title)
HRMC	Human Resources Management Committee
IEA	International Energy Agency
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
ITSC	Information Technology Steering Committee
KPIs	Key Performance Indicators
LoC	Line of Credit
MAC	Management Committee
MCDF	Multilateral Cooperation Centre for Development Finance
MSMEs	Micro, Small and Medium Enterprises
NHC	National Housing Corporation
NPL	Non-Performing Loan
NSSF	National Social Security Fund
PDBs	Public Development Banks
PDM	Parish Development Model
PFIs	Partner Financial Institutions
PSFU	Private Sector Foundation Uganda
PROCO	Project Committee
RIC	Regional Industrialisation Conference
RCCs	Regional Collaboration Centres (UN Climate)
SDGs	Sustainable Development Goals
SGR	Standard Gauge Railway
SMEs	Small and Medium Enterprises
TMRC	Tanzania Mortgage Refinance Company Ltd
URT	United Republic of Tanzania
WBG	World Bank Group



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About our Report

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OVERVIEW

The East African Development Bank (EADB) is pleased to present its Annual Report for the financial year 2025.

This Report covers the period from 1 January 2025 to 31 December 2025, hereafter referred to as 'the reporting period,' and outlines our performance during the year, highlights key development outcomes and sets out our strategic priorities for 2026. It also provides clear and concise insights into the Bank's strategy, governance, business model, sustainability initiatives, financial performance and future outlook.

ABOUT OUR THEME

Our theme, **“Rooted in Time and Rising Stronger in Delivering Sustainable Development;”** reflects EADB's enduring mission, proven expertise in development finance and commitment to translating institutional legacy and resilience into tangible socio-economic outcomes, regional integration and sustainable value creation.

“Rising Stronger” embodies the Bank's forward-looking strategic priorities which include growing the balance sheet, strengthening risk management, expanding inclusive and climate-responsive financing and leveraging partnerships to deliver scalable and sustainable development solutions.

This theme aligns closely with EADB's 2024–2028 Strategic Plan, which builds on more than 58 years of institutional experience and positions the Bank to achieve greater development impact in East Africa's evolving regional context. The Bank has a long-standing track record of fulfilling its public mandate throughout all economic cycles of its member states' economies and remains committed to upholding this standard of excellence.

OUR OPERATING BUSINESS

Our 2025 operations centred on supporting the Bank's member states - Kenya, Uganda, Tanzania and Rwanda - in driving employment creation, enhancing food security, mobilising resources to address climate change and fostering regional trade. We strengthened partnerships with financial institutions to expand access to affordable credit, particularly for SMEs in agro-based value chains and other key sectors. This Report reaffirms our commitment to creating sustainable value for all our stakeholders.

MATERIALITY

Material matters considered in this Report are those that are important to stakeholders and could have a significant impact on our business and our ability to create value.

We apply the Integrated Reporting Framework's four-step process to identify and prioritise these material matters:



Identify

Drawing insights from stakeholder engagement sessions, strategic reviews, risk assessments, analysis of external trends and other relevant sources, we analyse and prioritise key issues to ensure focused attention on the areas that matter most to our operating environment and shape stakeholder expectations.



Prioritise

Identified matters are evaluated for their potential impact on EADB's value creation and their significance to stakeholders. We apply criteria such as financial importance, strategic relevance and sustainability importance to guide this assessment.



Integrate

Material matters are embedded into our strategy, governance and risk management frameworks. They guide resource allocation, investment decisions and the design of products and services that align with our development mandate.

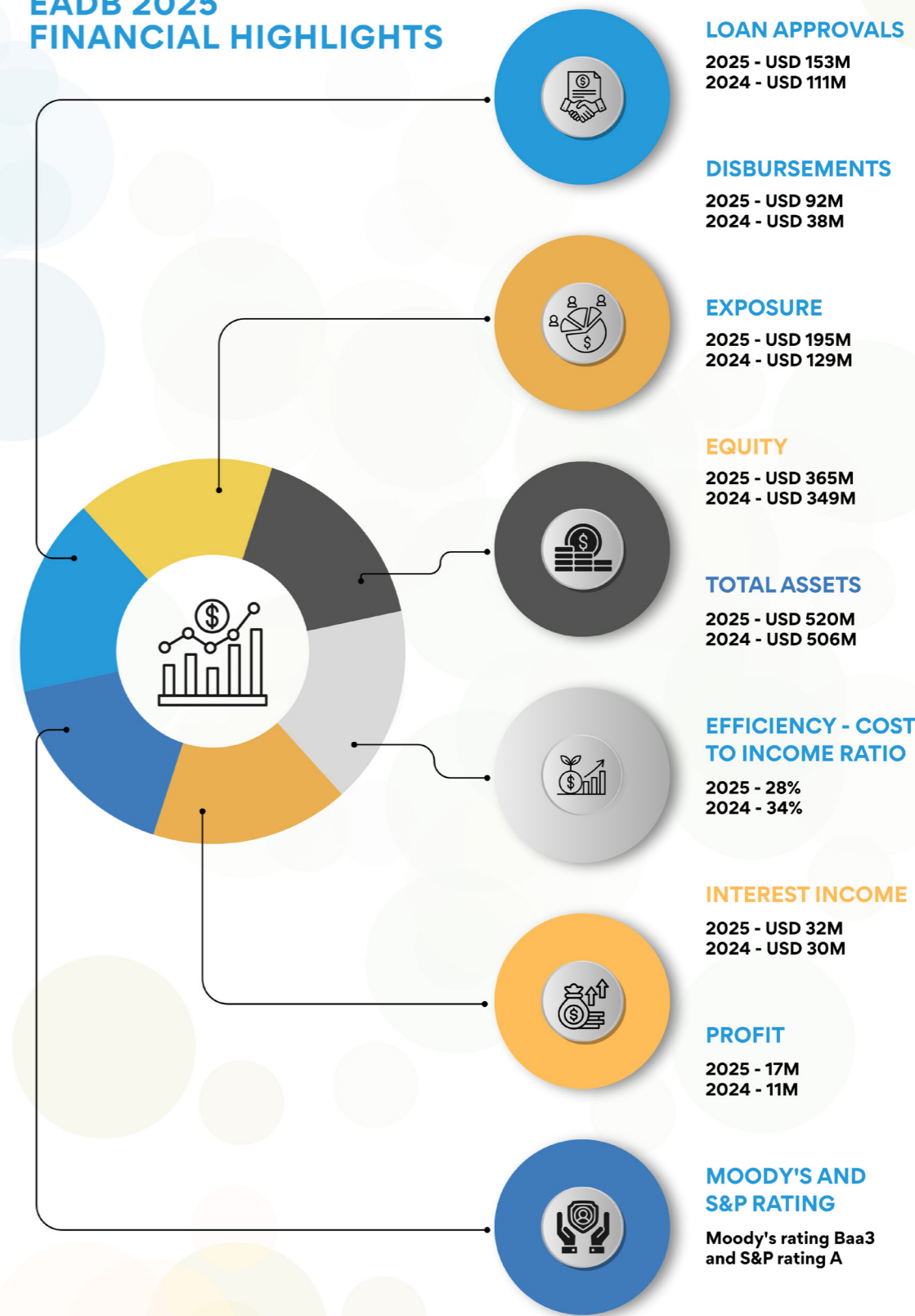


Monitor

We continuously track material matters using performance indicators, stakeholder feedback and emerging trends. This allows us to adapt our strategy and reporting to stay relevant and responsive.



EADB 2025 FINANCIAL HIGHLIGHTS





LETTER OF TRANSMITTAL



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



**The Honourable Cabinet Secretary (CS) for The National Treasury and Economic
Planning, The Republic of Kenya**



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



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

Pursuant to Articles 26(1)(a)(ii) and 35 of the East African Development Bank Charter, the Board of Directors presents to the Honourable Governing Council and Members of the Bank the Annual Report for the year ended 31 December 2025.

The Report highlights the activities undertaken during 2025 and presents the Bank's resulting financial position as at 31 December 2025. It also provides an overview of the economic environment in EADB member states and includes the Bank's sustainability impact.

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

DR. NATU MWAMBA

**Chairperson - East African Development Bank (EADB) Board of Directors
Permanent Secretary, Ministry of Finance - United Republic of Tanzania**



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Reflections from our Leaders

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MESSAGE FROM THE CHAIRPERSON, BOARD OF DIRECTORS

Looking ahead to 2026, EADB is well positioned to deliver on its mandate of promoting sustainable development by providing cost-effective financing to development projects in the member states.

Persistent uncertainty characterised by tightening global financial conditions, geopolitical tensions and rising climate-related risks shaped the global economic landscape in 2025, the year under review. These factors continued to pressure emerging and developing economies, constraining fiscal space while increasing demand for development finance to support growth, resilience and structural transformation.

Fortunately at the regional level, the situation was somewhat more favourable. East Africa continued to outperform other sub-regions, with the Bank's member states - Uganda, Kenya, Tanzania and Rwanda - performing well across key economic indicators.

For the East African Development Bank (EADB), 2025 marked a milestone as it successfully navigated a leadership transition, the first in almost 17 years. Backed by its member states, the Bank strengthened its strategic focus, prioritising investments that drive economic growth, promote shared prosperity and advance sustainable development.

The Bank's 2024-2028 Strategic Plan continued to guide operations, supporting increased investments in financial intermediaries targeting micro, small and medium enterprises (MSMEs) across critical sectors such as agriculture and food security, strategic infrastructure, housing and tourism.

Despite a challenging environment, EADB delivered strong operational and financial results, achieving 52% growth in outstanding loans and generating significant development impact. The Bank has a long and successful track record of financing projects that create measurable socioeconomic benefits and this remained evident in the year under review. Environmental, Social and Governance (ESG) standards are now fully integrated into lending operations to ensure the sustainability of these impacts.

Substantial progress was made on governance, strengthening the Bank's framework to ensure EADB operates in line with its mandate and achieves the objectives set out in the Charter. Key milestones included approval of the Governing Council Procedures and the Board Charter as well as the reconstitution of Board Committees to enhance execution of the Bank's mandate.

These measures have reinforced the risk management framework, strengthened organisational culture and improved readiness to support the planned and prudent growth of the balance sheet, all while safeguarding operational and financial sustainability.

The Board discharged its responsibilities through structured meetings, including four regular meetings and additional sessions specific to the leadership transition and recruitment of the new Director General. Strengthened Board Committees eased the overall workload and enabled the Board to review and monitor performance against the 2025 annual budget and the 2024-2028 Strategic Plan, as well as assess risk management and internal controls and approve key investments, policies and strategic initiatives. Particular attention was given to staff matters, resulting in a new organisational structure, an updated salary and benefits framework and revised staff rules aligned with best human resource management practices. These initiatives are expected to enhance staff motivation and support EADB's vision of becoming an employer of choice in the region.

The Board successfully organised the Governing Council meeting held in March 2025 in Kampala, Uganda, establishing a framework for ongoing engagement with Council members.

The Board also maintained active engagement with key stakeholders through site visits to selected Bank-funded projects, meetings with shareholders and customer-focused engagements in each member state. These interactions enhanced the Board's understanding of operations, stakeholder expectations, emerging risks and opportunities and continue to inform strategic decision-making.

I would like to acknowledge the collective contributions of the EADB Board members and express appreciation for their commitment and effective stewardship in 2025. I also commend the Management team and staff for their professionalism and dedication in implementing Board decisions and advancing the Bank's strategic objectives in the member states.

I thank our member states for their unwavering support and confidence in EADB's future. I am also grateful to my fellow Directors, whose tireless efforts ensure that the Bank fulfils its development priorities and continues to advance real impact.

Looking ahead to 2026, EADB is well positioned to deliver on its mandate of promoting sustainable development by providing cost-effective financing to development projects in the member states.

Thank you.

DR. NATU MWAMBA

**Chairperson, East African Development Bank (EADB) Board of Directors
Permanent Secretary, Ministry of Finance - United Republic of Tanzania**



STATEMENT OF THE DIRECTOR GENERAL

We worked together in 2025 as a team and delivered strong results. I am looking forward to deepening and broadening our collaboration in 2026 to record even bigger and more impactful outcomes.

I am pleased to share this message with our shareholders, customers, development partners and other stakeholders.

Amidst a leadership transition, 2025 was a year of strong operational momentum and disciplined balance sheet management for the East African Development Bank (EADB). We delivered solid growth across our core development finance activities while maintaining financial resilience and strong credit quality, despite a complex global and regional economic environment.

2025 also marked the second year of implementing EADB's 2024-2028 Strategic Plan entitled "Let's Do It", which has set the course for the Bank to become a leading provider of financing solutions for sustainable development in the region.

The loan portfolio grew significantly due to increased disbursements to targeted sectors aimed at creating impact. EADB financing continued to support member states in achieving their development aspirations, fostering entrepreneurship, creating quality jobs and expanding access to affordable finance. Supporting a vibrant and competitive private sector that generates decent jobs remained central to our approach.

The Bank's performance across each of the pillars in the 2024-2028 Strategic Plan was exceptional, with significant progress recorded in all areas.

Pillar 1: Improving development outcomes through growth of the balance sheet

Loan disbursements rose by 140% from USD 38.22 million in 2024 to USD 91.59 million in 2025, reflecting deliberate efforts to accelerate new loan approvals and disbursements. All countries recorded growth, with Rwanda leading at 520%, followed by Uganda at 97% and Tanzania at 83%. Kenya recorded the slowest growth at 4% and in response, country-specific initiatives, including the recruitment of a substantive Country Manager are underway to strengthen the market.

Significant development impact was achieved through loans disbursed via partner financial institutions, supporting 774 micro, small and medium enterprises (MSMEs) and creating

40,550 decent jobs, of which 40% were for women. These MSMEs accessed financing on favourable terms, boosting production, innovation and market competitiveness.

New loan approvals totalled USD 152.90 million compared to USD 111.05 million in 2024, while outstanding commitments of undisbursed loans rose to USD 118.09 million from USD 31.02 million. The quality of EADB's portfolio remained strong, with a non-performing loan ratio of 0.52% at the end of 2025. This positions the Bank for meaningful growth in 2026 even before new loan approvals are secured.

On the funding side, the Bank formalised a USD 40 million line of credit with the OPEC Fund for International Development to support SMEs and strategic infrastructure projects across member states.

Pillar 2: Fostering a high-performance work environment at EADB

Guided by the Board, we enhanced the working environment to boost productivity and support scaled development financing. An employee satisfaction survey identified areas for improvement, followed by consultancy assignments covering job evaluation, salaries and benefits as well as organisational restructuring. Staff rules and regulations were also revised to align with evolving market demands. These measures aim to strengthen the Employee Value Proposition and position EADB as an employer of choice to attract and retain talent.

Pillar 3: Automation of systems and processes

Significant progress was made in upgrading ICT infrastructure, procuring modern equipment and prioritising collaborative systems to enhance efficiency. A special Board committee was established to oversee IT and automation projects. Although implementation of the new core banking and ERP systems faced delays, the procurement process has been restarted, with decisions expected in the first half of 2026.

Pillar 4: Increasing awareness through branding, communications and outreach

The Bank made significant strides in enhancing its visibility through quarterly stakeholder engagements in Uganda, Tanzania and Rwanda in the year under review. These complemented ongoing bilateral engagements with customers and partners, during which Management highlighted development results, products and services aimed at promoting socioeconomic progress.

Earlier in the year, the Bank conducted a customer satisfaction survey that identified key areas for improvement. Subsequent engagements helped address these expectations and the feedback gathered has informed enhancements in service delivery and communications.

Additionally, the Bank strengthened its digital presence through improved content sharing on EADB's official website and increased social media engagement following the reactivation of its channels, which have since attracted a growing and meaningful audience.

Strategic partnerships remained a crucial mechanism for enhancing EADB's capacity to deliver sustainable development projects. The Bank signed a framework agreement with key partners, including the International Fund for Agricultural Development, to co-finance projects in member states and maximise social impact. This marks a significant step toward delivering cost-effective projects through coordinated appraisal and implementation. The Bank also joined the Multilateral Cooperation Center for Development Finance (MCCDF) Coordination Committee, enabling collaboration with other international financial institutions on knowledge sharing, technical expertise and capacity building.

These partnerships will further strengthen EADB's ability to mobilise resources for development initiatives, enhance financial efficiency, improve project impact and accelerate socioeconomic development across member states.

Pillar 5: Proactive enterprise risk management

The reconstitution and elevation of Board Committees contributed significantly to strengthening the Bank's risk management framework. The Audit and Risk Committee provided strategic guidance and oversight, while the formation of the Board Credit and Investments Committee underscores the Board's commitment to ensuring that, as loan approvals and disbursements increase, this growth is underpinned by good quality credit.

General position

EADB maintained a strong financial position, solid capital adequacy and high liquidity throughout 2025. Performance across all strategic areas was robust, with both Moody's and S&P reaffirming the investment-grade credit ratings at "Baa3" and "A" respectively, with stable outlooks.

Looking ahead, the Bank is well positioned to build on this strong performance in 2026. With committed shareholders, a promising operating environment and a solid credit rating, the future has never been brighter.

I take this opportunity to thank everyone who contributed to EADB's success in 2025. My gratitude goes to the Governing Council, representing the shareholders, for its continued support; the Board of Directors for strategic guidance and oversight; the Management team and staff for their dedication and hard work; and our fund providers for enabling impactful financing across the East Africa region.

To our esteemed customers who remained incredibly supportive, we thank and appreciate you. To every stakeholder, near and far, we were able to record this progress because of you.

We worked together in 2025 as a team and delivered strong results. I am looking forward to deepening and broadening our collaboration in 2026 to record even bigger and more impactful outcomes.

Let's Do It!

BENARD MONO

Acting Director General - East African Development Bank (EADB)



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Overview of EADB

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1. EADB AT A GLANCE

The East African Development Bank (EADB) is a regional development finance institution that was formed to promote sustainable economic development and regional integration in East Africa. The Bank supports both public and private sector projects that stimulate growth, boost productivity and improve living standards across the region.

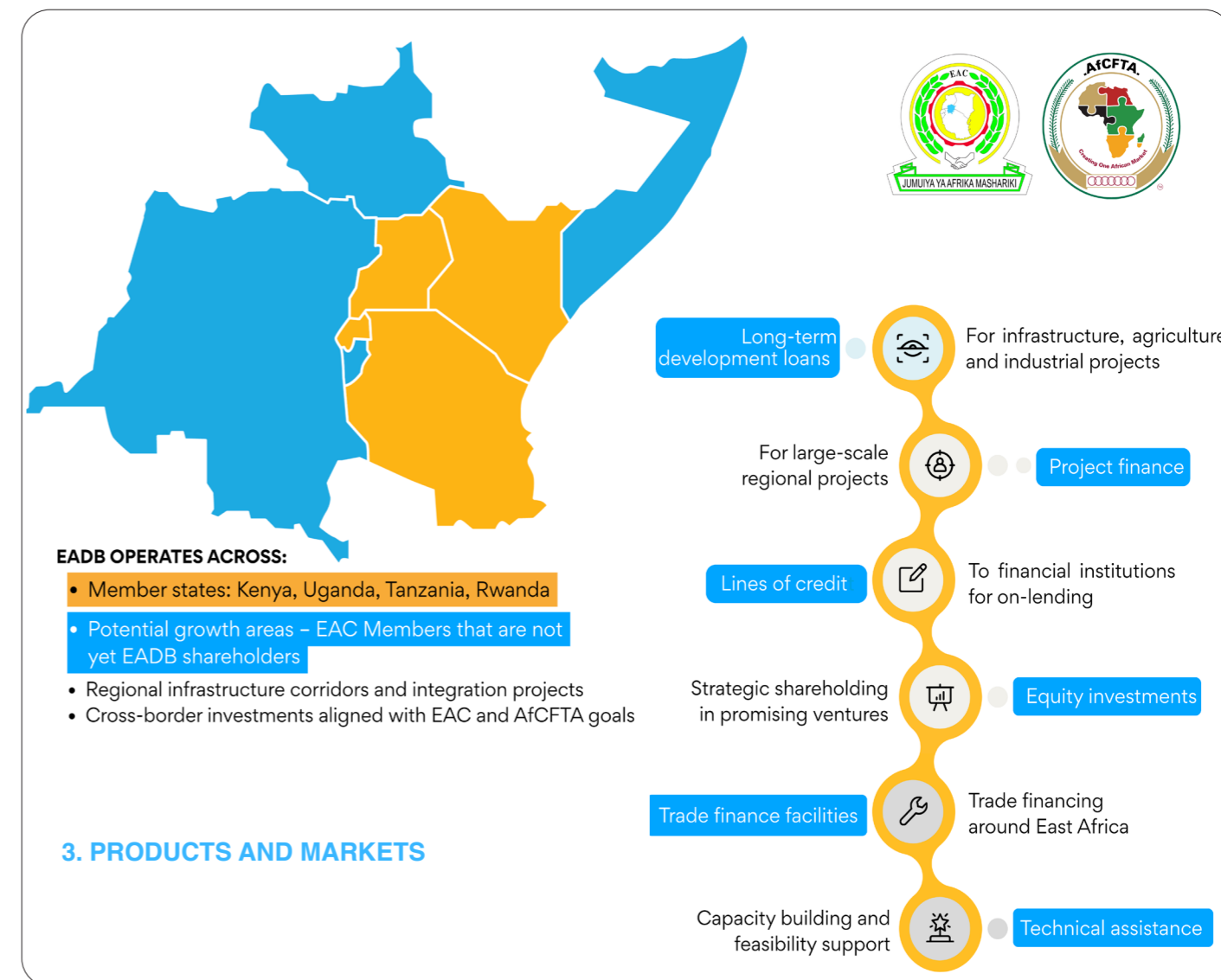
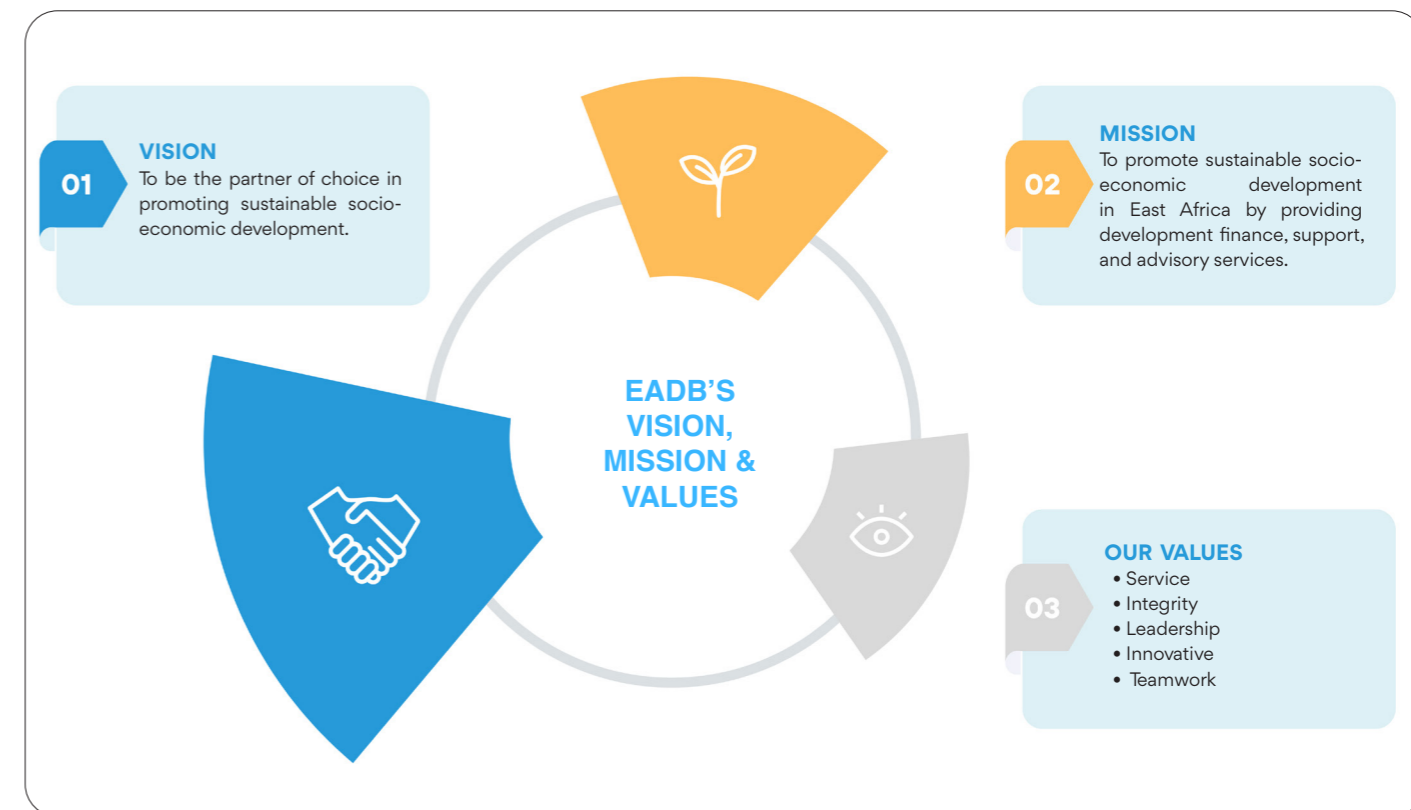
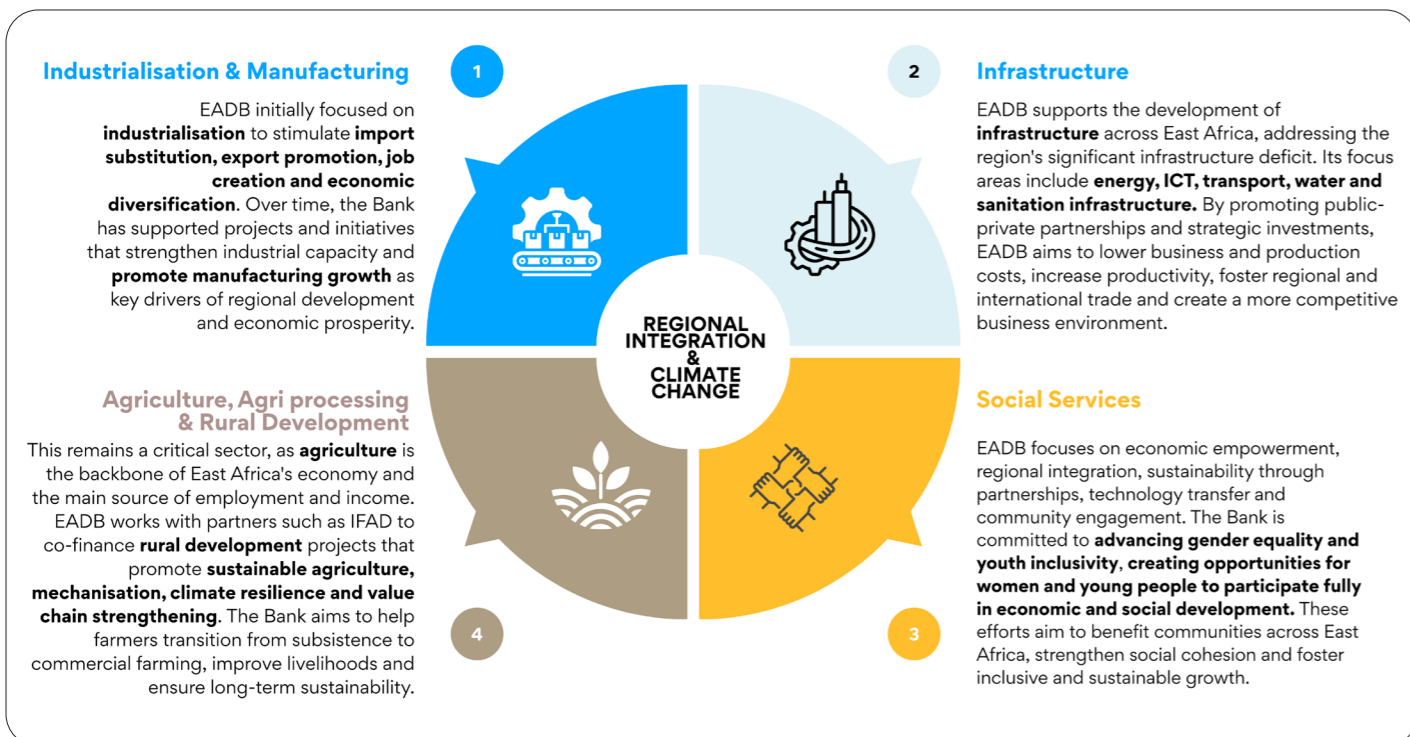
2. BACKGROUND & MANDATE

Launched in June 1967 by the founding states of the East African Co-operation (EAC), the Republic of Uganda, the Republic of Kenya and the United Republic of Tanzania, EADB initially operated under the East African Co-operation framework.

Following the collapse of the Co-operation in 1977, the Bank was reconstituted under its own Treaty and Charter in 1980, signed by the member states. The Republic of Rwanda joined the Bank in 2008. EADB is headquartered in Kampala, Uganda, with country offices in each member state.

The Bank's mandate is to support public and private sector projects through loans, guarantees, equity participation and other financial instruments, boosting sustainable and inclusive development as well as regional integration within the East African Community. As a supranational institution, EADB enjoys the attendant privileges and immunities accorded to international organisations in its member states.

Under its 2024–2028 Strategic Plan, the Bank has identified the following priority sectors that align with the development objectives of its member states:





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Governance of EADB

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OUR GOVERNANCE STRUCTURE

The East African Development Bank (EADB) remains firmly committed to the principles of good governance enshrined in its Charter and continually seeks to strengthen them, in line with global best practices and international standards. Governance underpins the management, control and strategic direction of the Bank, ensuring that its mandate is executed effectively and responsibly. To this end, EADB has established a robust framework of structures and measures designed to uphold and safeguard good governance across all levels of the institution.



At the apex of this framework is the Governing Council - the supreme organ of the Bank, supported by the shareholders and overseen by the Board of Directors, which reports directly to the Council. Complementing these core organs is an advisory panel composed of distinguished experts with extensive experience in development financing, providing guidance and insight on strategic matters. The day-to-day operations are run by the Management Team, led by the Director General and supported by key senior members. These governance organs work in harmony to ensure that EADB operates with transparency, accountability and excellence.

THE GOVERNING COUNCIL

The Governing Council, comprising the Ministers of Finance from the Bank's member states, serves as EADB's highest decision-making body.

The following Governing Council Members served in 2025



HON. MATIA KASAIJA
Minister of Finance, Planning and Economic Development, Republic of Uganda and Chairperson, EADB Governing Council.



HON. DR. MWIGULU NCHEMBA
Minister of Finance & Planning United Republic of Tanzania and Member, EADB Governing Council. (Up to 14 November 2025)



HON. YUSUF MURANGWA
Minister of Finance and Economic Planning, Republic of Rwanda and Member, EADB Governing Council.



HON. AMBASSADOR KHAMIS MUSSA OMAR
Minister of Finance, United Republic of Tanzania and Member, EADB Governing Council. (From 14 November 2025)



HON. CPA JOHN MBADI NG'ONGO EGH
Cabinet Secretary, National Treasury and Economic Planning, Republic of Kenya & Member, EADB Governing Council.

THE BOARD OF DIRECTORS

The Board of Directors comprises representatives of governments from member states, private sector representatives and the Director General. Non-sovereign shareholders (Class B shareholders) are represented on the Board by a designated representative, currently the African Development Bank.

The Board is responsible for EADB's strategic direction and provides oversight to ensure that the Bank achieves its objectives and fulfils its mandate across the member states. Its activities are governed by both the EADB Charter and the Board Charter.

In 2025, new Board Committees were established to strengthen the Board's function and ensure the seamless execution of its mandate. These committees include the Board Audit and Risk Committee (BARC), the Board Human Resources & Remuneration Committee (BHRC), the Board Credit and Investment Committee (BCIC) and the Board Special IT Projects Committee (BSITPC).

The Board held 4 ordinary meetings and in addition convened 7 special meetings in the year under review to deliberate on a range of issues, including the Bank's financial performance, risk management reports, project approvals and human resources matters. The Board also approved the 2026 Annual Budget, laying the foundation for effective implementation of the Bank's programmes in 2026.

No.	Board Meeting	Date of meeting	Venue	Nature
1	278 th	27-28 th March 2025	Arusha	Ordinary
2	282 nd	17-18 th July 2025	Kampala	Ordinary
3	286 th	27 th November 2025	Nairobi	Ordinary
4	287 th	15 th December 2025	Online	Ordinary

No.	Board Audit and Risk Committee	Date of meeting	Venue	Nature
1	53 rd	27 th March 2025	Arusha	Ordinary
2	54 th	10 th July 2025	Online	Ordinary
3	55 th	6 th November 2025	Online	Ordinary

No.	Board HR & Remuneration Committee	Date of meeting	Venue	Nature
1	1 st	30 th September 2025	Kampala	Ordinary
2	2 nd	16 th October 2025	Kampala	Special
3	3 rd	9 th December 2025	Online	Ordinary

No.	Board Credit & Investment Committee	Date of meeting	Venue	Nature
1	1 st	11 th November 2025	Online	Ordinary

No.	Board Special IT Project Committee	Date of meeting	Venue	Nature
1	1 st	25 th November 2025	Online	Ordinary

The following individuals served as Board members in 2025:



DR. RAMATHAN GGOOBI
Permanent Secretary and Secretary to the Treasury, Ministry of Finance, Planning and Economic Development, Republic of Uganda



DR. CHRIS KIPTOO
Principal Secretary, the National Treasury, Republic of Kenya



DR. NATU MWAMBA
Permanent Secretary, Ministry of Finance, United Republic of Tanzania



MR. REUBEN KAREMERA
Deputy Accountant General in charge of Treasury Management in the Ministry of Finance and Economic Planning, Republic of Rwanda



DR. ALEX MUBIRU
African Development Bank - Class B shareholders Representative



MR FRANCIS N. KARIRURU
Private Sector Representative, Republic of Kenya



MRS KHADIJA I. SIMBA
Private Sector Representative, United Republic of Tanzania



MR FAUSTIN MBUNDU
Private Sector Representative, Republic of Rwanda



DR. JAMES TUMUSIIME
Private Sector Representative, Republic of Uganda



MR. BENARD MONO
Acting Director General, East African Development Bank

MANAGEMENT

The Management Team is led by the Director General, who serves as the Bank's legal representative and is responsible for conducting its day-to-day operations, under the strategic direction of the Board of Directors. The Director General is supported by the Management Committees and oversees all key aspects of the Bank's business including strategy, performance and financial soundness. To support effective decision-making and operational oversight, EADB has established the following Management Committees:

1. Management Committee (MAC)
2. Projects Committee (PROCO)
3. Asset and Liability Management Committee (ALCO)
4. Human Resources Management Committee (HRMC)
5. Information Technology Steering Committee (ITSC)

The following individuals served as Management in the year under review:



MR. BENARD MONO
Acting Director General
Master of Applied Finance; Macquarie University, Sydney, Australia | Bachelor of Commerce - Accounting, University of Dar es Salaam | Certified Public Accountant (T)



MR. ANDREW ASIRA
Head of Operations
Master of Business Administration (MBA), International Business, University of Nairobi



MR. CHACHA NYAMOHANGA
Treasurer
Master of Business Administration (MBA), Strategic Management, Catholic University of East Africa | Bachelor of Arts (Mathematics & Economics), Egerton University



MR. SILAS OGADA
Head of Risk & Compliance
Master of Business Administration (MBA) Finance, Daystar University, Nairobi | Bachelor of Science, Kenyatta University | ACI FMA (Dealing & Settlement) ACCA Part-Qualified (5 / 13 exams completed)



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



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



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



MR. PETER KYOMA
Acting Head of ICT
Master of Science Financial Engineering, WorldQuant University | Bachelor of Science, Computer Science and Mathematics, Makerere University

As the Bank continued to strengthen its regional presence in 2025, country office operations were led by the following managers within the Operations Directorate: Mr. Ben Raminya - Acting Country Manager, Kenya, Mr. Stephen Wambura - Country Manager Tanzania, Mr Francis Ogwang' - Country Manager Uganda and Ms. Janet Gatera, Country Manager Rwanda.



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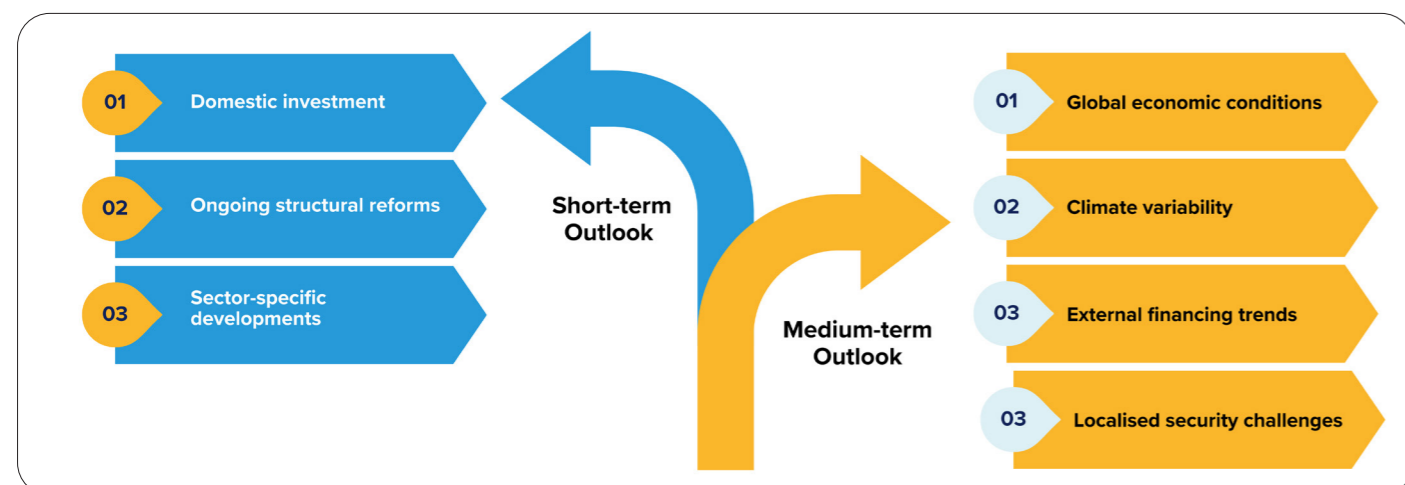
Economic Review & Outlook

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EAST AFRICA - ECONOMIC LANDSCAPE

Economic activity in the East African region remained broadly resilient in 2025, driven by a continued recovery in services, construction and agriculture, despite a generally soft global environment. Inflation eased in several economies after earlier price pressures although conditions varied across the region, reflecting differences in country-specific factors and policy settings.



Monetary authorities generally maintained cautious stances, with some gradually adjusting policies as inflation conditions permitted. At the same time, fiscal consolidation and public debt management remained key priorities for several sovereigns, given evolving financing conditions and higher external borrowing costs.

Although sectoral contributions differed across countries, the broader regional outlook continued to be shaped by diversified drivers of activity, balanced by risks from global economic fragmentation, weather-related shocks and other region-specific vulnerabilities.

SECTORAL PERFORMANCE



Agriculture: Agriculture continues to account for a substantial share of East Africa's economic output, contributing up to 40% of GDP and employing a large proportion of the population. In 2025, sector performance remained broadly steady, although outcomes varied across countries due to differing exposure to climate-related shocks, including drought conditions in some areas.

Outlook: Moderate growth of around 3–4% per year is expected, supported by increased adoption of climate-resilient practices and the gradual expansion of agro-processing capacity.



Manufacturing: Manufacturing activity expanded through the ongoing development of regional value chains and industrial parks, though its overall share of GDP remains modest at around 8–10%. Growth in 2025 was linked to segments such as cement, textiles and agro-processing, reflecting broader regional investment trends.

Outlook: The outlook remains generally positive, with projected growth of 6–8% per year as cross-border market integration and the implementation of industrial policies continue to advance.



Services: The services sector remained a key contributor to regional growth in 2025, supported by developments in ICT, financial services and the recovery of travel-related activities. Several economies recorded notable service-driven gains as digital adoption and market connectivity improved.

Outlook: Sustained growth of around 5–7% per year is expected, driven by ongoing digitalisation, expanding connectivity and deeper regional trade in services.



Infrastructure & Energy: Investment in infrastructure continued across transport corridors, renewable energy and urban utilities, contributing to improved connectivity and incremental enhancements in power reliability.

Outlook: Strong growth is expected, with annual spending projected to remain near 9% of GDP, focusing on transport networks, logistics infrastructure and clean-energy developments.



Tourism: Tourism activity moved closer to pre-pandemic levels in 2025, supporting employment and small-enterprise activity across major destinations in the region.

Outlook: Stable growth of 4–6% per year is anticipated, supported by regional tourism circuits, improved connectivity and steady interest in ecotourism offerings.

EAST AFRICA - ECONOMIC LANDSCAPE (CONTINUED)



Financial & Digital Services: Financial services expanded further in 2025, aided by increased use of fintech platforms and mobile-money services, which continued to improve access to financial products for households and enterprises.

Outlook: Robust growth of 8–10% per year is expected as digital banking, financial-inclusion initiatives and technology-enabled service delivery continue to evolve.

Emerging opportunities in the East African region

The East African region presents several promising avenues for development and investment. Enhancing fiscal resilience remains a key priority as rising debt levels create space for innovative financing solutions and the strengthening of fiscal frameworks. In the agricultural sector, scaling climate-smart practices and green investments is becoming increasingly important, given the region's exposure to climate variability. This drives demand for resilient farming systems and renewable energy solutions.

Expanding youth employment is another critical opportunity. High levels of youth unemployment make targeted investments in skills development, entrepreneurship and job-creating sectors essential for fostering inclusive growth. Boosting value addition in regional industries also offers a way to mitigate the impact of global commodity price fluctuations, encouraging the development of regional value chains and export diversification.

Future outlook for the East African region

The regional outlook remains positive supported by growing investment in energy, digital infrastructure and agro-processing, all of which continue to show strong potential for growth. This momentum is reinforced by deeper regional integration as countries collaborate more closely through the East African Community and the African Continental Free Trade Area, creating new opportunities for trade, investment and cross-border economic activity. Rising interest in climate-resilient and green development pathways is driving demand for sustainable solutions, highlighting the need for innovative financing approaches. These trends collectively underscore the expanding role of development finance institutions, including the East African Development Bank (EADB), in providing long-term capital to support meaningful investments across the region.

ECONOMIC OUTLOOK OF EADB MEMBER STATES

The East African region continues to demonstrate resilience, driven by structural reforms, infrastructure investments and demographic dynamism.

1. KENYA

Macroeconomic overview

Kenya's economy recorded real GDP growth of 4.7% in 2024 according to the Kenya National Bureau of Statistics. Despite challenges from fluctuating global commodity prices, rising interest rates and geopolitical tensions, the World Bank projects growth of 4.5% in 2025. On matters inflation, pressures moderated significantly in 2024, reaching 2.7% in October, with the annual average stabilising at around 4.5%. This trend continued into early 2025, with inflation remaining within the Central Bank of Kenya's target band of 3.6% to 4.6%, supported by a tight monetary policy stance. In response to earlier price pressures, the Central Bank Rate peaked at 12.5% in 2024, helping to anchor inflation expectations and maintain macroeconomic stability.



Growth drivers and opportunities

On the back of favourable weather conditions, agriculture, forestry and fishing contributed 22.5% to GDP, expanding by 4.6% in 2025. This supported rural incomes and reinforced food security across the country. The sectors' performance also complemented gains in tourism, which recorded 2.4 million international arrivals in 2024, a 14.6% increase from the previous year, generating KES 452 billion in earnings. Meanwhile, Kenya's digital economy continued to gain momentum, projected to contribute 9.24% to GDP, driven by rapid ICT expansion and rising digital adoption. These developments strengthened macroeconomic fundamentals, supporting a rise in foreign exchange reserves from USD 7.7 billion in 2024 to USD 8.5 billion by February 2025, the highest level since 2021. Overall, growth remained anchored in a broadening services sector driven by ICT, financial services, transport and tourism, reflecting a more diversified economic base.

Risks and challenges

Despite strong sectoral performance and improving macroeconomic fundamentals, Kenya continues to face significant risks that could affect inflation and fiscal stability. Currency depreciation may increase import costs and add to inflationary pressures, while public debt is projected to reach approximately KSh 12 trillion by 2025, raising concerns about long-term fiscal sustainability. Evolving political dynamics, together with external developments such as changes in U.S. trade policy and the anticipated expiry of the African Growth and Opportunity Act (AGOA), also create uncertainties that may influence investor sentiment and trade prospects.

Outlook

Kenya's medium-term outlook remains broadly positive, supported by a strong services sector, ongoing reforms and a recovery in agriculture. The World Bank projects GDP growth to rise gradually from 4.5% in 2025 to around 5.0% by 2026–27, driven by expanding digital transformation, strengthened regional trade under the East African Community and the African Continental Free Trade Area as well as continued improvements in external balances supported by robust remittance inflows. Sustaining this momentum will require maintaining fiscal discipline, strengthening public financial management and implementing reforms that enhance the overall investment climate.

2. TANZANIA

Macroeconomic overview

Tanzania's economy continues to follow a steady growth trajectory, expanding by 5.6% in 2024 and projected to reach 5.8–6% in 2025. This performance is driven by robust infrastructure development, a growing industrial base and a resilient services sector. Inflation has remained at 3.3%, although the 9% depreciation of the Tanzanian shilling has increased import costs and posed short-term pressures on households and businesses. Against this backdrop, prudent fiscal management and a sound policy framework have sustained investor confidence and provided a solid foundation for inclusive growth over the medium term.

Growth drivers and opportunities

Infrastructure remains the backbone of Tanzania's growth, driving both domestic development and regional integration. The completion of major projects, including the Tanzania–Burundi and Tanzania–Zambia standard gauge railways, along with upgrades to the Dar es Salaam and Tanga ports, is set to enhance trade connectivity across East Africa. Energy capacity will receive a significant boost from the Julius Nyerere Hydropower Project expected to deliver 2,100 MW, supporting industrial productivity and broader economic activity. Rising population, projected to reach 70.6 million in 2025, together with improving literacy rates and expanding urban markets, is reinforcing domestic demand and labour supply. Tanzania's deepened participation in the East African Community and the African Continental Free Trade Area is also expected to attract foreign direct investment and export opportunities, further accelerating sustainable growth.

Risks and challenges

Amidst the country's projected growth, attention must be given to risks that could slow economic momentum, affect vital sectors or undermine macroeconomic stability. Exchange rate pressures remain a key area of concern, as further depreciation may increase the cost of servicing the existing stock of foreign-currency debt and place upward pressure on prices through higher fuel and imported input costs. The agriculture sector which contributes 25.8% of GDP remains vulnerable to climate-related shocks such as droughts and floods, which could disrupt production and affect livelihoods. Global economic developments, including slower growth in major trading partners or changes to tariff regimes, may also weigh on export performance. Following the October 2025 national elections, the post-election period could see a brief adjustment phase as economic activity stabilises. These challenges highlight the importance of prudent fiscal and monetary management, alongside targeted policies to strengthen resilience across critical sectors.

Outlook

Tanzania's medium-term outlook remains favourable, supported by political stability, consistent policy implementation and ongoing large-scale public investments. The country is well positioned to consolidate its role as a regional transport and energy hub, leveraging its strategic geographic location and abundant natural resources. These advantages are expected to attract further investment, enhance regional trade connectivity and sustain economic momentum over the coming years.



3. UGANDA

Macroeconomic overview

Uganda's economy grew by 6.1% in 2024, up from 5.3% in 2023, and is projected to reach 6.9% in 2025. This growth reflects strong performance in services and industry alongside significant investments in the oil sector. Inflation remained below the 5% target at 3.5%, providing room for a stable monetary stance. The Ugandan shilling strengthened to around 3,600 per USD by the end of 2025, supported by gold exports, remittances and inflows of foreign direct investment (FDI). These developments point to a strong economy that is well placed to sustain growth in the medium term while strengthening its capacity to attract investment and generate jobs.

Growth drivers and opportunities

The oil sector continues to serve as Uganda's key growth engine, with commercial production expected in late 2025, supported by the East African Crude Oil Pipeline (EACOP). This expansion complements a diversified economy where services contribute 43% of GDP and industry accounts for 25%. Initiatives such as the Parish Development Model (PDM) are improving financial inclusion and boosting productivity in rural areas. Combined with macroeconomic stability and strengthened public investment management, these efforts are reinforcing investor confidence and laying a solid foundation for sustained growth across the country.

Risks and challenges

Climate variability, particularly irregular rainfall patterns, may periodically disrupt agricultural output, potentially reducing GDP by 2–4% annually. Public debt, approaching 52.1% of GDP also stands to limit fiscal space and requires careful management to maintain government spending priorities. At the same time, external developments, including possible adjustments to European Union (EU) trade arrangements and ongoing geopolitical tensions in the Middle East may weigh on the country's export performance. These factors might place pressure on current growth projections unless mitigated through prudent policy measures and targeted investment decisions.

Outlook

Looking ahead, Uganda's medium-term outlook remains highly positive. GDP growth is expected to average 6.8–7%, supported by oil production, infrastructure development and the gradual expansion of manufacturing. Maintaining this trajectory will depend on continued fiscal consolidation, strengthened climate adaptation measures and greater export diversification, which will help ensure that economic gains are resilient and inclusive for all sectors of society.



4. RWANDA

Macroeconomic overview

Rwanda's economy continues to demonstrate resilience, expanding by 8.2% between 2022 and 2023, with growth projected at 6.6% for 2024–2025. The slight moderation reflects climate-related impacts on agriculture. Inflation is expected to decline from 14.3% in 2023 to 5.2% in 2025, supported by improved food supply and prudent monetary policy, creating a stable environment for investment.

Growth drivers and opportunities

Rwanda's fiscal position continues to strengthen, with the deficit projected to narrow to 6.4% in 2024 and 5.9% in 2025 as consolidation efforts deepen. This adjustment is being supported by reforms under the IMF's Policy Coordination Instrument, which are guiding a gradual reduction in public debt toward the 65% Debt-GDP target by 2031. Alongside these improvements, the services sector remains a key engine of growth, expanding by 9% in FY2024/25 and driven by trade, transport, hospitality, telecommunications and financial services. The resilience of the financial sector further supports this momentum, with banks maintaining strong capitalisation and enabling steady credit expansion. Rwanda's growing investment partnerships also continue to boost its role as a regional financial and innovation hub.

Risks and challenges

Rwanda remains exposed to climate-related shocks which may affect agricultural output and food security outcomes. Structural transformation is progressing gradually, although sectoral contributions to GDP have shown limited shifts over the past decade. External vulnerabilities also



warrant attention, as the current account deficit, at 10.7% of GDP, reflects reliance on imported capital goods and presents potential external balance challenges. Additionally, youth unemployment and persistent skills gaps require continued policy focus, given their implications for labour productivity and the country's broader economic dynamism.

Outlook

Rwanda's economic outlook remains strong, with growth projected at 6–7% annually. This performance reflects sustained momentum in the services sector, ongoing fiscal consolidation and gradual progress in industrial diversification, all of which reinforce the country's economic resilience. As these priorities advance, Kigali's expanding role as a financial hub under the AfCFTA framework further strengthens Rwanda's position as an increasingly important player in regional integration.

Country	2025 GDP Growth	Inflation (2025)	Fiscal Position	Key Growth Driver	Major Risk
Kenya	5.3%	5.0%	Rising debt, moderate deficit	Digital economy, agriculture, tourism	Currency depreciation, political instability
Tanzania	5.8–6%	3.3%	Debt ~49% of GDP	Infrastructure, energy	Exchange rate volatility, climate risk
Uganda	6.9%	3.5–4.2%	Moderate debt risk	Oil exports, manufacturing	Fiscal slippage, external shocks
Rwanda	6.6%	5.2%	Deficit 5.9%, debt declining	Services, AfCFTA finance hub	Climate shocks, trade deficit

Sources: Kenya National Bureau of Statistics and World Bank



6

Our Strategy & Business Model

ANNUAL REPORT 2025

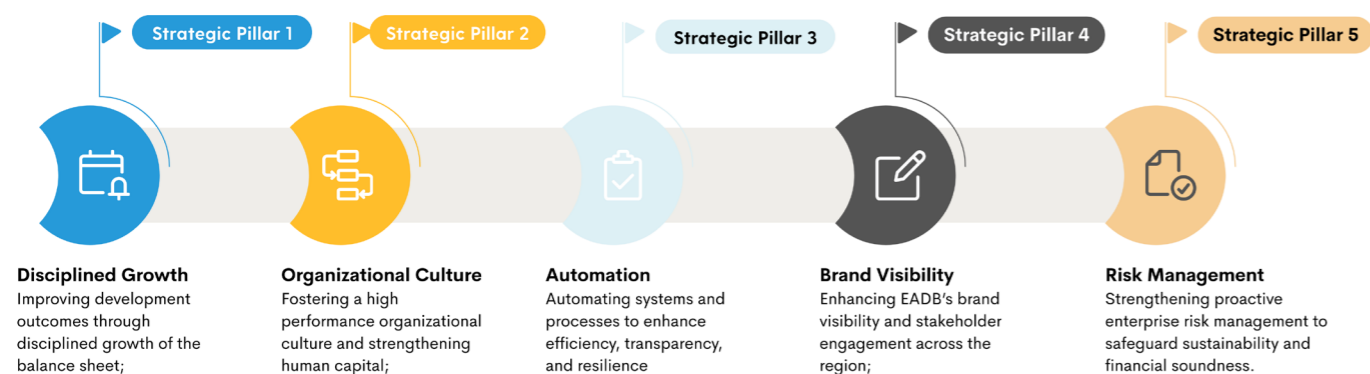
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2025 STRATEGIC PERFORMANCE REVIEW AND 2026 STRATEGIC OUTLOOK

The East African Development Bank (EADB) launched its five-year Strategic Plan (2024–2028), entitled “Let’s Do It!” in 2024, marking a pivotal phase in the Bank’s ongoing transformation and regional development mandate. The Plan seeks to enhance EADB’s operational standards, deepen its development impact, expand its lending footprint, mobilise resources at scale and finance a diverse range of projects aimed at fostering sustainable and inclusive economic growth across its member states. The 2024–2028 strategy also prioritises the use of innovative financing solutions and the strengthening of the Bank’s institutional profile, enabling it to act more effectively as a catalyst for development, regional integration and long-term economic resilience.

STRATEGIC OBJECTIVES

Following the launch of the Strategy, implementation began against a backdrop of evolving regional development needs, rising climate and socio-economic pressures, as well as heightened expectations from member states and stakeholders. Anchored in this context, the Plan provides a coherent framework to guide its strategic execution. Five core objectives were articulated to translate this into action, steer implementation and continually measure progress:



PROGRESS AND ACHIEVEMENTS TO DATE

Building on the momentum achieved under the 2016–2020 Strategic Plan and the subsequent 2021–2023 tactical period, EADB entered the 2024–2028 cycle on a strong financial and institutional footing. The Bank has since delivered tangible development impact through targeted sector financing, with notable achievements including:

- Expansion of agricultural and SME financing through lines of credit, implemented in partnership with regional and international development partners, resulting in increased access to finance, job creation and enhanced food security.
- Support to sectors such as manufacturing, energy, health, education, tourism and financial services across member states.
- Strengthening of enterprise-wide risk management systems and adoption of environmental and social management practices with support from international partners.

These achievements provide a strong foundation for scaling up development interventions and accelerating impact under the current Strategic Plan.

Strategic Pillar 1: Improving development outcomes through growth of the balance sheet

EADB recorded significant growth in its loan portfolio in 2025, driven by increased financing to targeted sectors aimed at generating measurable socio-economic impact. A total of USD 91.60 million was disbursed in 2025, compared to USD 38.22 million in 2024, increasing the loan portfolio from USD 130 million to USD 196 million. The balance sheet also strengthened, with total assets rising from USD 506 million in 2024 to USD 520 million in 2025. Additionally, portfolio quality improved, with the non-performing loan (NPL) ratio declining to 0.52% at the end of 2025 from 0.90% in 2024, supported by enhanced due diligence, continuous supervision and reinforced portfolio monitoring.

The Bank recorded significant development impact from the loans disbursed through financing programmes, continued with partner financial institutions. This resulted in USD 64.04 million being channeled, benefiting 774 MSMEs and supporting 40,550 decent jobs, 40% of which were held by women. Access to financing on favourable terms enabled these businesses to increase production capacity, drive innovation and strengthen their competitiveness, ultimately contributing to sustainable business growth and broader economic development in the region. Selected project details are provided in Chapter 7 of this report.

To strengthen its funding position and expand its development interventions, the Bank signed a USD 40 million line of credit agreement with the OPEC Fund for International Development, which will support SMEs and strategic infrastructure projects across member states to boost service delivery and unlock further regional development.

EADB’s credit ratings remained strong reflecting its solid financial position, preferred creditor status and immense shareholder support. These fundamentals were validated in October 2025 when Moody’s reaffirmed the Bank’s Baa3 rating with a stable outlook and further reinforced in December 2025, when Standard & Poor’s (S&P) Global Ratings affirmed the Bank’s Long-Term Issuer Credit Rating at ‘A’ and its Short-Term Issuer Credit Rating at ‘A-1’, with stable outlook.

Both assessments underscore EADB’s strong capitalisation, high liquidity and prudent risk management framework, which are expected to remain resilient as the loan portfolio expands and operations scale up. In this position, the Bank will continue mobilising cost-effective funding to support projects in both the public and private sectors across member states.

Strategic Pillar 2: Fostering high performance through a skilled and engaged workforce

A talented and motivated team remained central to EADB’s operations in 2025, supporting the Bank’s efforts to maximise productivity and not only meet but exceed stakeholder expectations. Key wins under this pillar reflect progress in recruitment, retention, capacity building, performance management and employee wellbeing, all of which strengthened institutional capacity and supported effective strategy execution.

Attracting and retaining top talent

The Bank strengthened its human capital by attracting and securing top-tier talent aligned with its strategic goals. A highlight of the year was the recruitment of a Public Relations and Communications Officer tasked with enhancing EADB’s brand presence, expanding stakeholder engagement and coordinating communication efforts to increase awareness of Bank services in support of Strategic Pillar 4. Employee retention remained a notable success, with zero staff departures recorded in 2025. This stability reflects effective recruitment, a positive work environment and strong employee satisfaction and commitment.

Organisational agility and structure

To support faster decision-making and efficient delivery of strategic initiatives, the Bank revised its organisational structure. The update improved reporting clarity, strengthened cross-functional collaboration and enhanced operational agility, positioning EADB to respond more effectively to evolving regional development needs.

Job evaluation and compensation alignment

In 2025, EADB completed a comprehensive job evaluation exercise, establishing a framework that aligns roles, responsibilities and competencies with internal equity and market standards. Complementing this, a salary survey provided actionable insights to inform targeted improvements to compensation and benefits. The outcomes included closer alignment with market benchmarks, strengthened internal equity and clearer career progression pathways. These recommendations were endorsed by Senior Management and approved by the Board for implementation in 2026.

Capacity building and professional development

EADB maintained its commitment to staff development through targeted training programmes designed to address capability gaps and support strategic priorities. Training was delivered through a mix of in-person, online and blended formats to maximise participation and accessibility. The Staff Rules and Regulations were revised to allow employees pursuing private studies to take examination leave while retaining annual leave entitlements. In addition, the Bank implemented internal professional and leadership development programmes to equip employees with the skills needed to advance their careers while supporting organisational objectives. These initiatives are expected to strengthen competencies in critical areas, improve completion rates and provide a strong foundation for succession planning and internal mobility.

Performance management and recognition

To translate its strategy into measurable outcomes, EADB implemented the Balanced Scorecard (BSC) as its primary performance management framework, ensuring that financial, customer, operational and learning and growth objectives were clearly defined and closely monitored. Regular performance discussions were conducted at both departmental and individual levels, reinforcing accountability and alignment with strategic priorities. In support of a performance-driven culture, the Bank also introduced a formal Recognition and Reward Policy and issued its first performance-based bonus in January 2025. This encouraged greater alignment of employee efforts with strategic objectives and strengthened a culture of high performance across the organisation.

Engagement, communication and employee wellbeing

On matters employee engagement, the Bank strengthened structured communication channels through monthly Town Hall meetings, fostering open dialogue and enabling timely responses to workforce feedback. Employee wellbeing was also enhanced through a comprehensive programme delivered in collaboration with internal and external partners, providing staff and their immediate families with access to support services, including free counselling through Jubilee Health Insurance. The programme places emphasis on mental health, financial wellness and healthy lifestyle management. Increased participation in

preventative health screenings and assessments in 2025 was complemented by on-site wellness initiatives, encouraging staff to prioritise proactive care. These efforts have embedded a culture of belonging, high performance and mutual support, ensuring our people are continuously empowered, recognised and valued.

Strategic Pillar 3: Automation of systems and processes

EADB initiated a major upgrade of its Core Banking System (CBS) and Enterprise Resource Planning (ERP) platform, marking a key milestone in its digital transformation journey in the year under review. To ensure strong governance and alignment with strategic objectives, the Board established a dedicated committee to oversee the timely implementation of all IT and automation initiatives.

The system upgrades, scheduled for completion within a year, are expected to significantly enhance operational efficiency, improve service quality, reduce turnaround times and support the delivery of innovative, customer-centric solutions across the Bank's service channels. This lays a strong foundation for future digital innovation and scalable growth across EADB's operations.

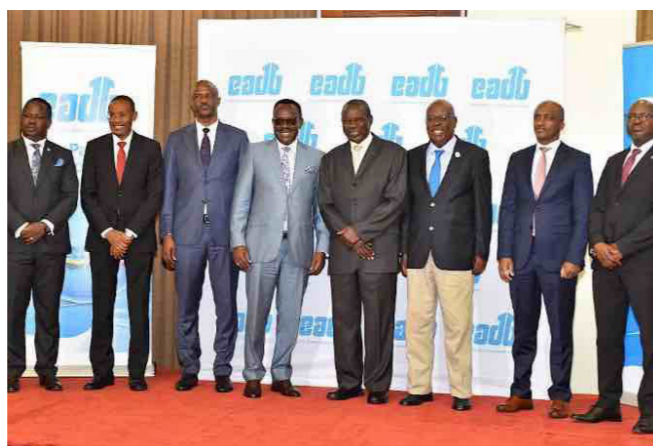
Strategic Pillar 4: Increasing awareness of EADB services through branding, marketing and strategic engagement

With impact comes visibility. In 2025, EADB deliberately adopted a more intentional, coordinated and cohesive approach to stakeholder engagement, integrating high-level convenings, strategically cultivated partnerships, active participation in key regional platforms and targeted Corporate Social Investment (CSI) initiatives to reposition and elevate the Bank's profile as a modern, responsive and impact-driven regional development finance institution.

These efforts created meaningful opportunities to articulate the Bank's vision, demonstrate its development impact and showcase its products and services to governments, private sector actors, development partners and all stakeholders, resulting in strengthened brand presence and deeper relationships across East Africa.

STAKEHOLDER EVENTS

Uganda stakeholder event: On 10 February 2025, EADB hosted a stakeholder engagement event in Kampala, bringing together key partners to discuss the Bank's impact on the Ugandan economy. The event was attended by senior stakeholders, including Uganda's Minister of Finance - Hon. Matia Kasaija, who also serves as Chairperson of the EADB Governing Council, and provided a strategic platform to reaffirm the Bank's mandate, highlight its strategic priorities and share updates on its financing activities and contribution to national development.



Tanzania stakeholder event: On 23 June 2025, EADB hosted a stakeholders' breakfast in Dares Salaam to deepen partnerships and reinforce its development footprint in Tanzania. The event marked the announcement of three landmark financing agreements with TIB Development Bank (TZS 30 billion), Tanzania Mortgage Refinance Company Limited (TMRC) (TZS 30 billion) and Azania Bank Plc (TZS 13.2 billion). The facilities are designed to strengthen access to finance for SMEs, support housing development and stimulate broader economic growth, reflecting EADB's continued commitment to advancing sustainable regional development.



Rwanda stakeholder event: On 16 December 2025, EADB's Country Office in Rwanda convened stakeholders and key partners in Kigali to reflect on the Bank's contribution to Rwanda's socio-economic transformation. The engagement provided an opportunity to showcase progress under the SME programme, through which USD 33 million (RWF 48 billion) has been disbursed since its



launch in 2024 to four partner institutions - Development Bank of Rwanda (BRD), Duterimbere IMF Plc, AB Rwanda Plc and Letshego Rwanda. The financing has expanded access to capital for SMEs across agriculture, manufacturing, commerce, housing and transport, supporting the creation of over 7,000 jobs, with women representing 40% of the employment generated.

STRATEGIC PARTNERSHIPS

OPEC Fund loan agreement: In June 2025, EADB signed a USD 40 million loan agreement with the OPEC Fund for International Development at its headquarters in Vienna, Austria, marking the fourth and largest financing partnership between the two institutions. The facility is dedicated to supporting SMEs and strategic infrastructure projects across EADB's member states, enhancing the Bank's capacity to scale sustainable economic development initiatives and deepen its regional impact.



IFAD & EADB co-financing agreement: In July 2025, EADB signed a co-financing agreement with the International Fund for Agricultural Development (IFAD) to scale up joint investment in rural development and food systems transformation across East Africa. Concluded during the UN Food Systems Summit +4 Stocktake in Addis Ababa, Ethiopia, the partnership underscores EADB's commitment to collaborative financing approaches that advance sustainable regional development.



East African Business & Investment Summit partnership: The East African Business & Investment Summit was conceptualised with the aim of positioning the EAC as one of Africa's most strategic trade and investment hubs. EADB, in partnership with the East African Business Council (EABC), Private Sector Foundation Uganda (PSFU), the East African Community (EAC), GIZ, ISUZU East Africa, RSM Eastern Africa and the African Development Bank (AfDB), played a key supporting role in advancing the initiative. Organised under the theme "Promoting Private Sector-Driven Regional Integration for Increased Intra- and Extra-EAC Trade and Investment," the summit seeks to strengthen private sector participation in regional integration. Although the event was postponed due to unavoidable circumstances and will be convened at a later date, the collaboration reflects EADB's commitment to mobilising resources, fostering knowledge exchange and strengthening coordination around regional development priorities.



PARTICIPATION IN REGIONAL EVENTS

2nd Regional Industrialisation Conference (RIC2025): In August 2025, EADB participated in the 2nd Regional Industrialisation Conference organised by the Private Sector Foundation of Uganda (PSFU). Under the theme "Enhancing Policy Advocacy for Sustainable Regional Industrial Growth," the event provided a platform to explore policy and financing solutions that support industrialisation across East Africa. EADB's Uganda



Country Manager, Francis Ogwang, contributed to a panel discussion on “Sustainable Industrialisation and Financing,” where he highlighted the Bank’s ongoing initiatives aimed at strengthening industrial growth and expanding access to finance for productive sectors.



All Africa Pension Summit: In November 2025, EADB was one of the main partners for The All-Africa Pensions Summit hosted by NSSF Uganda. The summit brought together key decision-makers and stakeholders from Uganda’s pension, financial and development sectors under the theme “Pension Funds - Powering Africa’s Growth”, to explore how pension capital can be leveraged to advance Africa’s economic and social development. EADB’s Treasurer, Chacha Nyamohanga, participated in a panel discussion on “Collaborating for Impact - Strategic Partnerships that Work,” highlighting the Bank’s opportunities to partner with pension funds to support long-term investment, ease the retirement funding burden in the region and finance projects that drive socioeconomic development.



COP30 participation, Belém, Brazil: EADB received accreditation for seven staff members to attend COP30, held from 10-15 November 2025 in Belém, Brazil. The delegation comprised Edward Okot Omoya (Environmental and Social Management Specialist), Ben Raminya (Ag. Country Manager – Kenya), Fatma Juma Seif (Senior Legal Officer), Immaculate Kobutesi (Principal Accountant), Janet Gatera (Country Manager – Rwanda), Joseph Mutatiina (Principal Compliance Officer) and Michael Mukasa (Senior Investment Officer, Portfolio Management).

During the conference, the team participated in plenary sessions, high-level ministerial roundtables and engagements across several thematic pavilions including the Swedish Pavilion, Africa Pavilion, Congo Basin Climate Commission Pavilion, EAC Pavilion and the Global Carbon Council. A key highlight was the Clean Energy Transition Partnership (CETP) event, where the Bank shared its progress in supporting member states’ climate initiatives and explored opportunities for scaling blended finance and strategic partnerships to accelerate the energy transition. At the Congo Basin Pavilion, EADB highlighted its contribution to sustainable socio-economic development in the region, emphasising financial and advisory support to member states. Discussions at the Swedish Pavilion focused on leveraging export credits to finance climate-aligned projects while maintaining strong environmental and social safeguards.



Overall, participation in COP30 provided valuable insights from peer development finance institutions, strengthening EADB’s capacity to scale up climate finance initiatives and deepen its role in supporting East Africa’s climate agenda.

CORPORATE SOCIAL INVESTMENTS (CSI)

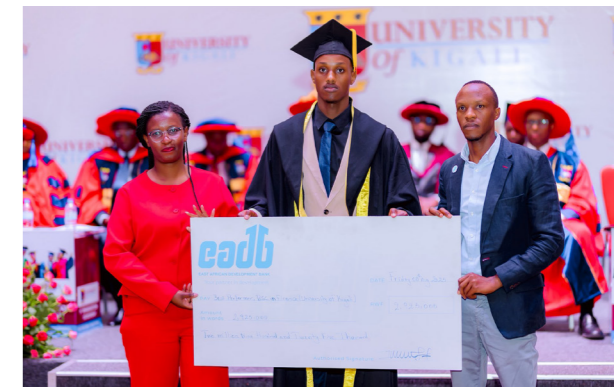


Julius Nyerere Leadership Institute: EADB contributed UGX 15 million (approximately USD 4,100) to the Julius Nyerere Youth Festival 2025 to support programmes designed to inspire, educate and empower the next generation of leaders in cultural expression, innovation and servant leadership. The festival commemorated the 103rd birthday of Mwalimu Julius Kambarage Nyerere, the founding President of the United Republic of Tanzania.



University of Kigali Master’s Degree sponsorship:

In reaffirming its commitment to strengthening talent development in the financial services sector, EADB awarded a Master’s scholarship to Francis Murisa, the top finance graduate at the University of Kigali, during its ninth graduation ceremony. The Bank was represented by the Rwanda Country Manager, Janet Gatera, who presented the award and underscored EADB’s support for nurturing future leaders who will drive innovation, economic growth and capacity development in East Africa through continued investment in academic excellence.



Strategic Pillar 5: Risk management

In 2025, EADB strengthened enterprise risk management through enhanced oversight, improved internal controls and alignment with the Board-approved Risk Appetite Statement. ESG and climate considerations were integrated into project appraisal, while ICT governance, cybersecurity, and business continuity planning reinforced operational resilience. A more in-depth review is provided in Chapter 8 of this report: Proactive Risk Management.

FORWARD-LOOKING PRIORITIES AND PLANNED INTERVENTIONS

EADB remains committed to prudently expanding its loan portfolio while deepening engagement in priority development sectors to drive sustainable and inclusive growth across the region. Looking ahead, the Bank will deploy a diversified suite of financial instruments including loans, guarantees, equity, trade finance and blended finance solutions to maximise development impact and strengthen financial resilience, portfolio stability and stakeholder confidence.

Key priorities for the coming period include financing infrastructure that enhances regional connectivity and trade integration, supporting climate-resilient agriculture, clean energy and green investments as well as promoting value-adding manufacturing alongside SME development to stimulate economic growth and create employment opportunities. The Bank also aims to expand local currency financing and develop regional capital markets through instruments such as Umoja Bonds, while strengthening partnerships with multilateral development banks, national DFIs and private sector institutions to mobilise additional capital.

Underpinning these initiatives is a continued focus on institutional excellence. EADB will keep strengthening its systems, digital capabilities, human capital and governance frameworks to support institutional resilience and sustainable growth, in full alignment with the objectives of the 2024-2028 Strategic Plan.

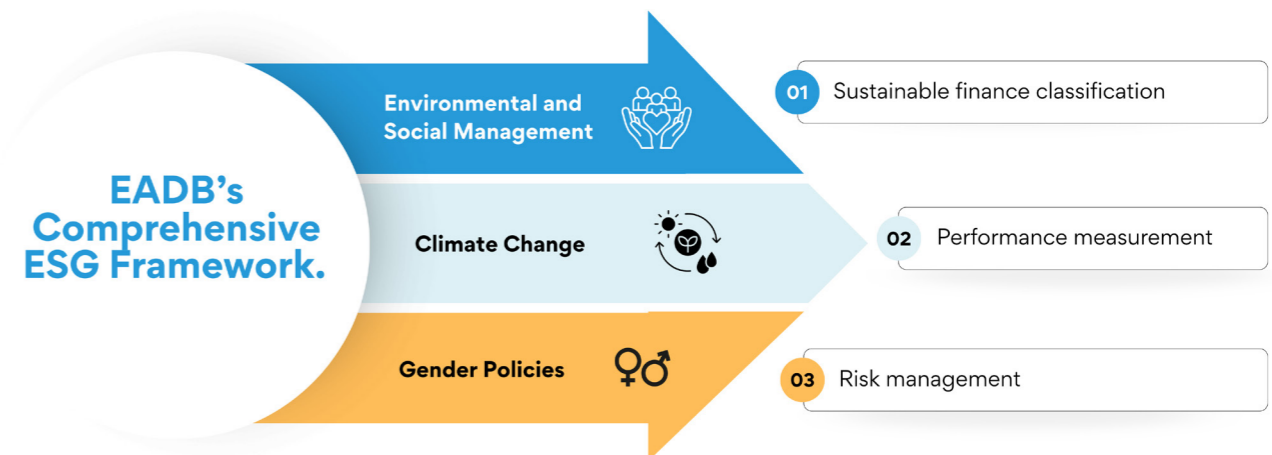
ALIGNMENT WITH THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

To ensure its interventions deliver long-term social, economic and environmental impact across member states, EADB’s Strategic Plan is aligned with the United Nations Sustainable Development Goals, a shared framework for advancing inclusive growth, environmental sustainability and social progress.

Integration of ESG Principles

Environmental, Social and Governance (ESG) principles are embedded throughout the Bank’s strategy and operations, including across project lifecycles.

This approach guides sustainable finance classification, performance measurement and risk management in line with international best practice.





By systematically integrating ESG considerations into its operations, EADB ensures that financed projects meet environmental standards, uphold social responsibility and adhere to strong governance principles, reinforcing its role as a catalyst for sustainable development in East Africa.



7

Our Sustainability Impact ANNUAL REPORT 2025

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Project: SME Financing Programs
Country: Rural Finance Enhancement Program (RFEP), Agri-finance Enhancement Program (AEP) in Uganda, Agricultural Financing Kenya Program (AFK) in Kenya, and SME Financing in Rwanda
Investment: USD 100.5 million in credit disbursed
Financier: East African Development Bank (EADB)

Small and Medium Enterprises (SMEs) form the backbone of sustainable growth and job creation across East Africa. Recognising their critical role, EADB continues to work with financial institutions throughout the region to provide targeted lines of credit, supporting enterprise development and enabling SMEs to expand their contribution to the economy.

PROJECT OBJECTIVES

- Expand access to affordable credit for SMEs, particularly in rural areas and the agricultural sector.
- Support value chain development across agriculture, manufacturing, transport, commerce and real estate.
- Create permanent and temporary employment opportunities, with a focus on women and vulnerable groups.
- Strengthen financial inclusion by integrating SMEs into formal financial systems.
- Promote sustainable agricultural practices and biodiversity conservation to enhance food security.

SOCIETAL IMPACT

<p>Rural Finance Enhancement Program - Uganda 9,835 permanent jobs created (5,962 for women).   USD 27 million disbursed, financing 956 sub-borrowers.  Supported 6,345 SMEs in rural value chains. 19,658 temporary jobs generated.</p>	<p>Agri-finance Enhancement Program - Uganda 25,737 permanent jobs created (15,150 for women).   USD 34 million disbursed, financing 20,088 sub-borrowers.  Supported 18,595 SMEs in agricultural value chains. 55,518 temporary jobs generated.</p>
<p>Agricultural Financing Kenya Program: 3,351 permanent jobs created (1,920 for women).   USD 8.8 million disbursed, financing 361 sub-borrowers. 7,150 temporary jobs generated. Supported 210 SMEs in agricultural value chains. Strengthened food security and reduced poverty in rural areas.</p>	<p>Rwanda: SME Financing Program: 5,987 jobs created (3,641 permanent, 2,346 casual).   USD 30.689 million disbursed to BRD and Letshego Rwanda.  39% of jobs created for women. Supported SMEs across manufacturing, real estate, agriculture, transport, and commerce.</p>

ALIGNMENT WITH UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)



Project: Affordable Housing Project – Iyumbu Satellite Centre Phase I
Country: Tanzania
Investment: USD 30 million (EADB support: USD 30 million)
Financier: East African Development Bank (EADB)












Affordable housing is an urgent and growing priority in Tanzania, driven by rapid urbanisation and population growth which stood at approximately 70.6 million in 2025. In line with our strategic mandate, EADB supports both direct construction and mortgage financing initiatives to expand access and provide housing solutions for low and middle-income households. This dual approach has strengthened the real estate sector and generated ripple effects across the economy by creating employment opportunities, empowering local communities and promoting inclusive and sustainable urban development.

PROJECT OBJECTIVES

- Provide affordable residential housing units in Dodoma City through the Iyumbu Satellite Centre.
- Support the National Housing Corporation (NHC) in expanding operations and delivering on its strategic plan.
- Enhance financial inclusion by facilitating access to affordable mortgage financing via the Tanzania Mortgage Refinance Company Limited (TMRC).
- Create employment opportunities and stimulate growth in the real estate sector.
- Promote community well-being by developing safe and sustainable urban settlements.

SOCIETAL IMPACT

<p>a) Economic Development</p> <p> Job creation: Employment opportunities generated during construction and operations.</p> <p> Foreign exchange & tax revenues: Increased economic activity contributes to government revenues.</p> <p> Real estate growth: Strengthens the housing sub-sector and supports NHC's expansion</p>
<p>b) Social Benefits</p> <p> Affordable housing access: 300 units financed by the Bank in Phase I, all sold out, providing decent homes for families.</p> <p> Urban inclusivity: Iyumbu Satellite Centre integrates residential, commercial, and educational proximity (near University of Dodoma).</p> <p> Community empowerment: Affordable housing improves quality of life and reduces urban inequality.</p>
<p>c) Financial Sector Impact</p> <p> Mortgage financing: TMRC liquidity facility enables Primary Mortgage Lenders (PMLs) to provide affordable loans.</p> <p> Market development: Mobilizes medium-term funding for Tanzania's housing finance market.</p> <p> Catalyst effect: Expands access to affordable mortgages, stimulating further housing</p>



Project: 2,000 km Electrified Standard Gauge Railway (SGR)
Country: Tanzania
Investment: USD 200 million (EADB support: USD 20 million)
Financier: EADB in syndication with Standard Chartered Bank (SCB)

The Electrified Standard Gauge Railway (SGR) project is a transformative infrastructure investment in Tanzania, aligning with the country's growing transport and industrialisation ambitions. Through this initiative, EADB has partnered with key stakeholders to enhance regional connectivity, promote clean energy transport solutions and facilitate efficient trade across East Africa. The expected gains include the generation of employment opportunities, strengthening of industrial linkages and contributions to sustainable socio-economic growth, while advancing regional integration across the region.

PROJECT OBJECTIVES

- Provide safe, reliable and efficient transport for passengers and cargo from Dar es Salaam Port inland.
- Enable affordable and fast transport options to support production sectors.
- Enhance regional integration by easing the movement of goods and people across the East African Community (EAC).
- Promote clean energy transport systems, reducing reliance on fossil fuels.

SOCIETAL IMPACT

a) Economic Development



Trade facilitation: Lower transport costs and improves market access for goods.



Employment creation: Over 480 direct jobs generated during construction and operation.



Industrialization support: Affordable logistics strengthen manufacturing and agricultural value chains.

b) Social Benefits



Accessibility: Affordable transport improves mobility for communities.



Urban affordability: Reduced transport costs make city living more sustainable.



Regional cohesion: Strengthens ties among EAC member states through improved connectivity.

c) Environmental Impact



Climate action: Electrified railway reduces greenhouse gas emissions compared to diesel alternatives.



Clean energy adoption: Supports Tanzania's transition to sustainable infrastructure.

ALIGNMENT WITH UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)



Project: Marasa Group of Safari Lodges
Country: Uganda
Investment: USD 15 million (EADB support: USD 7 million)
Financier: East African Development Bank (EADB)



Uganda's hospitality and tourism sector remains a major driver of the country's economy, making strategic investments in this space particularly timely. The Marasa Group of Lodges represents one such initiative, with EADB financing the refurbishment and rebuilding of four lodges located in some of Uganda's key national parks: Silverback Lodge (12 units), Mweya Safari Lodge (46 units), Paraa Safari Lodge (52 units) and Chobe Safari Lodge (36 units). This project strengthens Uganda's global tourism appeal, supports local communities and promotes sustainable coexistence with wildlife.

PROJECT OBJECTIVES

- Strengthen Uganda's hospitality infrastructure through lodge refurbishment and expansion.
- Promote tourism in Bwindi Impenetrable Forest, Queen Elizabeth National Park and Murchison Falls National Park.
- Generate employment opportunities and empower women in the workforce.
- Support local communities by sourcing products and services locally.
- Encourage sustainable tourism practices that protect biodiversity.

SOCIETAL IMPACT

a) Economic Development



Job creation: Over 210 jobs supported, including 88 for women.



Foreign earnings: Increased tourism revenues strengthen Uganda's economy.



Local market support: Lodges source products locally, boosting community businesses.

b) Social Benefits



Community empowerment: Employment opportunities and local sourcing uplift surrounding communities.



Cultural preservation: Tourism fosters appreciation of Uganda's natural and cultural heritage.



Gender inclusion: Significant participation of women in lodge operations.

c) Environmental Impact



Biodiversity conservation: Lodges promote coexistence between communities and wildlife.



Habitat protection: Sustainable tourism practices help preserve forests and ecosystems.





8

Proactive Risk Management

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1. STRENGTHENED GOVERNANCE FRAMEWORK

The East African Development Bank (EADB) advanced its proactive Enterprise Risk Management agenda in 2025, achieving significant milestones in governance, risk oversight and institutional strengthening in alignment with its 2024–2028 Strategic Plan. These improvements reinforced the Bank’s readiness for its next phase of strategic expansion.

Governance and risk structures remain anchored in the leadership of the Board of Directors and supported by a robust oversight architecture based on the Three Lines Model. Strengthened policies, updated frameworks and improved monitoring mechanisms ensured full alignment with the Board-approved Risk Appetite Statement and Strategic Plan, supporting accountability and disciplined risk management across the institution.

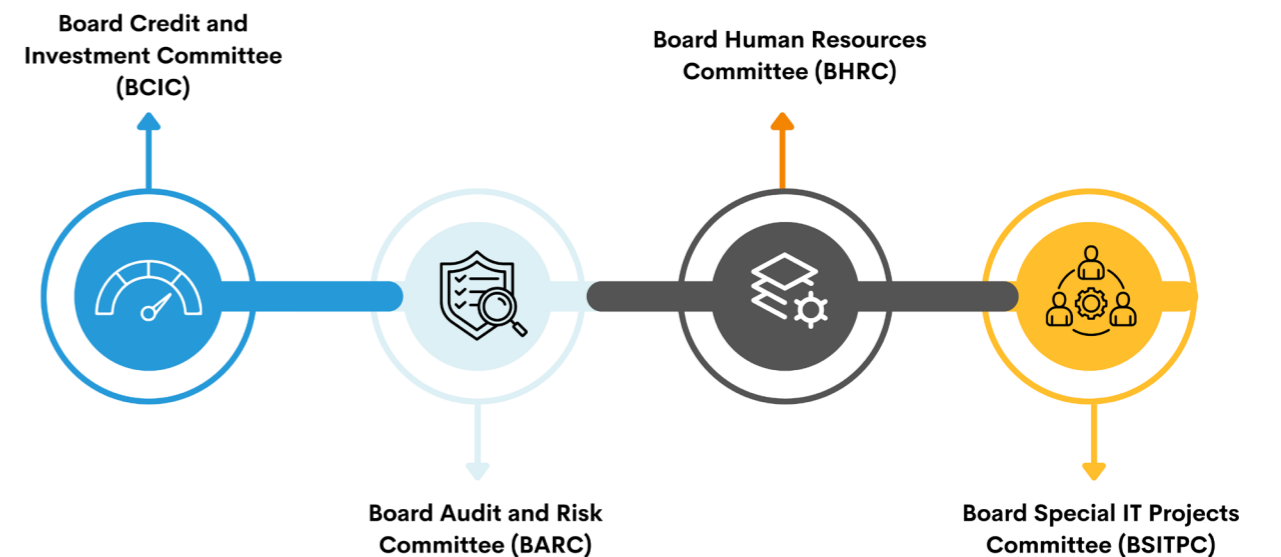
Overall, 2025 marked a year of meaningful progress that improved clarity, consistency and effectiveness across EADB’s governance framework, strengthening the Bank’s institutional foundations for sustainable growth and continued impact across member states.

1.1. Key governance achievements

Two key instruments central to effective oversight and governance were approved: the Governing Council Procedures and the revised Board Charter. The Governing Council Procedures were formally adopted and have played a key role in strengthening efficiency and clarity at the highest level of oversight, while the revised and comprehensive Board Charter was operationalised, providing an enhanced governance framework aligned with leading development finance institutions and best practice standards.

To further strengthen oversight, four core Board Committees were reconstituted with clearly defined mandates to enhance decision-making and supervision across strategic, risk and operational matters. These committees are:

- The Board Credit and Investment Committee (BCIC)
- The Board Audit and Risk Committee (BARC)
- The Board Human Resources Committee (BHRC)
- The Board Special IT Projects Committee (BSITPC)



1.2. Strengthening of management oversight structures

To complement Board-level reforms, the Bank reconstituted and operationalised five strategic Management Committees:

- Management Committee (MAC)
- Projects Committee (PROCO)
- Asset and Liability Committee (ALCO)
- HR Management Committee (HRMC)
- IT Steering Committee (IT SteerCo)

These structures have substantially enhanced internal governance, strengthened risk ownership and improved coordination across credit approval, liquidity management, HR governance, ICT oversight and operational execution.

2. THE ENTERPRISE RISK ENVIRONMENT IN 2025

With effective governance and strengthened management oversight in place, the Bank was well-positioned to navigate the complex macroeconomic and sectoral risks of 2025. Inflationary pressures, currency volatility, tightening capital markets and climate-related disruptions presented significant challenges, yet through proactive Enterprise Risk Management, EADB maintained operational continuity and safeguarded the quality of its portfolio.

2.1. Macroeconomic and geopolitical conditions

Member States continued to face fiscal pressures, tight monetary conditions and climate-related shocks that affected economic output. In response, the Bank enhanced monitoring and scenario analysis, reinforced engagement with stakeholders and ensured continuity in both financial and operational performance.

2.2. Sector and portfolio risk trends

Liquidity constraints affected financial intermediaries, corporates faced rising borrowing costs and climate impacts intensified across key economic sectors. By implementing improved sector limits, strengthening governance structures and enhancing portfolio oversight, EADB preserved the resilience and quality of its credit portfolio. These risk management foundations also informed the systematic integration of sustainability considerations into the Bank's operations to strengthen credit and investment decision-making, align with international standards and safeguard long-term portfolio stability.

3. ESG INTEGRATION, SUSTAINABILITY AND PARTNERSHIPS

3.1. ESG integration

In 2025, EADB strengthened its Environmental, Social and Governance (ESG) framework by fully integrating ESG due diligence into project appraisal and monitoring. As a result, all projects now undergo screening aligned with World Bank Standards and evolving sustainability disclosure expectations.

The Bank also initiated formal preparations to align with the International Sustainability Standards Board (ISSB) global standards, IFRS S1 on Sustainability-related Disclosures and IFRS S2 on Climate-related Disclosures, which will enhance transparency, improve comparability and position EADB in line with global best practice in ESG reporting.

3.2. Climate and environmental risk management

In response to increasing climate-related risks and evolving regulatory expectations, the Bank continued to strengthen its climate and environmental risk management framework to protect operations and portfolios from potential impacts. Efforts focused largely on improving the identification, assessment and monitoring of risks and opportunities, ensuring consistency with national and international climate commitments.

Key initiatives undertaken during the period included:

- Enhancing screening processes to assess both physical and transition climate risks
- Improving the collection, quality and reporting of climate-related data
- Aligning climate risk assessments more closely with Nationally Determined Contribution (NDC) commitments

These actions enhance EADB's readiness to meet future climate-related reporting requirements and support more informed decision-making across its operations.

3.3. Social and governance strengthening

To promote strong institutional governance and manage social risks effectively, the Bank reinforced accountability mechanisms and improved oversight and compliance practices across operations and project activities.

Key enhancements implemented during the year included:

- Expanding whistleblowing and complaints management mechanisms to strengthen transparency and accountability
- Strengthening Anti-Money Laundering and Counter-Terrorism Financing (AML/CFT) controls
- Integrating enhanced governance assessments into project evaluations
- Improving compliance and internal control systems

Together, these measures optimise institutional integrity, limit governance and social risks and boost stakeholder confidence in EADB's operations and decision-making processes.

3.4. Partnerships for the goals supporting the SDGs

Collaboration remained central to EADB's efforts to deliver sustainable development impact and advance the Sustainable Development Goals, with particular focus on SDG 17 on Partnerships for the Goals. Recognising that complex development challenges require coordinated action, the Bank strengthened strategic engagement to mobilise resources, share risks and enhance institutional and market capabilities.

During the year, EADB worked closely with governments, development finance institutions, financial intermediaries and other development actors, leading to improved co-financing arrangements, risk-sharing mechanisms, knowledge exchange and capacity-building initiatives. These efforts amplified development impact and supported the effective implementation of shared development objectives across the region.

4. KEY RISK CATEGORIES AND MANAGEMENT ENHANCEMENTS

4.1. Credit risk

Credit risk remains a core concern for development finance institutions (DFIs), arising from borrowers, counterparties or investees' potential inability to fulfil their contractual repayment obligations or other related commitments. Given DFIs' mandate to support development outcomes, often in higher-risk markets, underserved sectors and challenging economic environments, effective credit risk management is essential. Strong credit appraisal, prudent portfolio diversification, continuous monitoring and robust governance structures are therefore critical to maintaining portfolio resilience across inconsistent economic cycles.

For EADB, key achievements during the year included:

- Implementation of the revised Economic Sector Classification and Limits
- Strengthened due diligence for financial institutions, including ESG and governance assessments
- Enhanced debt service and early-warning monitoring
- Deepened oversight by the Board Credit and Investment Committee (BCIC) and Projects Committee (PROCO)

Despite the challenging operating environment, the Bank maintained a sound credit portfolio, demonstrating resilience and disciplined risk management throughout the year.

4.2. Liquidity and funding risk

In 2025, EADB maintained prudent liquidity levels by strengthening cash-flow modelling, enhancing oversight through the Asset and Liability Committee (ALCO), conducting regular liquidity stress testing and implementing diversified funding strategies. These measures ensured that the Bank could meet its operational and financing commitments while supporting ongoing development activities.

4.3. Market risk

For development finance institutions (DFIs), market risk typically arises from fluctuations in interest rates, foreign exchange rates and other market variables that may affect the existing financial position, resulting in potential valuation losses or pressure on earnings, capital and liquidity. EADB actively monitored these exposures in 2025 through established risk management frameworks, assessing them against approved limits and risk appetite thresholds. Regular reporting and escalation processes ensured timely identification and mitigation of emerging risks, thereby supporting financial stability and strengthening portfolio resilience, while ensuring preparedness for adverse market movements and future uncertainties.

4.4. Operational risk

Operational resilience was strengthened through targeted initiatives, including:

- Enhanced cybersecurity measures and strengthened ICT governance
- Improved fraud prevention and detection controls
- Upgraded internal control frameworks
- Initiation of business process digitisation
- Refreshed business continuity and disaster recovery planning

4.5. ESG and climate risk

EADB continued to advance the integration of Environmental, Social and Governance (ESG) considerations and climate risk within its Proactive Enterprise Risk Management framework. Enhancements in 2025 focused on improving ESG tools, expanding climate risk screening and providing training for staff to strengthen internal capacity to assess, integrate and monitor sustainability and climate-related risks within project appraisal and portfolio management processes.

5. RISK CULTURE, CAPACITY BUILDING AND 2026 OUTLOOK

5.1. Strengthening risk culture

A strong risk culture is essential to ensuring that risk awareness and accountability are embedded across the organisation and reflected in everyday decision-making. In 2025, EADB continued to deepen this through sustained leadership engagement, reinforced governance frameworks and targeted internal communication. The Bank also expanded the use of decision-support tools, including Key Risk Indicators (KRIs) and risk dashboards, which strengthened its ability to anticipate, monitor and manage risks proactively while supporting a disciplined and forward-looking approach to Enterprise Risk Management.

5.2. Capacity development

Skills-building efforts focused on credit risk, ESG integration, climate risk management, AML/CFT compliance, operational risk oversight, ICT governance and project appraisal. These initiatives strengthened institutional readiness and ensured that teams are better equipped to manage an evolving risk landscape, as EADB enters its next phase of expansion.

5.3. Outlook for 2026 – Emerging risks and institutional readiness

The risk environment is expected to remain dynamic in 2026, shaped by both regional pressures and the demands of EADB's planned growth trajectory. The following emerging risks are expected to influence the Bank's operating landscape:

- a. **Capital adequacy and funding risk:** As EADB enters a growth phase, strong capital planning and a more diversified funding base will be essential to support balance sheet expansion while maintaining financial resilience.
- b. **Sovereign and market volatility risk:** Continued fiscal pressures within member states may affect both sovereign exposures and private sector performance, requiring close monitoring of macroeconomic conditions.
- c. **Strategic growth and execution risk:** Scaling up operations will increase requirements for disciplined underwriting, stronger portfolio oversight, improved data management and effective execution capacity across the institution.
- d. **ESG and climate compliance risk:** Alignment with IFRS S1 and IFRS S2 will demand stronger sustainability governance, improved climate-related data and enhanced disclosure capabilities.
- e. **Digitisation and cybersecurity risk:** While digital transformation will support operational efficiency, it may also elevate exposure to cyber threats, requiring continued investment in ICT resilience and security controls.
- f. **People and EVP risk:** Implementation of the new Employee Value Proposition will require sustained focus on cultural alignment, talent development and disciplined execution to support the Bank's strategic ambitions.

Risk Assessment

EADB's governance, risk management, ESG integration and capacity-building initiatives form a cohesive framework that strengthens resilience, drives operational excellence and positions the Bank to continue delivering sustainable development impact across the region.



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Audited Financial Statements

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CORPORATE INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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COUNTRY OFFICES

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Rwanda

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Kigali, Rwanda

Tanzania

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Nairobi, Kenya

AUDITOR

KPMG

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

BANKERS

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



DIRECTORS' REPORT

1. INTRODUCTION

The Board of Directors of the East African Development Bank (“the Bank”) is pleased to submit their 2025 report together with the Bank’s audited financial statements for the year ended 31 December 2025. This report discloses the state of affairs of the Bank and strategic direction beyond 2025.

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, VISION AND CORE VALUES

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. In implementing this mission, the Bank inculcates a culture built on its core values promoting teamwork while upholding integrity as innovation is applied to provide leadership in the development financing.

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 to financially viable and socially sustainable projects. 2025 marked the second year that the Bank operated under its new 5-year strategic plan (2024-2028) and tremendous progress has been made in all its strategic pillars.

6. GOVERNANCE

The Bank strongly subscribes 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. In addition, the Bank has an Advisory Panel which helps to provide insightful guidance in pursuit of the Bank’s mandate. Further information about each of these organs of the Bank is provided below:

(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	Role
Hon. Matia Kasaija (Chairman)	Minister of Finance, Planning and Economic Development, Republic of Uganda
Hon. D. Mwigulu L. Nchemba ¹ Up to 17 November 2025	Minister of Finance and Planning, United Republic of Tanzania
Hon. Ambassador. Khamis Mussa Omar From 18 November 2025	Minister of Finance and Planning, United Republic of Tanzania
Hon. CPA John Mbadi Ng’ongo EGH	Cabinet Secretary, The National Treasury and Economic Planning, Republic of Kenya
Mr. Yusuf Murangwa	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	Gender	Details
Dr. Ramathan Ggoobi	M	Permanent Secretary and Secretary to the Treasury, Ministry of Finance, Planning and Economic Development, Republic of Uganda
Dr. Chris Kiptoo ²	M	Principal Secretary, the National Treasury, Republic of Kenya
Mr. Orumoi T. Jonah	M	Acting Director, Public Investment Management The National Treasury, Republic of Kenya
Mr. Reuben Karemera	M	Deputy Accountant General in charge of Treasury Management in the Ministry of Finance and Economic Planning, Republic of Rwanda
Dr. Natu Mwamba ³	F	Permanent Secretary, Ministry of Finance and Planning, United Republic of Tanzania
Dr. Charles A. Mwamwaja	M	Commissioner for Financial Sector Development Ministry of Finance and Planning, United Republic of Tanzania
Mr Francis N. Karuiru	M	Private Sector Representative, Republic of Kenya
Mrs Khadija I. Simba	F	Private Sector Representative, United Republic of Tanzania
Mr Faustin Mbundu	M	Private Sector Representative, Republic of Rwanda
Dr. James Tumusiime	M	Private Sector Representative, Republic of Uganda
Dr. Alex Mubiru	M	African Development Bank - Class B shareholders Representative
Mr. Benard P Mono ⁴	M	Ag. Director General, East African Development Bank

During the year, the Bank undertook a comprehensive review and reconstitution of its Board Committee structure to strengthen oversight, enhance accountability, and align governance arrangements with the Bank’s evolving strategic priorities. As a result, the number of Board Committees increased to four, each with clearly defined mandates approved by the Board.

¹ Hon. Dr. Mwigulu Nchemba was appointed as the new Prime Minister of the United Republic of Tanzania

² Mr. Orumoi T. Jonah represented Dr. Kiptoo as alternate Director from Kenya

³ Dr. Charles A. Mwamwaja represented Dr. Mwamba as alternate Director from Tanzania up to the end of January 2026 and chaired the Board

⁴ The Board of Directors appointed Mr. Benard P Mono, as the acting Director General of the Bank from 1 January 2025. Recruitment of the substantive office bearer is ongoing

6. GOVERNANCE (CONTINUED)

(B) BOARD OF DIRECTORS AND SUB-COMMITTEES (CONTINUED)

The former Board Audit Committee was reconstituted and renamed the Board Audit and Risk Committee to reflect its expanded mandate. This Committee provides oversight on all financial reporting, internal controls and risk matters of the Bank.

The former Board Human Resources Committee was renamed the Board Human Resource and Remuneration Committee with mandate on all human resource and staff matters.

Two additional committees were formed, namely the Board Credit and Investment Committee to enhance Board level oversight of credit and investment decisions and the Board Special IT Projects Committee to provide oversight of strategic information technology issues and initiatives plus any major system transformation projects.

During the year the Board held 4 ordinary meetings and in addition convened 7 special meetings dedicated to the recruitment process of the Director General to ensure continuity of leadership and governance stability.

During the year, Board Committees met as follows:

Committee	Number of meetings
Board Audit and Risk Committee, BARC	3 meetings
Board Credit and Investment Committee, BCIC	1 meeting (inaugural meeting)
Board Human Resource and Remuneration Committee, BHHRC	2 meetings
Board Special IT Projects Committee, BIPC	1 meeting (inaugural meeting)

Each committee comprises a minimum of three Directors. Details of Directors' attendance to the Board and Committee meetings during the year and emoluments paid are set out below.

Name	Year Appointed	Main Board	BARC	BCIC	BHHRC	BIPC	Fees 2025 (USD'000) ⁷
Dr. Ramathan Ggoobi	2021	10/11	N/A	1/1	N/A	1/1	30.00
Dr. Chris Kiptoo	2023	0/11	N/A	N/A	N/A	N/A	1.50
Mr. Orumoi T. Jonah ⁵	2024	11/11	1/3	1/1	N/A	1/1	30.50
Mr. Reuben Karemera	2023	11/11	3/3	N/A	2/2	N/A	36.00
Dr. Natu Mwamba	2023	0/11	N/A	N/A	N/A	N/A	-
Dr. Charles A. Mwamwaja ⁶	2021	11/11	N/A	N/A	N/A	N/A	32.50
Mr Francis N. Karuiru	2006	11/11	3/3	N/A	N/A	N/A	30.00
Mrs Khadija I. Simba	2006	6/11	2/3	N/A	1/2	N/A	25.00
Mr Faustin Mbundu	2009	11/11	N/A	1/1	N/A	1/1	30.00
Dr. James Tumusiime	2015	11/11	3/3	1/1	2/2	N/A	36.00
Dr. Alex Mubiru ⁷	2025	10/11	3/3	N/A	2/2	N/A	-
Mr. Benard Mono ⁸	2025	4/11	3/3	1/1	2/2	1/1	-

* N/A - Not a member of the Committee

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.

There were no changes to the Bank's share capital during the year ended 31 December 2025 and therefore the shareholding remained as it was at the end of 2024. The Bank's paid up capital by Class A and Class B shareholders as at 31 December 2025 and 2024, respectively, were as follows:

⁵ Mr. Orumoi T. represented Dr. Kiptoo in the Board as an alternate

⁶ Dr. Mwamwaja represented Dr. Mwamba in the Board as an alternate up to the end of January 2026

⁷ Dr. Mubiru resigned from the Board at the end of January 2026

⁸ Mr. Mono was appointed Acting Director General in January 2025 and attended Board Committees on official capacity but is not a member

Name	2025			2024		
	Shares	Value	%	Shares	Value	%
Class A		USD'000			USD'000	
Government of Kenya	4,778	64,503	23.30%	4,778	64,503	23.30%
Government of Tanzania	4,778	64,503	23.30%	4,778	64,503	23.30%
Government of Uganda	4,778	64,503	23.30%	4,778	64,503	23.30%
Government of Rwanda	4,531	61,169	22.09%	4,531	61,169	22.09%
Total Class A	18,865	254,678	91.99%	18,865	254,678	91.99%

Name	2025			2024		
	Shares	Value	%	Shares	Value	%
Class B		USD'000			USD'000	
African Development Bank	1,559	21,046.5	7.602%	1,559	21,046.5	7.602%
Others ⁹	83	1,120.5	0.408%	83	1,120.5	0.408%
Total Class B	1,642	22,167	8.01%	1,642	22,167	8.01%
Total Class A & B	20,507	276,845	100%	20,507	276,845	100%

8. FINANCIAL PERFORMANCE

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

PERFORMANCE HIGHLIGHTS

Performance indicator	Formula	2025	2024
Profit for the year (USD'000')	NA	16,928	11,201
Total assets (USD'000')	NA	520,216	505,985
Equity	NA	365,442	348,514
Return on Assets	(Profit/Total assets)*100%	3.25%	2.21%
Return on Equity	(Profit/Total equity)*100%	4.63%	3.21%
Operating expenses to Operating Income	(Operating expense/Net interest income + non-interest income)*100	28.44%	34.31%
Non-Performing Loans ratio	Non-performing (Stage 3) loans/Gross loans and advances)*100%	0.51%	0.89%
Total Capital ratio	(Total capital/Risk weighted assets including Off balance sheet items)*100	87%	120%
Earnings per share (USD)	Profit attributable to ordinary shares/ Weighted average number of ordinary shares outstanding during the year	825	631

CREDIT RATING

EADB's credit ratings remained strong as re-affirmed by the two major credit rating agencies. In October 2025, Moody's reaffirmed the Bank's "Baa3" rating with a stable outlook, recognising EADB's strong capital adequacy, high liquidity, and sound asset performance.

In December 2025, the Standard and Poor's (S&P) Global Ratings re-affirmed EADB's Long-Term Issuer Credit Ratings of "A" and Short-Term Issuer Credit Rating of A-1" with stable outlook citing strong capitalisation and extremely strong liquidity which the agency expected will be sustained in the medium term as it expands the loan portfolio while strengthening its risk management functions.

Overall, the Bank's high credit ratings underline its strong financial position, solid capital adequacy, high level of liquidity, preferred creditor status and strong support from shareholders.

⁹ 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 (3 shares) and Barclays Bank Pls London (3 shares)

9. CASH FLOW AND LIQUIDITY MANAGEMENT

The Bank continued to prudently manage its liquidity management as one of the top priorities and maintained adequate liquidity with actual liquidity ratio at the end of 2025 at 3.34 times compared to 5.47 times in 2024 which was above the target ratio of 1.33 times.

Detailed liquidity risk management report is contained on Note 40(c) of the financial statements.

The Bank's cash and cash equivalents at the end of year amounted to USD 224.4 million and was above USD 206.16 million recorded in 2024 as part of proceeds from borrowings were held in liquid assets awaiting disbursements.

10. MARKET OVERVIEW

2025 was an eventful year marked by global uncertainty, geopolitical instability and the deepening effects of climate change. However, economies in the East African region, including the Bank's member states, continue to demonstrate resilience, driven by structural reforms, infrastructure investments and demographic dynamism resulting in robust growth. Uganda and Rwanda led the way, with higher growth rates in 2025 compared to 2024, according to the International Monetary Fund's (IMF) World Economic Outlook Report.

The IMF report projects that all four member states will maintain healthy growth rates in 2025, driven by investments in infrastructure, agriculture, and manufacturing.

It is projected that the EADB Member States will maintain healthy growth rates in 2026, driven by investments in infrastructure, agriculture, and manufacturing. The positive economic outlook will create opportunities financing for the Bank. The Bank is well-positioned to support both the public and private sectors in the Member States, to promote much needed sustainable economic development and growth.

As we look ahead into 2026, 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.

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.

11. FUTURE PLANS

The Bank will continue to play a catalytic role in the development of the region and as such 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 increase awareness of solutions at its disposal to transform our region.

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 was able to boost its Governance framework by revising the Board charter, reconstitution of four Board committees in 2025. The Bank equally continued to capitalize on its strong capital and liquidity buffers, reflected by very solid ratios throughout the year.

The improved Governance framework, in the midst of new risk opportunities, not only enhanced the balance sheet size but also led to the maintenance of an A (long term)/A-1 (short term) by S&P Credit Rating Agency and a Baa3 by Moody's rating.

13. SOLVENCY

The Board of Directors confirm that the financial statements have been prepared based on International Financial Reporting Standards (IFRS® 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. During the year the Bank made transformative decisions by approving a new fit for purpose organization structure and improvement of staff benefits to make the dream of becoming an employer of choice in the region a reality.

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 funding partners 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 in addition to ensuring that funding provided generate expected development impact.

15. EMPLOYEE WELFARE

Cordial and harmonious working relationship continued during the year, and this facilitated the 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 41 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 44.

17. ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Bank's adoption of an enhanced Environmental, Social, and Governance (ESG) and Climate Change framework has continued to transform the way business is conducted. This shift shows the Bank's continued commitment to responsible, inclusive, and sustainable financing—contributing to a more environmentally conscious, socially responsive, and economically resilient future for the East African Member States.

Throughout 2025, ESG considerations guided every stage of the Bank's operations, ensuring alignment with its mandate to promote sustainable socioeconomic development across the region.

17. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (CONTINUED)

The Bank's 2024–2028 Strategic Plan clearly articulates ESG integration as a critical success factor in achieving development impact. During the year, the Bank's Board approved a comprehensive Climate Finance Action Plan, further strengthening institutional capacity and operational frameworks for ESG implementation. All stakeholders, internal and external, must comply with the Bank's ESG standards to ensure that risk management, opportunity identification, and sustainability considerations are fully embedded across business processes.

(A) ENVIRONMENTAL PILLAR

The Bank closely monitored and managed environmental factors across all financed projects to ensure that environmental and social risks, impacts, and opportunities were properly addressed. A key focus was ensuring that all Bank-supported investments are aligned with the respective Member States' Nationally Determined Contributions (NDCs) under the Paris Agreement.

This approach enhanced the Bank's resilience to physical climate risks while promoting investments that contribute to regional climate mitigation and adaptation commitments.

(B) SOCIAL PILLAR

The Social dimension remains central to the Bank's ESG approach. In 2025, the Bank's clients were followed up to uphold health and safety of workers, capacity building to enhance the quality of workforce, labour standards to promote fair employment practices, avoiding child labour and encouraging social inclusion. 90% of the Bank-financed projects adhered to the requirements and those who lagged have been requested to close the gaps in the next year. This initiative-taking stakeholder engagement supported effective project delivery, enhanced social outcomes, and ensured that financed operations fostered equitable development across the region.

(C) GOVERNANCE PILLAR

The Governance pillar is anchored in the Bank's Charter, which outlines the composition, roles, and accountability responsibilities of its Board Members. The Bank continues to uphold principles of transparency, ethical conduct, and integrity throughout its governance structures.

The Bank requires that all financed projects to prove strong governance arrangements. This requirement reduces the risk of project failure or default arising from weak institutional systems, thus safeguarding the Bank's developmental mandate and financial sustainability.

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 2025 (2024: 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 IFRS Accounting Standards, IFRS Sustainability Disclosure Standards need to be adopted by local securities exchanges and other regulators to become mandatory.

ICPAU in conjunction with the Uganda Integrated Reporting Committee (UIRC) concluded on the road map for adoption of the sustainability disclosure standards in Uganda.

On 4 September 2025, ICPAU launched the road map for adoption of the sustainability disclosure standards (IFRS S1 General requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related disclosures), in Uganda. A phased approach to the adoption was pronounced as follows;

Phase	Timelines -Periods	Organisations Involved
Phase I – Voluntary adoption	01 January 2027	Voluntary adoption for all entities
Phase II – Mandatory Adoption	01 January 2028/2029/2030	<ul style="list-style-type: none"> Mandatory adoption by Listed entities, financial institutions including MDIs, Insurance and reinsurance entities, savings and corporate organisations and public utility entities reporting using IFRS accounting standards for accounting period beginning on or after 1 January 2028 Mandatory adoption by retirement benefits scheme, a large company and all other PIEs other than those already mentioned above for accounting period beginning on or after 1 January 2029 Mandatory adoption by SMEs for accounting period beginning on or after 1 January 2030
Phase III -Government and other government organisations	To be determined by ICPAU	Governments and other Government organizations

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.

EADB has continued to prioritise ESG considerations into the existing environmental and social safeguards to ensure improved project financing with a focus on climate adaptation, resilience, and mitigation. This is to ensure alignment with the Member States' sustainability strategies and frameworks like the Nationally Determined Contributions (NDCs), National Biodiversity Action Plans (NBSAPs), National Adaptation Plans (NAPs), National Development Plans (NDPs), the UN Sustainable Development Goals (SDGs) to mention but a few.

20. IFRS® SUSTAINABILITY DISCLOSURE STANDARDS S1 AND S2 (CONTINUED)

The Bank's Environmental and Social Policy uses the ten World Bank's Environmental and Social Safeguards, which guides the decision-making process of every project application undergoing due diligence process, appraisal, and monitoring and reporting to capture all the environmental, social, and governance aspects of the project for a responsible investment.

To comply with the disclosure requirements of IFRS S1 and IFRS S2, the Bank plans to engage an external consultant to perform a comprehensive gap analysis to identify the gaps and provide practical recommendations necessary for adoption of the sustainability disclosures and a clear road map on when the gaps will be closed. This will enable the Bank to comply with the IFRS S1 and IFRS S2 standards by January 2028.

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



Chairperson – Board of Directors

08/05/2026

Date



Acting Director General

08/05/2026

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 2025, 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® 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").

PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of East African Development Bank for the year ended 31 December 2025 have been prepared by CPA Kennedy Kalungi, P1871 on behalf of the Board of Directors.

The financial statements as indicated above in were approved by the Board of Directors and authorised for issue by the Governing Council on 08/05/2026.

By order of the Board



Chairperson – Board of Directors

08/05/2026

Date



Acting Director General

08/05/2026

Date

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 65-132 which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and the 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 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (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), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Uganda. We have also fulfilled our other ethical responsibilities in accordance with 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 judgement, 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, we do not provide a separate opinion on these matters.

EXPECTED CREDIT LOSSES ON LOANS AND ADVANCES TO CUSTOMERS

Refer to Notes of the financial statements:

- Note 41(a)(ii) - Impairment,
- Note 17 - Loans and advances to customers,
- Note 39 - Use of estimates and judgments and
- Note 40(b) - Credit risk

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 37.5% 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> <ul style="list-style-type: none"> • The determination of significant increase in credit risk (SICR) within the loans staging process which is based on qualitative and quantitative factors such as days past due and delinquency. • The measurement of expected credit losses is dependent upon key assumptions relating to Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). <p>The Bank is also required to disclose the key judgments and material inputs in relation to determination of PD, LGD and EAD into the ECL computations.</p> <p>Due to the significant judgment applied by management and the significant audit effort required, the determination of ECLs on loans and advances to customers was considered to be a key audit matter.</p>	<p>Our audit procedures in this area included:</p> <ul style="list-style-type: none"> • 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 of the management review controls in the ECL process; • Selecting all facilities from the Bank’s loan book and evaluating whether the loan facilities are correctly staged/classified by comparing the credit risk information for each facility against the bank’s staging criteria for each stage; • Evaluating the predictive capability of the model by comparing the prior period ECL estimate with the actual results of the estimate (write-offs) in the current year; • 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; • Assessing that the inputs into the expected credit loss models, PD, LGD and EAD are reasonable by selecting a sample of key data inputs such as the quarterly loan books, recoveries, customer outstanding balances, interest rates and collateral values and agreeing this to underlying records such as facility agreements, loan account statements and valuation reports; • Testing the accuracy of the historical Probabilities of Default by performing recalculations based on the historical transitions while the financial risk management specialists assisted with evaluating the predictive capability of the model; • Testing the model’s mathematical soundness by reperforming the ECL calculations using the parameters –PD, LGD, and EAD and comparing the results with our independent calculations for all the credit facilities; • Assessing whether the disclosures adequately reflect the ECL results and convey the significant judgements and assumptions made by management against the requirements of IFRS 7, Financial Instruments disclosures and IFRS 9, Financial Instruments.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the document titled “East African Development Bank Financial Statements for the year ended 31 December 2025”, but does not include the financial statements and our auditor’s report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information that we have obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 as issued by the International Accounting Standards Board (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.

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 leader on the audit resulting in this independent auditor's report is **CPA Jovita Antoinette Nammengo Babirye – P0581**.

KPMG

KPMG

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

14th May 2026

Date



CPA Jovita Antoinette Nammengo Babirye

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 USD'000	2024 USD'000
Interest income	5	31,602	29,555
Interest expense	6	(11,580)	(8,921)
Net interest income		20,022	20,634
Fee and commission income	7	155	83
Other operating income	8	4,628	1,503
Other losses	9	(98)	(891)
Net fair value gains on investment property	23	23	93
Net operating income		24,730	21,422
Net impairment losses on financial assets	17(b)	(769)	(2,872)
Operating income after impairment charges		23,961	18,550
Employee benefits expense	10	(3,154)	(3,493)
Depreciation and amortization	24,25, 26	(335)	(332)
Other operating expenses	11	(3,544)	(3,524)
Profit before income tax	10	16,928	11,201
Income tax expense	11	-	-
Profit for the year		16,928	11,201
Other comprehensive income		-	-
Total comprehensive income		16,928	11,201
Earnings per share – basic (Expressed in USD per share)	14	825	631

The notes set out on pages 69-132 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

	Notes	2025 USD'000	2024 USD'000
Assets			
Cash at bank	15	21,653	33,414
Placements with commercial banks	16	266,574	308,593
Loans and advances to customers	17	194,831	128,516
Derivative financial instruments	19	-	296
Assets available for sale	20	1,261	1,361
Equity investments at fair value through profit and loss	21	993	1,001
Other assets	22	1,444	1,211
Intangible assets	25	-	-
Property and equipment	24	9,715	8,313
Right of use assets	26	159	232
Investment property	23	23,586	23,048
Total assets		520,216	505,985
Liabilities			
Other liabilities	27	4,651	12,279
Derivative financial instruments	19	2,732	-
Borrowings	28	132,703	130,444
Lease liabilities	29	184	244
Special funds	30	3,990	3,990
Grants	31	3,035	3,035
Capital fund	33	7,479	7,479
Total liabilities		154,774	157,471
Capital and reserves			
Share capital	32	276,845	276,845
Share premium	32	8,874	8,874
Funds waiting allotment	34	70	70
Special reserve	35	33,266	33,052
Revaluation reserves	37	10,182	10,319
Retained earnings	38	36,205	19,354
Total shareholders' equity		365,442	348,514
Total equity and liabilities		520,216	505,985

The financial statements set out on pages 69-132 were approved by the Board of Directors and authorised for issue by the Governing Council on 08/05/2026 and were signed on their behalf by:



Chairperson – Board of Directors



Acting Director General

08/05/2026

08/05/2026

Date

Date

The notes set out on pages 69-132 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

		Share Capital	Share premium	Special reserves	Funds awaiting allotment	Fair value reserve	Retained earnings	Revaluation reserve	Total equity
Year ended 31 December 2025	Notes	USD '000	USD'000	USD '000	USD'000	USD'000	USD '000	USD'000	USD '000
At start of year		276,845	8,874	33,052	70	-	19,354	10,319	348,514
Comprehensive income									
Profit for the year		-	-	-	-	-	16,928	-	16,928
Total comprehensive income		-	-	-	-	-	16,928	-	16,928
Transactions with owners									
Transfer to special reserve	35	-	-	214	-	-	(214)	-	-
Transfer from the revaluation reserve	37	-	-	-	-	-	137	(137)	-
Total transactions with owners		-	-	214	-	-	(77)	(137)	-
At end of year		276,845	8,874	33,266	70	-	36,205	10,182	365,442
Year ended 31 December 2024									
Year ended 31 December 2024	Notes	USD '000	USD '000	USD '000	USD'000	USD'000	USD '000	USD'000	USD '000
At start of year		209,710	7,024	12,906	71	-	82,135	10,456	322,302
Comprehensive income									
Profit for the year		-	-	-	-	-	11,201	-	11,201
Total comprehensive income		-	-	-	-	-	11,201	-	11,201
Transactions with owners									
Additional capital allotted during the year	32,34	13,162	1,850	-	(15,012)	-	-	-	-
Cash received towards share capital	34	-	-	-	15,011	-	-	-	15,011
Transfer to special reserve	35	-	-	146	-	-	(146)	-	-
Transfer from the revaluation reserve	37	-	-	-	-	-	137	(137)	-
Transfer from retained earnings	35,38	53,973	-	20,000	-	-	(73,973)	-	-
Total transactions with owners		67,135	1,850	20,146	(1)	-	(73,982)	(137)	15,011
At end of year		276,845	8,874	33,052	70	-	19,354	10,319	348,514

The notes set out on pages 69-132 form an integral part of these financial statements.

	Notes	2025 USD'000	2024 USD'000
Cash flows from operating activities			
Interest receipts		29,750	27,968
Interest payments	28	(5,188)	(6,180)
Interest paid on lease liabilities	29	(50)	(60)
Net fee and commission receipts		20	-
Other income received		4,075	973
Payments to employees and suppliers		(7,064)	(7,111)
Cash inflows from operating activities		21,543	15,590
Principal loan receipts		38,687	24,995
New loan disbursements		(91,586)	(38,225)
Net other receipts from customers		215	233
Settlement of other liabilities		(2,161)	(1,090)
Net cash flows generated from operating activities		(33,302)	1,503
Investing activities			
Purchase of Investment property	23	(162)	(191)
Purchase of property and equipment	24	(1,153)	(76)
Proceeds from sale of property and equipment		3	-
Placements with commercial banks		52,451	(14,490)
Net cash used in investing activities		51,139	(14,757)
Financing activities			
Settlement of medium- and long-term borrowings	28	(10,559)	(18,390)
Proceeds from borrowings	28	10,000	29,555
Payment of principal portion of the lease liability	29	(79)	(65)
Receipt from member states towards share capital	34	-	15,011
Net cash generated from financing activities		(638)	26,111
Net increase in cash and cash equivalents		17,199	12,857
Cash and cash equivalent at start of year	36	206,164	192,287
Effect of exchange rates on cash held		1,035	1,020
At end of year	36	224,398	206,164

The notes set out on pages 69-132 form an integral part of these 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. 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 39.

3. 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 2025 and have been applied in preparing these financial statements where applicable.

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 IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of an entity’s financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

The amendment did not have a material impact on the bank financial statements.

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 31 December 2025. 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.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

II. NEW AND AMENDED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

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

*The effective date is for updated sections only

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.

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.

4. 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. 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.

B. 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.

C. 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.

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.

D. 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.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

D. PROPERTY AND EQUIPMENT (CONTINUED)

Revaluation surplus (Continued)

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:

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 years.

E. 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.

F. 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.

G. 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.

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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

G. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Measurement methods (Continued)

Amortized cost and effective interest rate (Continued)

(a) Financial Assets (Continued)

i. Classification and subsequent measurement (Continued)

Debt Instruments (Continued)

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.

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.

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.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)**G. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)****Measurement methods (Continued)****Amortized cost and effective interest rate (Continued)****(a) Financial Assets (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.

iii. Modification of loans

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.

H. 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.

I. 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.

J. FIDUCIARY ASSETS

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

K. 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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

K. LEASES (CONTINUED)

i. Bank acting as a lessee (Continued)

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.

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.

L. 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 (2024: Nil).

M. 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.

N. 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 recognized through other comprehensive income. Any loss arising on revaluation is recognized through the Profit or Loss.

O. 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.

P. 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.

Q. 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.

R. 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.

S. 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.

T. 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.

U. 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.

V. 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.

5. INTEREST INCOME

	2025	2024
	USD'000	USD'000
Interest income on loans to projects	15,997	13,114
Interest income on lease receivables	2	12
Interest income on placements with other Banks	14,419	16,352
Interest income from derivatives	1,184	77
	31,602	29,555

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

6. INTEREST EXPENSE

	2025	2024
	USD'000	USD'000
Interest expense on borrowings	8,054	7,373
Interest expense on lines of credit	293	1,259
Interest expense on derivatives	3,233	289
	11,580	8,921

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

7. FEE AND COMMISSION INCOME

	2025	2024
	USD'000	USD'000
Management Fees	155	83
	155	83

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.

7. FEE AND COMMISSION INCOME (CONTINUED)

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.

8. OTHER OPERATING INCOME

	2025	2024
	USD'000	USD'000
Rental income	550	530
Dividend income	18	11
Recovery of previously written off loans	3,969	847
Profit on Sale of Fixed Assets	3	-
Write back of other liabilities	88	115
	4,628	1,503

9. OTHER LOSSES

	2025	2024
	USD'000	USD'000
Net foreign exchange losses	1,073	(1,565)
Net fair value gain on equity investments at fair value (Note 21)	-	276
Net fair value gain on Available for sale investments at fair value	(34)	-
Net fair value gain/(loss) on derivative instruments (Note 19)	(1,137)	398
	(98)	(891)

10. EMPLOYEE BENEFITS EXPENSE

	2025	2024
	USD'000	USD'000
Salaries and wages	1,979	2,176
Pension and gratuity (Note 41)	223	314
Other staff costs	952	1,003
	3,154	3,493

11. OTHER OPERATING EXPENSES

	2025	2024
	USD'000	USD'000
Staff duty travel	301	187
Directors' expenses	356	162
Insurance	285	255
Advertising and publicity	262	293
Legal fees	510	893
Computer software expenses	164	152
Special audits costs*	34	43
Statutory audit fees**	55	75
Consultancy fees	223	326
Project insurance	512	305
Utilities	51	59
Communication costs	114	124
Establishments expenses	415	422
Subscription to professional bodies	50	19
Swift/Bank Charges	73	75
Maintenance of office equipment	49	55
Other administrative expenses	90	79
	3,544	3,524

Other administrative expenses include printing, stationery, and bank membership subscriptions.

*Included in the special audits costs is the fee for other services from KPMG in respect to Review of project financial statements of the Regional Collaboration Centre for East and Southern Africa financed by Africa Development Bank Group, Certification of the Bank's compliance with covenants, Audit of the disposition fund account and Vulnerability Assessment and Penetration Testing Services and for the year ended 31 December 2025 amounting to USD 29,250

**Statutory audit fees relates to the financial statements audit fee.

12. PROFIT BEFORE INCOME TAX

	2025	2024
	USD'000	USD'000
Profit before income tax	16,928	11,201
Profit before income tax is stated after charging the following expenses by their nature:		
Directors' emoluments:		
- Fees and allowances	252	57
- Other Board expenses	104	105
Depreciation on property and equipment (note 24)	262	253
Depreciation of right-of-use asset (note 26)	73	79
Amortization of intangible assets (note 25)	-	-
Impairment losses charged on financial assets (note 17b)	701	2,782
Employee benefits expense (Note 10)	3,154	3,493
Auditor's remuneration	55	75
Operating expenses (note 11)	3,545	3,524

13. 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.

14. 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.

	2025	2024
	USD	USD
Net profit attributable to ordinary shareholders	16,928,000	11,201,000
Weighted average number of ordinary shares in issue and paid up during the year	20,507	17,763
Basic earnings per share	825	631
Diluted Earnings per share		
Dilutive number of ordinary shares	5	5
Total issued and dilutive shares	20,512	17,768
Diluted earnings per share	825	630

Dilutive shares represent the number of shares generated from the balance of funds awaiting allotment (Note 34).

15. CASH AT BANK

	2025	2024
	USD'000	USD'000
Cash at bank	21,653	33,414

16. PLACEMENTS WITH COMMERCIAL BANKS

	2025	2024
	USD'000	USD'000
Placements with banks in Member States		
Principal	56,643	40,202
Interest receivable	1,628	487
Placements with banks in other States		
Principal	205,206	265,282
Interest receivable	3,097	2,622
	266,574	308,593
The above amount is analysed as follows:		
Amounts due within 3 months of date of acquisition	202,745	172,750
Amounts due after 3 months of date of acquisition	63,829	135,843
	266,574	308,593

The weighted average effective interest rate on deposits due from banks was 4.75% (2024: 4.94%).

17. LOANS AND ADVANCES TO CUSTOMERS

	2025	2024
	USD'000	USD'000
Loans to projects (Gross)		
Principal	195,306	129,087
Interest receivable	2,459	2,224
Deferred fee income from disbursed loans	(1,200)	(655)
Gross loans	196,565	130,656
Gross loans and leases receivable comprise the following:		
Loans to projects		
Finance lease receivables	-	93
Total gross loans and receivables	196,565	130,656
Impairment losses on loans and advances (Note 17a)	(1,734)	(2,140)
Net carrying amounts	194,831	128,516
Maturity analysis of loans		
Loans maturing within one year	60,819	40,852
Loans maturing after one year but within five years	169,091	109,841
Loans maturing after five years	18,312	13,626
	248,222	164,319

(A) THE TABLE BELOW IS AN ANALYSIS OF THE MOVEMENT IN THE PROVISION FOR IMPAIRMENT OF LOANS AND ADVANCES.

	2025	2024
	USD'000	USD'000
Loss allowance at end of year	1,734	2,140
Less: provisions at start of the year as above	(2,140)	(1,918)
Increase in provision for expected credit losses	(406)	222
Direct write-offs	1,107	2,561
Total charge for the year	701	2,783
Distribution of loans and receivables by sector		
Agro, marine and food processing	6%	11%
Consumer Industrial Manufacturing	2%	2%
Construction companies, building materials and real estate	1%	2%
Financial Institutions	46%	25%
Education, health and other community services	1%	1%

17. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

	2025	2024
	USD'000	USD'000
Transport and storage	11%	15%
Sovereign	30%	40%
Electricity and water	1%	2%
Hotels, tourism, leisure and entertainment	2%	2%
	100%	100%

(B) EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS

	2025	2024
	USD'000	USD'000
Impairment losses charged to profit or loss		
Impairment on loans and advances to customers (Note 17 a)	701	2,783
Impairment on other financial assets (Note 22)	68	89
	769	2,872

18. 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 2025 and 2024 respectively is as follows:

YEAR ENDED 31 DECEMBER 2025

Loan exposure by country	Gross Balances	%	Net Balances	%
	USD'000		USD'000	
Country				
Uganda	55,191	28%	54,934	28%
Kenya	8,422	4%	8,347	4%
Tanzania	102,384	52%	100,999	52%
Rwanda	30,568	16%	30,551	16%
Total	196,565	100%	194,831	100%
Exposure by product				
Long term loans	161,945	82%	160,415	82%
Medium term loans	29,437	15%	29,264	15%
Short term loans	5,183	3%	5,152	3%
Total	196,565	100%	194,831	100%

YEAR ENDED 31 DECEMBER 2024

Loan exposure by country	Gross Balances	%	Net Balances	%
	USD'000		USD'000	
Country				
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%
Total	130,656	100%	128,516	100%
Exposure by product				
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%
Total	130,656	100%	128,516	100%

YEAR ENDED 31 DECEMBER 2025

Country	Performing portfolio	%	Non performing portfolio	%	Totals
Portfolio quality (Gross)	USD'000		USD'000		USD'000
Uganda	54,182	27.6%	1,009	0.5%	55,191
Kenya	8,422	4.3%	-	0.0%	8,422
Tanzania	102,384	52.1%	-	0.0%	102,384
Rwanda	30,568	15.6%	-	0.0%	30,568
Totals	195,556	99.5%	1,009	0.5%	196,565
Portfolio quality (Net)					
Country					
Uganda	54,055	27.74%	879	0.45%	54,934
Kenya	8,347	4.28%	-	0.00%	8,347
Tanzania	100,999	51.84%	-	0.00%	100,999
Rwanda	30,551	15.68%	-	0.00%	30,551
Totals	193,952	99.55%	879	0.45%	194,831

YEAR ENDED 31 DECEMBER 2024

Country	Performing portfolio	%	Non-performing portfolio	%	Total
Portfolio quality (Gross)	USD'000		USD'000		USD'000
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
Totals	129,499	99.1%	1,157	0.9%	130,656
Portfolio quality (Net)					
Country					
Uganda	38,031	29.6%	102	0.1%	38,133

18. SEGMENT INFORMATION (CONTINUED)

Country	Performing portfolio	%	Non-performing portfolio	%	Total
	USD'000		USD'000		USD'000
Portfolio quality (Gross)					
Portfolio quality (Net)					
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
Totals	128,414	99.9%	102	0.1%	128,516

APPROVALS AND DISBURSEMENTS

	Approvals		Disbursements	
	USD'000	USD'000	USD'000	USD'000
By country	2025	2024	2025	2024
Uganda	85,525	10,498	22,337	11,345
Kenya	2,010	-	2,000	1,932
Tanzania	49,368	79,806	36,559	20,000
Rwanda	16,000	20,746	30,690	4,948
	152,903	111,050	91,586	38,225
By product				
Loans	152,903	111,050	91,586	38,225
Leases	-	-	-	-
	152,903	111,050	91,586	38,225

SEGMENT STATEMENT OF PROFIT OR LOSS FOR YEAR ENDED DECEMBER 2025

	Uganda	Kenya	Tanzania	Rwanda	Head Office	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Interest income	5,248	4,915	10,570	4,196	6,673	31,602
Interest expense	(1,557)	(445)	(4,715)	(2,864)	(1,999)	(11,580)
Net interest income	3,691	4,470	5,855	1,332	4,674	20,022
Fee and commission income	60	11	32	52	-	155
Other operating income	682	3,287	18	-	641	4,628
Other gains /(losses)	-	(34)	-	-	(64)	(98)
Net fair value gain/(loss) investment property	-	-	(95)	-	118	23
Net operating income	4,433	7,734	5,810	1,384	5,369	24,730
Net impairment losses on financial assets	(995)	40	391	(137)	(68)	(769)
Operating income after impairment charges	3,438	7,774	6,201	1,247	5,301	23,961
Employee benefits expense	(315)	(315)	(315)	(159)	(2,050)	(3,154)
Depreciation and amortization	-	(27)	(9)	(25)	(274)	(335)
Other operating expenses	(589)	(640)	(726)	(265)	(1,324)	(3,544)
Profit before income tax	2,534	6,792	5,151	798	1,653	16,928

Income tax expense	-	-	-	-	-	-
Profit for the year	2,534	6,792	5,151	798	1,653	16,928
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	2,534	6,792	5,151	798	1,653	16,928

SEGMENT STATEMENT OF PROFIT OR LOSS FOR YEAR ENDED DECEMBER 2024

	Uganda	Kenya	Tanzania	Rwanda	Head Office	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	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)
Net interest income	2,516	4,502	3,471	1,921	8,224	20,634
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
Net operating income	2,909	3,592	5,720	1,966	7,235	21,422
Net impairment losses on financial assets	(590)	(2,655)	377	(4)	-	(2,872)
Operating income after impairment charges	2,319	937	6,097	1,962	7,235	18,550
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)
Profit before income tax	1,384	(75)	5,017	1,498	3,377	11,201
Income tax expense	-	-	-	-	-	-
Profit for the year	1,384	(75)	5,017	1,498	3,377	11,201
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	1,384	(75)	5,017	1,498	3,377	11,201

SEGMENT STATEMENT OF FINANCIAL POSITION FOR YEAR ENDED DECEMBER 2025

	Uganda	Kenya	Tanzania	Rwanda	Head office	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Assets						
Cash at bank	8,621	1,305	5,321	4,502	1,904	21,653
Placements	-	-	-	-	266,574	266,574
Loans and lease receivables	54,934	8,347	100,999	30,551	-	194,831
Assets available for sale	-	1,261	-	-	-	1,261
Equity investments	-	116	877	-	-	993

18. SEGMENT INFORMATION (CONTINUED)

SEGMENT STATEMENT OF FINANCIAL POSITION FOR YEAR ENDED DECEMBER 2025 (CONTINUED)

	Uganda	Kenya	Tanzania	Rwanda	Head office	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Assets						
Other assets	36	109	17	9	1,273	1,444
Derivative financial instrument	-	-	-	-	-	-
Investment Property	14,314	1,057	4,139	-	4,076	23,586
Property and equipment	2,498	291	482	184	6,260	9,715
Right of Use Asset	-	43	-	116	-	159
Total assets	80,403	12,529	111,835	35,362	280,087	520,216
Liabilities						
Other liabilities	2,383	728	16	26	1,498	4,651
Derivative financial instrument	-	-	2,651	81	-	2,732
Borrowings	-	-	-	-	132,703	132,703
Lease liabilities	-	66	-	118	-	184
Special funds	-	-	-	-	3,990	3,990
Grants	-	-	150	-	2,885	3,035
Capital fund	-	-	-	-	7,479	7,479
Total liabilities	2,383	794	2,817	225	148,555	154,774
Capital and reserves						
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	-	-	-	-	33,266	33,266
Revaluation reserves	-	-	-	-	10,182	10,182
Retained earnings	13,517	(52,768)	44,515	(26,032)	56,973	36,205
Total shareholders' equity	78,020	11,735	109,018	35,137	131,532	365,442
Total equity and liabilities	80,403	12,529	111,835	35,362	280,087	520,216

SEGMENT STATEMENT OF FINANCIAL POSITION FOR YEAR ENDED DECEMBER 2024

	Uganda	Kenya	Tanzania	Rwanda	Head office	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Assets						
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
Total assets	71,115	19,275	87,331	6,154	322,110	505,985

	Uganda	Kenya	Tanzania	Rwanda	Head office	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Liabilities						
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
Total liabilities	422	478	8,512	459	147,600	157,471
Capital and reserves						
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	(55,474)	100,028	19,354
Total shareholders' equity	70,693	18,797	78,819	5,695	174,510	348,514
Total equity and liabilities	71,115	19,275	87,331	6,154	322,110	505,985

19. 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 2025 were as follows:

	2025	2024
	USD'000	USD'000
Notional principal amounts	73,026	13,675
Fair value Assets	73,026	13,675
Fair value Liabilities	73,867	13,283

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

	2025	2024
	USD'000	USD'000
Derivative asset/(Liability) at the start of the year	296	(6)
Fair value (loss)/ gain during the year	(1,137)	398
Net interest payable on derivative instruments	(1,891)	(96)
	(2,732)	296

20. 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.

	2025	2024
	USD'000	USD'000
Assets available for sale at the start of the year	1,361	3,370
Additions during the year	-	-
Write off of assets available for sale asset	-	(2,477)
Less:		
Receipts/repayments	(79)	(209)
Foreign exchange gain	13	677
Fair value gain/ (loss)	(34)	-
Assets available for sale end of year	1,261	1,361

21. 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.

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

	2025	2024
	USD'000	USD'000
At start of year	1,001	649
Provisions	-	-
Foreign exchange (loss)/gain	(8)	76
Fair value gain	-	276
At end of year	993	1,001

22. OTHER ASSETS

Prepayments	261	185
Value Added Tax receivable	115	590
Fees and commission receivable	25	19
Tenants rent receivable	87	80
Front End Fees	965	858
Settlement Account	1	10
Other receivables	191	206

	1,645	1,948
IFRS 9 impairment provision	(201)	(737)
	1,444	1,211

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;

	2025	2024
	USD'000	USD'000
At start of year	737	573
Provisions for the year	68	89
Net foreign exchange movement	(604)	75
At end of year	201	737

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	2025	2024
	USD'000	USD'000
Amount receivable with in 3months	352	930
Amount receivable with in 6months	303	36
Amounts receivable within one year	789	850
	1,444	1,816

23. INVESTMENT PROPERTY

At start of year	23,048	22,631
Additions	162	191
Investment Property under Work in Progress	353	-
Transfers from PPE Work in Progress (Note 24)	-	133
Net fair value gains /(losses)	23	93
At end of year	23,586	23,048

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 2025 based on estimated open market values.

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 24).

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

	2025	2024
	USD'000	USD'000
Rental income from investment property	550	530
Direct operating expenses: Rented properties	23	15

23. INVESTMENT PROPERTY (CONTINUED)

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

Direct operating expenses: Unrented properties	9	3
Approved capital commitment	4,850	2,500

The Bank signs annual lease agreements with its tenants. All future undiscounted lease payments amounting to USD 326,532 are due within 1 year.

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 2025 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 2025, 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 23,237 in 2025, (2024: USD 92,761) 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.

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 themselves did not represent the Fair Value of the elements involved, since the true valuation could only be the figure taken as a whole.

Fair value measurements

Fair value measurements as per valuation reports	2025	2024
	USD'000	USD'000
Land	18,448	17,814
Buildings	5,138	5,234
Total	23,586	23,048

The fair value movement for the above is included below

	2025	2024
	USD'000	USD'000
Land		
At start of year	17,814	16,779
Valuation gain/(loss)	634	1,035
Transfers from Property and equipment	-	-
At end of year	18,448	17,814
Buildings		
At start of year	5,234	5,852
Additions	164	191
Work in Progress	351	-
Valuation gain/(loss)	(611)	(942)
Transfers from Work in Progress-Property & Equipment	-	133
At end of year	5,138	5,234

During the year, total additions and work in progress amounted to USD 0.515 million, of which USD 0.162 million was settled in cash and presented within investing activities in the Statement of Cash Flows.

24. PROPERTY AND EQUIPMENT

Fixed asset Movement Schedule Year 2025	Land & Buildings	Capital work in progress	Office equipment	Motor Vehicles	Furniture & fittings	Total
Costs	USD 000'	USD 000'	USD 000'	USD 000'	USD 000'	USD 000'
At 1 January 2024	8,329	157	2,057	679	865	12,087
Additions	-	-	61	15	-	76
Disposals	-	-	-	-	-	-
Transfer to Investment property	-	(133)	-	-	-	(133)
Transfer from WIP	-	(23)	-	-	-	(23)
At 31 December 2024	8,329	1	2,118	694	865	12,007
At 1 January 2025	8,329	1	2,118	694	865	12,007
Additions	989	637	19	-	19	*1,664
Disposals	-	-	(21)	-	(33)	(54)
At 31 December 2025	9,318	638	2,116	694	851	13,617
Accumulated Depreciation						
At 1 January 2024	-	-	(1,916)	(679)	(846)	(3,441)
Depreciation reserve-Disposal	-	-	-	-	-	-
Depreciation charge	(200)	-	(41)	(1)	(11)	(253)
At 31 December 2024	(200)	-	(1,957)	(680)	(857)	(3,694)
At 1 January 2025	(200)	-	(1,957)	(680)	(857)	(3,694)
Depreciation reserve-Disposal	-	-	21	-	33	54
Depreciation charge	(200)	-	(46)	(4)	(12)	(262)
At 31 December 2025	(400)	-	(1,982)	(684)	(836)	(3,902)
Net book amount						
At 31 December 2024	8,129	1	161	14	8	8,313
At 31 December 2025	8,918	638	134	10	15	9,715

*During the year, total additions amounted to USD 1.664 million, of which USD 1.153 million was settled in cash and presented within investing activities in the Statement of Cash Flows. The balance of USD 0.522 million represents accrued capital expenditure recognized under capital work in progress

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 2025 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 23). The details of the fair valuation methods used are disclosed in note 23.

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

	2025	2024
	USD'000	USD'000
Cost	4,615	4,615
Accumulated depreciation	(2,619)	(2,388)
Carrying amount	1,996	2,227

25. INTANGIBLE ASSETS

	2025	2024
	USD'000	USD'000
Cost		
At start of year	1,965	1,965
Additions during the year	-	-
	1,965	1,965
Amortization		
At start of year	(1,965)	(1,965)
Amortization charge for the year	-	-
	(1,965)	(1,965)
At end of year	-	-

26. 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. The Bank last recalculated and made lease adjustments with new leases and interest rates in 2023 when new leases were added.

	2025	2024
	USD'000	USD'000
Cost at start of year	405	405
Additions	-	-
Cost at end of year	405	405
Accumulated depreciation		
At the start of year	(173)	(94)
Depreciation charge for the year	(73)	(79)
Accumulated depreciation at end of year	(246)	(173)
Net carrying amount at end of year	159	232

27. OTHER LIABILITIES

	2025	2024
	USD'000	USD'000
Advances from customers	610	184
Rent received in advance	60	45
Accrued expenses	1,540	1,100
Deferred fee income	381	505

27. OTHER LIABILITIES (CONTINUED)

Deposits from tenants	90	82
KFW line of credit	-	-
KFW Managed Fund-Annual Interest	1,860	1,510
Suspended Income	-	97
Settlement Control Account	-	8,653
Other creditors	110	103
	4,651	12,279
Maturity analysis of Other liabilities		
Amount payable with in 3months	260	8,883
Amount payable with in 6months	2,150	1,381
Amounts payable within one year	2,241	2,015
	4,651	12,279

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.

28. BORROWINGS

	2025	2024
	USD'000	USD'000
Lines of credit with multi-lateral development banks	131,641	127,914
Lines of credit with other financial Institutions	1,062	2,530
	132,703	130,444
Maturity analysis of borrowings		
Amounts payable within one year	23,015	16,510
Amounts payable after one year but within five years	91,318	97,541
Amounts payable after five years	44,313	46,835
	158,646	160,886
Borrowings movement analysis		
At start of year	130,444	112,837
Proceeds from borrowings	10,000	29,555
Interest incurred during the year	8,346	8,632
Principal payments within the year	(10,559)	(18,390)
Interest payments within the year	(5,188)	(6,180)
Foreign exchange differences	(340)	3,990
At end of year	132,703	130,444

The weighted average effective interest rate on borrowings was 6.43% (2024: 6.62%). 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 40.

29. LEASE LIABILITIES

	2025	2024
	USD'000	USD'000
Current	64	120
Non-current	120	124
	184	244
BELOW IS AN ANALYSIS OF THE MOVEMENTS IN LEASE LIABILITIES:		
At start of year	244	306
Additions	-	-
Payments of principal portion of lease liability	(79)	(65)
Payments of interest portion of lease liability	(50)	(60)
Interest charge for the year (recognized in profit or loss)	50	60
Net foreign exchange difference	19	3
At end of year	184	244

In 2023, the Bank recalculated 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 2025, the future minimum lease payments under non-cancellable operating leases were payable as follows:

	2025	2024
	USD'000	USD'000
Below 6 months	33	60
6 - 12 months	30	60
1 - 5 Years	128	291
Over 5 Years	-	-
	191	411

AMOUNTS RECOGNISED IN THE PROFIT OR LOSS

	2025	2024
	USD'000	USD'000
Interest on lease liabilities	50	60
Depreciation on right of use asset	73	79

AMOUNTS RECOGNISED IN THE STATEMENT OF CASHFLOWS

	2025	2024
	USD'000	USD'000
Payment of principal portion of the lease liability	79	65
Interest paid on lease liabilities	50	60
	129	125

30. SPECIAL FUNDS

	2025	2024
	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;

- payments to consultants and experts
- strengthening the Bank's administrative capacity
- technical assistance
- loans on concessionary terms
- 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.

31. GRANTS

	Housing Finance Bank feasibility study grant	Share repurchase grant	Total
	USD'000	USD'000	USD'000
Year ended 31 December 2025			
At start of year	150	2,885	3,035
Additions	-	-	-
At end of year	150	2,885	3,035
Year ended 31 December 2024			
At start of year	150	2,885	3,035
Additions	-	-	-
At end of year	150	2,885	3,035

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 in 2025 (2024: Nil).

HOUSING FINANCE FEASIBILITY STUDY GRANT

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

32. 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
(1) AUTHORISED SHARE CAPITAL						
Class A						
At 1 January 2024	24,000	120,000	144,000	324,000	1,620,000	1,944,000
At 31 December 2024	24,000	120,000	144,000	324,000	1,620,000	1,944,000
At 31 December 2024	24,000	120,000	144,000	324,000	1,620,000	1,944,000
Class B						
At 1 January 2024	4,000	12,000	16,000	54,000	162,000	216,000
At 31 December 2024	4,000	12,000	16,000	54,000	162,000	216,000
At 31 December 2025	4,000	12,000	16,000	54,000	162,000	216,000
Totals Authorised (Class A&B) As at December 2024&2025	28,000	132,000	160,000	378,000	1,782,000	2,160,000

(2) ISSUED SHARE CAPITAL

	Paid up share capital	Callable share capital	Total	Paid up share capital	Callable share capital	Total
Class A						
At 1 January 2024	14,228	71,140	85,368	192,079	960,392	1,152,471
Issue of shares	4,637	23,185	27,822	62,599	312,998	375,597
At 31 December 2024	18,865	94,325	113,190	254,678	1,273,390	1,528,068
Issue of shares	-	-	-	-	-	-
At 31 December 2025	18,865	94,325	113,190	254,678	1,273,390	1,528,068
Class B						
At 1 January 2024	1,306	1,037	2,343	17,631	14,000	31,631
Issue of shares	336	-	336	4,536	-	4,536
Share repurchase at par	-	-	-	-	-	-
At 31 December 2024	1,642	1,037	2,679	22,167	14,000	36,167
Issue of shares	-	-	-	-	-	-
Share repurchase at par	-	-	-	-	-	-
At 31 December 2025	1,642	1,037	2,679	22,167	14,000	36,167
Total (Class A&B) 2024 & 2025	20,507	95,362	115,869	276,845	1,287,390	1,564,235

(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 2024	14,228	1,306	15,534	192,079	17,631	209,710
Issue of shares	4,637	336	4,973	62,599	4,536	67,135
Share repurchase	-	-	-	-	-	-
At 31 December 2024	18,865	1,642	20,507	254,678	22,167	276,845
Issue of shares	-	-	-	-	-	-

32. 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
Share repurchase	-	-	-	-	-	-
At 31 December 2025	18,865	1,642	20,507	254,678	22,167	276,845

Name	2025			2024		
	Shares	Value	%	Shares	Value	%
Class A		USD'000			USD'000	
Government of Kenya	4,778	64,503	23.30%	4,778	64,503	23.30%
Government of United Republic of Tanzania	4,778	64,503	23.30%	4,778	64,503	23.30%
Government of Uganda	4,778	64,503	23.30%	4,778	64,503	23.30%
Government of Rwanda	4,531	61,169	22.10%	4,531	61,169	22.10%
Total Class A	18,865	254,678	91.99%	18,865	254,678	91.99%
Class B		USD'000			USD'000	
African Development Bank	1,559	21,046.5	7.60%	1,559	21,046.5	7.60%
Yugoslavia Consortium	35	472.5	0.17%	35	472.5	0.17%
SBIC - Africa Holdings	30	405	0.15%	30	405	0.15%
NCBA Bank Kenya Ltd	6	81	0.03%	6	81	0.03%
Nordea Bank Sweden	6	81	0.03%	6	81	0.03%
Standard Chartered Bank London	3	40.5	0.01%	3	40.5	0.01%
Barclays Bank Plc., London	3	40.5	0.01%	3	40.5	0.01%
Total Class B	1,642	22,167	8.01%	1,642	22,167	8.01%
Total Class A & B	20,507	276,845	100%	20,507	276,845	100%

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.

CLASS A

The authorised number of Class A ordinary shares is 144,000, (2024: 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 (2024: 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

In 2024, 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 of the previous year 2023. This included 3,662 Class A shares amounting to USD 49.44 million and 336 Class B shares valued at 4.53 million. There was no similar transfer done during the year ended 31 December 2025.

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. The final shares issued and paid for by the Republic of Rwanda on the admission program was 419 shares in 2024 translating to a premium of USD 1.85 million. This brought cumulative number of shares issued and paid for by the Republic of Rwanda on the admission program to 2,011 which is equivalent to a premium of USD 8.874 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 (2024: 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. The Bank last exercised this option in 2023 when it repurchased 235 shares FMO and DEG repurchased.

33. CAPITAL FUND

	2025	2024
	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.

34. FUNDS AWAITING ALLOTMENT

	2025	2024
	USD'000	USD'000
At start of year	70	71
Cash received towards share capital	-	15,011
Share allotment within the year	-	(15,012)
At end of year	70	70

35. SPECIAL RESERVE

	2025	2024
	USD'000	USD'000
At start of year	33,052	12,906
Transfer of appraisal fees	214	146
Transfer from retained earnings	-	20,000
At end of year	33,266	33,052

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 2024, the bank transferred USD 20 million from the retained earnings to special reserve to boost its special reserve.

36. CASH AND CASH EQUIVALENTS

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

	2025	2024
	USD'000	USD'000
Cash and bank balances (Note 15)	21,653	33,414
Balances due from banks originally maturing within 90 days	202,745	172,750
	224,398	206,164

37. REVALUATION RESERVE

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

	2025	2024
	USD'000	USD'000
At start of year	10,319	10,456
Revaluation gain during the year	-	-
Transfer of excess depreciation to retained earnings	(137)	(137)
At end of year	10,182	10,319

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.

38. RETAINED EARNINGS

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

	2025	2024
	USD'000	USD'000
At start of year	19,354	82,135
Profit for the year	16,928	11,201
Transfers from retained earnings	(77)	(9)
Transfer to special reserve	-	(20,000)
Transfer to share capital	-	(53,973)
At end of year	36,205	19,354

39. 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.

40. 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.

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.

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. CREDIT RISK (CONTINUED)

Expected credit loss measurement (Continued)

- 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.

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.
- 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.

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. CREDIT RISK (CONTINUED)

Change in credit quality since initial recognition (Continued)

Forward-looking information incorporated in the ECL models (Continued)

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	Uganda	Tanzania	Rwanda	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
At 31 December 2025					
Stage 1	8,050	54,182	102,384	30,568	195,184
Stage 2	372	-	-	-	372
	Kenya	Uganda	Tanzania	Rwanda	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Stage 3	-	1,009	-	-	1,009
Gross amount*	8,422	55,191	102,384	30,568	196,565

	Kenya	Uganda	Tanzania	Rwanda	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
At 31 December 2024					
Stage 1	8,048	37,652	78,013	5,100	128,813
Stage 2	-	686	-	-	686
Stage 3	-	1,157	-	-	1,157
Gross amount*	8,048	39,495	78,013	5,100	130,656

*Total loans have been disclosed exclusive of deferred loan processing fee income which was USD ('000s) 1,201 as at 31 December 2025 (2024: USD '000s 655).

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 2025 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.

	2025	2024
	USD'000	USD'000
On balance sheet financial assets		
Cash at bank	21,653	33,414
Placements with commercial banks	266,574	308,593
Other assets receivable excluding non-financial assets	218	148
Total	288,445	342,155
Credit exposures relating to off-balance sheet items statement of financial position		
	USD'000	USD'000
Loan commitments	17,139	6,338

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:

	Stage 1	Stage 2	Stage 3	Total
	12-Month ECL	Lifetime ECL	Lifetime ECL	
	USD'000	USD'000	USD'000	USD'000
Year ended 31 December 2025				
Loans and advances to customers				
Gross carrying amount as at 1 January 2025	128,813	686	1,157	130,656
Transfers				
Transfer from Stage 1	(372)	372	-	-
Transfer from Stage 2	-	(707)	610	(97)
Financial assets derecognised during the period other than write offs	(39,845)	-	-	(39,845)
Financial assets written off	-	-	(1,300)	(1,300)
New financial assets originated	91,586	-	-	91,586
Changes in interest accruals	15,002	21	542	15,565
Gross carrying amount as at 31 Dec 2025*	195,184	372	1,009	196,565

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. CREDIT RISK (CONTINUED)

Change in credit quality since initial recognition (Continued)

Maximum exposure to credit risk – Financial instruments whose impairment was determined to be immaterial (Continued)

	12-Month ECL	Lifetime ECL	Lifetime ECL	Total
	USD'000	USD'000	USD'000	USD'000
Provision for impairment				
As at 1 January 2025	1,074	11	1,055	2,140
New Financial Assets Originated	620	-	-	620
Transfers	(4)	(875)	879	-
Financial Assets written off	-	-	(871)	(871)
Movements for the period	(90)	868	(933)	(155)
As at 31 December 2025	1,600	4	130	1,734
Net carrying amount as at 31 December 2025	193,584	368	879	194,831

	Stage 1	Stage 2	Stage 3	Total
	12-Month ECL	Lifetime ECL	Lifetime ECL	USD'000
Year ended 31 December 2024	USD'000	USD'000	USD'000	USD'000
Loans and receivables				
Gross carrying amount as at 1 January 2024	115,398	-	1,026	116,424
Transfers				
Transfer from Stage 1 to Stage 2	(686)	686	-	-
Transfer from Stage 2 to stage 1	-	-	-	-
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
Gross carrying amount as at 31 Dec 2024*	128,813	686	1,157	130,656

PROVISION FOR IMPAIRMENT				
As at 1 January 2024	1,734	-	184	1,918
New Financial Assets Originated	-	-	-	-
PROVISION FOR IMPAIRMENT				
Transfers	-	11	-	11
Financial Assets written off	-	-	-	-
Movements for the period	(660)	-	871	211
As at 31 December 2024	1,074	11	1,055	2,140
Net carrying amount as at 31 December 2024	127,739	675	102	128,516

*Gross carrying amount of loans has been disclosed exclusive of deferred loan processing fee income which was USD '000's 1,999 as at 31 December 2025 (2024: USD '000s 655).

Geographical concentration of financial assets

	Uganda	Tanzania	Kenya	Rwanda	Overseas	Total
Year ended December 2025	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Financial assets						
Bank balances	8,621	5,321	1,305	4,502	1,904	21,653
Placements with banks	26,515	17,431	14,325	-	208,303	266,574
Loans and advances	54,934	100,999	8,347	30,551	-	194,831
Assets available for sale	-	-	1,261	-	-	1,261
Equity investments	-	876	117	-	-	993
Other assets excluding non-financial assets	36	109	5	17	51	218
	90,106	124,736	25,360	35,070	210,258	485,530

	Uganda	Tanzania	Kenya	Rwanda	Overseas	Total
Year ended December 2024	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Financial assets						
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
	70,142	94,895	30,984	5,646	271,366	473,033

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.

2025	PD ranges	12-month ECL (Stage 1)	Lifetime ECL Not Credit Impaired (Stage 2)	Lifetime ECL Credit Impaired (Stage 3)	Total 31 December
Loans and advances to Customers at amortised cost					
Grade 1-6: Strong	0-0.59	121,418	-	-	121,418
Grade 7-9: Satisfactory	0.06-11.34	67,806	-	-	67,806
2025	PD ranges	12-month ECL (Stage 1)	Lifetime ECL Not Credit Impaired (Stage 2)	Lifetime ECL Credit Impaired (Stage 3)	Total 31 December
Grade 10: Higher risk	11.35-99.9	5,960	-	-	5,960
Grade 11-12: Credit impaired	100	-	372	1,009	1,381
Gross carrying amount		195,184	372	1,009	196,565
Loss allowance		(1,600)	(4)	(130)	(1,734)
Carrying amount		193,584	368	879	194,831

2024	PD ranges	12-month ECL (Stage 1)	Lifetime ECL Not Credit Impaired (Stage 2)	Lifetime ECL Credit Impaired (Stage 3)	Total 31 December
Loans and advances to Customers at amortised cost					
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

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. CREDIT RISK (CONTINUED)

Geographical concentration of financial assets (Continued)

2024	PD ranges	12-month ECL (Stage 1)	Lifetime ECL Not Credit Impaired (Stage 2)	Lifetime ECL Credit Impaired (Stage 3)	Total 31 December
Loans and advances to Customers at amortised cost					
Grade 11-12: Credit impaired	100	-	686	1,157	1,843
Gross carrying amount		128,813	686	1,157	130,656
Loss allowance		(1,074)	(11)	(1,055)	(2,140)
Carrying amount		127,739	675	102	128,516

*Gross carrying amount of loans has been disclosed exclusive of deferred loan processing fee income which was USD "1,999 as at 31 December 2025 (2024: USD '000's 665).

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 USD. 1.3 million was written off (2024: Nil)

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

	2025	2024
	USD '000	USD '000
+10% probability of PD shock	160	199
-10% probability of PD shock	(160)	(199)

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 2025

Stage	Gross Loans	Property	Securities	Guarantees	Total Collateral	Coverage
Stage 1	195,184	24,116	17,391	26,984	68,491	35%
Stage 2	372	-	-	-	-	0%
Stage 3	1,009	1,009	-	-	1,009	100%
	196,565	25,125	17,391	26,984	69,500	35%

Country wise	Gross Loans	Property	Securities	Guarantees	Total Collateral	Coverage
Uganda	55,191	23,063	803	-	23,866	43%
Kenya	8,422	579	3,227	1,781	5,587	66%
Tanzania	102,384	1,483	12,814	25,203	39,500	39%
Rwanda	30,568	-	547	-	547	2%
	196,565	25,125	17,391	26,984	69,500	35%

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%

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 (amounts in USD '000'):

	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
	USD '000	USD '000	USD '000	USD '000
At December 2025	1,009	(130)	879	5,200
At December 2024	1,157	(1,055)	102	187

Stage 3 collateral value submitted was USD 5.2 million (2024 USD 7.48 million), sufficient to cover the bank in case of default. However, the 2024 collateral was assumed at USD 0.187 million, 2.5% of actual value because its 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.

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

C. LIQUIDITY RISK (CONTINUED)

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:

	2025	2024
	USD'000	USD'000
Cash and cash equivalents as per liquidity policy	171,088	241,728
Designated liabilities as per liquidity policy	(51,156)	(44,160)
Surplus per liquidity policy	119,932	197,568
Liquidity ratio	3.34	5.47

Liquidity ratio is a ratio of cash and cash equivalent and designated liabilities per the liquidity policy

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at 31 December 2025 to the contractual maturity date.

Contractual cash flows

2025	Matured	< 6 Months	>6 Months <1 Year	> 1 Year < 5 Years	> 5 Years	Total	Carrying amount
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Assets							
Cash at bank	21,653	-	-	-	-	21,653	21,653
Placements with commercial banks	-	267,937	-	-	-	267,937	266,574
Loans and advances excluding deferred income	-	26,334	34,146	169,091	18,312	247,883	194,831
Derivative financial instruments	-	-	-	-	-	-	-
Assets available for sale	-	-	-	1,261	-	1,261	1,261
Equity investments at fair value	-	-	-	993	-	993	993
Other assets receivable excluding non-financial assets	-	218	-	-	-	218	218
Total assets	21,653	294,489	34,146	171,345	18,312	539,945	485,530
Liabilities and shareholder funds							
Lease Liability	-	33	30	121	-	184	184

2025	Matured	< 6 Months	>6 Months <1 Year	> 1 Year < 5 Years	> 5 Years	Total	Carrying amount
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Liabilities and shareholder funds							
Other liabilities	1,251	3,400	-	-	-	4,651	4,651
Borrowings	-	11,823	11,193	91,318	44,312	158,646	132,703
Derivative financial instruments	-	1,664	57	12,340	196	14,257	2,732
Special funds	-	-	-	-	3,990	3,990	3,990
Grants	-	-	-	-	3,035	3,035	3,035
Capital fund	-	-	-	-	7,479	7,479	7,479
Total liabilities and shareholder funds	1,251	16,920	11,280	103,779	59,012	192,242	154,774
Net liquidity gap -31 Dec 2025	20,402	277,569	22,866	67,566	(40,700)	347,703	
Cumulative net liquidity gap -31 Dec 2025	20,402	297,971	320,837	388,403	347,703		

2024	Matured	< 6 Months	>6 Months <1 Year	> 1 Year < 5 Years	> 5 Years	Total	Carrying amount
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Assets							
Cash at bank	33,414	-	-	-	-	33,414	33,414
Placements with commercial banks	-	306,617	5,104	-	-	311,721	308,593
Loans and advances excluding deferred income	-	21,512	18,242	109,841	13,626	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
Total assets	33,414	328,277	24,707	110,842	13,626	510,866	473,329
Liabilities and shareholder funds							
Lease Liability	-	60	60	291	-	411	244
Other liabilities	9,191	2,583	-	-	-	11,774	11,774
Borrowings	-	8,127	8,383	97,541	46,835	160,886	130,444
Derivative financial instruments	-	43	415	710	-	1,168	-
Special funds	-	-	-	-	3,990	3,990	3,990
Grants	-	-	-	-	3,035	3,035	3,035
Capital fund	-	-	-	-	7,479	7,479	7,479
Total liabilities and shareholder funds	9,191	10,813	8,858	98,542	61,339	188,743	156,966
Net liquidity gap -31 Dec 2024	24,223	317,464	15,849	12,300	(47,713)	322,123	

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

C. LIQUIDITY RISK (CONTINUED)

Contractual cash flows (Continued)

2024	Matured	< 6 Months	>6 Months <1 Year	> 1 Year < 5 Years	> 5 Years	Total	Carrying amount
	USD'000	USD'000	USD'000		USD'000	USD'000	USD'000
Cumulative net liquidity gap -31 Dec 2024	24,223	341,687	357,536	369,836	322,123		

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	> 6 Months <1 Year	> 1 Year < 5 Years	> 5 Years	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Loan commitments - 2025	14,727	548	1,738	126	17,139
Loan commitments - 2024	-	5,398	940	-	6,338

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 2025 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 2.85 million (2024: loss of USD 3.4 million), which is 0.78% of the total shareholders' equity (2024: 0.98%). 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.

	2025	2024
	USD'000	USD'000
Total assets repricing within 6 months	310,607	368,277
Total liabilities repricing within 6 months	(27,352)	(28,302)
Interest gap	283,255	339,975
Impact of interest fall by 200 bps	(56,665)	(6,800)
Impact on total shareholders' equity/profit/loss	1.55%	1.95%

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

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.

2025	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	Total interest bearing	Non-interest bearing	Total
	USD '000	USD'000	USD '000	USD '000	USD '000	USD'000	USD'000	USD'000	USD '000
Assets									
Cash at bank	21,653	-	-	-	-	-	21,653	-	21,653
Placement with commercial banks	162,872	39,875	63,827	-	-	-	266,574	-	266,574
Loans and advances excluding deferred income	2,889	652	18,621	23,494	135,675	13,500	194,831	-	194,831
Assets available for sale	-	-	-	-	1,261	-	1,261	-	1,261
Equity investments	-	-	-	-	-	-	-	993	993
2025	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	Total interest bearing	Non-interest bearing	Total
	USD '000	USD'000	USD '000	USD '000	USD '000	USD'000	USD'000	USD'000	USD '000
Other assets receivable non-financial assets	1	217	-	-	-	-	218	-	218
Total assets	187,415	40,744	82,448	23,494	136,936	13,500	484,537	993	485,530
Liabilities									
Lease liability	-	6	23	30	125	-	184	-	184
Other liabilities	110	670	1,540	1,860	60	-	4,240	411	4,651
Borrowings	16,225	1,818	6,827	8,646	74,113	25,074	132,703	-	132,703
Derivative financial instruments	-	-	133	104	(1,174)	96	(841)	3,573	2,732
Special funds	-	-	-	-	-	-	-	3,990	3,990
Grants	-	-	-	-	-	-	-	3,035	3,035
Capital funds	-	-	-	-	-	-	-	7,479	7,479
Total liabilities and equity	16,335	2,494	8,523	10,640	73,124	25,170	136,286	18,488	154,774
Interest Gap at 31 Dec 2025	171,080	38,250	73,925	12,854	63,812	(11,670)	348,251	(17,495)	330,756
Cumulative Gap 31 Dec 2025	171,080	209,330	283,255	296,109	359,921	348,251			330,755

2024	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	Total interest bearing	Non-interest bearing	Total
	USD '000	USD'000	USD '000	USD '000	USD'000	USD '000	USD'000	USD '000	USD '000
Assets									
Cash at bank	33,414	-	-	-	-	-	33,414	-	33,414

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

D. INTEREST RATE RISK (CONTINUED)

2024	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	Total interest bearing	Non-interest bearing	Total
	USD '000	USD'000	USD '000	USD '000	USD'000	USD '000	USD'000	USD '000	USD '000
Placement with commercial banks	124,211	48,539	130,842	5,001	-	-	308,593	-	308,593
Loans and advances excluding deferred income	2,437	15,122	12,264	50,087	36,270	12,336	128,516	-	128,516
Assets available for sale	-	-	-	1,361	-	-	1,361	-	1,361
Equity investments	-	-	-	-	-	-	-	1,001	1,001
Derivative financial instruments	-	22	-	77	197	-	296	-	296
Other assets receivable non-financial assets	13	55	80	-	-	-	148	-	148
Total assets	160,075	63,738	143,186	56,526	36,467	12,336	472,328	1,001	472,328
Liabilities									
Lease liability	-	14	46	60	124	-	244	-	244
Other liabilities	8,755	230	1,100	1,510	45	-	11640	639	12279
Borrowings	9,540	3012	5,605	34,509	43,536	34,242	130,444	-	130,444
Special funds	-	-	-	-	-	-	-	3,990	3,990
Grants	-	-	-	-	-	-	-	3,035	3,035
Capital funds	-	-	-	-	-	-	-	7,479	7,479
Total liabilities and equity	18,295	3,256	6,751	36,079	43,705	34,242	142,328	15,143	157,471
2024	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	Total interest bearing	Non-interest bearing	Total
	USD '000	USD'000	USD '000	USD '000	USD'000	USD '000	USD'000	USD '000	USD '000
Interest Gap at 31 Dec 2024	141,767	60,575	136,355	20,447	(7,238)	(21,906)	330,000	(14,142)	315,858
Cumulative Gap 31 Dec 2024	141,767	202,342	338,697	359,144	351,906	330,000		315,858	

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 2025 and 2024.

2025								
ASSETS (Figures in USD)	UGX '000	KES '000	TZS'000	RWF '000	EUR '000	GBP '000	SEK '000	Total '000
Cash at bank	9,074	5,314	892	4,493	420	5	-	20,198
Placements with commercial banks	846	-	17,431	-	710	-	-	18,987
Loans and advances to customers	30,426	4,628	24,542	30,712	1,781	-	-	92,089
Equity investments	-	117	876	-	-	-	-	993
Assets available for sale	-	1,261	-	-	-	-	-	1,261
Other assets	36	4	109	17	9	-	-	175
TOTAL ASSETS	40,382	11,324	43,850	35,222	2,920	5	-	133,703
LIABILITIES								
Lease liability	-	65	-	-	-	-	-	65
Other liabilities	702	1,010	40,874	33,010	-	-	-	75,596
Borrowings	38,919	10,075	-	-	2,896	-	-	51,890
TOTAL LIABILITIES	39,621	11,150	40,874	33,010	2,896	-	-	127,551
2025								
ASSETS (Figures in USD)	UGX '000	KES '000	TZS'000	RWF '000	EUR '000	GBP '000	SEK '000	Total '000
Net currency position Dec 2025	761	174	2,976	2,212	24	5	-	6,152
Cumulative position Dec 2025	761	935	3,911	6,123	6,147	6,152	6,152	
Closing exchange rate Dec 2025	3,610.00	128.90	2,447.45	1,456.04	0.85	0.74	9.21	

2024								
ASSETS (Figures in USD)	UGX '000	KES '000	TZS'000	RWF'000	EUR'000	GBP'000	SEK'000	Total'000
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)
TOTAL ASSETS	36,675	11,488	9,436	5,473	2,913	15	-	66,000
LIABILITIES								
Lease liability	-	73	-	-	-	-	-	73
Other liabilities	282	249	8,255	5,039	(2)	40	-	13,863

2024								
ASSETS (Figures in USD)	UGX '000	KES '000	TZS'000	RWF'000	EUR'000	GBP'000	SEK'000	Total'000
Borrowings	36,277	11,174	-	-	2,851	-	-	50,302
TOTAL LIABILITIES	36,559	11,496	8,255	5,039	2,849	40	-	64,238
Net currency position Dec 2024	116	(8)	1,181	434	64	(25)	-	1,762
Cumulative position Dec 2024	116	108	1,289	1,723	1,787	1,762	1,762	
Closing exchange rate Dec 2024	3,679.00	129.25	2,425.00	1,377.00	0.96	0.80	10.98	

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

E. CURRENCY RISK (CONTINUED)

Sensitivity analysis

The Bank held more assets in other currencies than liabilities (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 2025 would have decreased profit by USD 14.60 million (2024: increase of USD 4.28 million) and negatively impact shareholders equity by 4.2% (2025: positive impact of 1.3%).

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.

	2025	2024
	USD'000	USD'000
FX denominated assets	133,703	66,000
FX denominated liabilities	(127,551)	(64,238)
Net open position	6,152	1,762
Impact of a 10% appreciation of USD exchange rate	(14,601)	(4,276)
Impact on total shareholders' equity/Profit/Loss	(4.00%)	(1.23%)

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

i. 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 & 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 2025 and 2024, fair values of the financial instruments held by the Bank were as follows:

	Level 2	Level 3	Total	Carrying Amount
	USD'000	USD'000	USD'000	USD'000
31 December 2025				
Financial assets at FVTPL				
Investment property	23,586	-	-	23,586

	Level 2	Level 3	Total	Carrying Amount
	USD'000	USD'000	USD'000	USD'000
Equity investments at FVTPL	-	993	993	993
Total assets	23,586	993	993	24,579

	Level 2	Level 3	Total	Carrying Amount
	USD'000	USD'000	USD'000	USD'000
31 December 2025				
Financial liabilities at FVTPL				
Derivative financial instruments	2,732	-	2,732	2,732
Total liabilities	2,732	-	2,732	2,732

	Level 2	Level 3	Total	Carrying Amount
	USD'000	USD'000	USD'000	USD'000
31 December 2024				
Financial assets at FVTPL				
Investment property	23,048	-	-	23,048
Derivative financial instruments	296	-	296	296
Equity investments at FVTPL	-	1,001	1,001	1,001
Total assets	23,344	1,001	1,297	24,345

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
Net asset value of the investments: 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.	<ul style="list-style-type: none"> Net assets of investees (2025: USD 121,560; 2024: USD 121,560) Total shareholding in investees (2025: 255,372,171 shares; 2024: 255,372,171 shares) The Bank's shareholding in the investees (2025: 1,631,812 shares; 2024: 1,631,812 shares) 	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> Net assets growth were higher (lower); Total shareholding in investees reduced (increased); The Bank's shareholding in the investees increased (reduced).

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

F. FAIRVALUE MEASUREMENT (CONTINUED)

i. Fair value of financial instruments (Continued)

Equity investments (Continued)

The table below shows the financial assets at amortised costs

31 December 2025	Level 2	Level 3	Total	Carrying amount
	USD'000	USD'000	USD'000	USD'000
At amortised cost				
Loans and advances excluding deferred income	202,951	-	202,951	194,831
31 December 2025	Level 2	Level 3	Total	Carrying amount
	USD'000	USD'000	USD'000	USD'000
Other assets excluding non-financial assets	218	-	218	218
Placements with commercial banks	266,574	-	266,574	266,574
Cash at bank	21,653	-	21,653	21,653
Total assets	491,396	-	491,396	483,276

31 December 2024	Level 2	Level 3	Total	Carrying amount
	USD'000	USD'000	USD'000	USD'000
At amortised cost				
Loans and advances excluding deferred income	133,427	-	133,427	128,516
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
Total assets	475,582	-	475,582	470,671

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. Refer to note 23 for the fair value techniques used for investment property.

Liabilities as per balance sheet – at amortised cost

31 December 2025	Level 2	Level 3	Total	Carrying amount
	USD'000	USD'000	USD'000	USD'000
At amortised cost				
Other liabilities	4,651	-	4,651	4,651
Borrowings	158,646	-	158,646	132,703
Lease liabilities	184	-	184	184

31 December 2025	Level 2	Level 3	Total	Carrying amount
	USD'000	USD'000	USD'000	USD'000
Special funds	3,990	-	3,990	3,990
Grants	3,035	-	3,035	3,035
Capital fund	7,479	-	7,479	7,479
Total Liabilities	177,985	-	177,985	152,042

31 December 2024	Level 2	Level 3	Total	Carrying amount
	USD'000	USD'000	USD'000	USD'000
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
Total Liabilities	187,913	-	187,913	157,471

Reconciliation of Level 3 financial assets

The bank holds shares in the following entities highlighted below:

- 931,812 shares (2024: 931,812 shares) in Corporation at a share price of TZS 1,000 each (2024: TZS 1,000).
- 50,000 shares (2024: 50,000) in Central Depository and Settlement Corporation at a share price of KES 100 each (2024: KES 100)
- 650,000 preference shares (2024: 650,000 shares) in NCBA Bank Tanzania Limited at a share price of TZS 1,000 (2024: 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 2024.

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 (2024: USD 374,145)
- BPI USD 19,405 (2024: 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:

2025	Azania	CDSC	NCBA	BPI	Catalyst	Total
Equity investments	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At start of year	616	116	269	-	-	1,001
Fair value gain/ (loss)	(8)	-	-	-	-	(8)
At end of year	608	116	269	-	-	993

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

F. FAIRVALUE MEASUREMENT (CONTINUED)

i. Fair value of financial instruments (Continued)

Reconciliation of Level 3 financial assets

2024						
Equity investments	Azania	CDSC	NCBA	BPI	Catalyst	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At start of year	385	96	168	-	-	649
Revaluation gain/(loss)	39	20	17	-	-	76
Fair value gain/ (loss)	192	-	84	-	-	276
At end of year	616	116	269	-	-	1,001

ii. Fair value of non-financial instruments

Note that the Bank also holds non-financial assets at fair value. See note 23 for disclosures of the land and buildings that are measured at fair value.

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 2025. The ratio is computed as a ratio of loans, equities and lease receivables divided by shareholders equity less special reserves.

	2025	2024
	USD'000	USD'000
Gross Loans and advances to customers	196,565	130,656
Shareholders' equity	365,442	348,514
Special reserve	(33,266)	(33,052)
	332,176	315,462
Ratio	0.59	0.41

The Capital adequacy ratio is calculated based on the Basel Accord as Capital divided by Risk Weighted Asset. The ratio of 87.0% (2024: 120%) 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

	2025	2024
	USD'000'	USD'000'
Tier 1 Capital	321,994	305,143
Tier 2 Capital	10,182	10,319
	332,176	315,462
Total risk-weighted assets (including credit risk and Operational risk)	381,648	290,977
Capital adequacy ratio	87%	120%

Tier 1 capital comprises share capital, share premium, capital awaiting allotment, and retained earnings. Effective from 2025, special reserves is excluded from the computation of Tier 1 capital.

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)

	2025	2024
	USD'000'	USD'000'
Direct Lending (Up-to-date Loans/below 90 days)	91,549	80,044
Lines of Credit	96,994	33,444
Short term Investments	113,197	101,968
Equity Investments	4,800	4,825
Past Due Loans (above 90 days)	1,522	1,163
Other receivables	36,108	34,463
Credit Risk Exposures	344,170	255,907
Net open position of FX denominated assets and liabilities	7	2
Operational Risk	37,471	35,068
Total risk-weighted assets (including credit risk and Operational risk)	381,648	290,977

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.

	2025	2024
	USD'000	USD'000
Cash and cash equivalents (Note 36)	224,398	206,164
Borrowings (Notes 28)	(132,703)	(130,444)
Lease liabilities (Note 29)	184	(244)
Net debt	91,879	75,476

	Borrowings	Lease liabilities	Liquid assets	Total
	USD'000	USD'000	USD'000	USD'000

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

G. CAPITAL MANAGEMENT (CONTINUED)

Net debt reconciliation

At 1 January 2025	(130,444)	(244)	206,164	75,476
Additions	(10,000)	-	-	(10,000)
Repayments	15,747	129	-	15,876
Interest expense	-	(50)	-	(50)
Net foreign exchange difference	340	(19)	1,035	1,356
Other adjustments/ movements	(8,346)	-	17,199	8,853
At 31 December 2025	(132,703)	(184)	224,398	91,511
At 1 January 2024	(112,837)	(306)	192,287	79,144
Additions	(29,555)	-	-	(29,555)
Repayments	24,570	125	-	24,695
	Borrowings	Lease liabilities	Liquid assets	Total
	USD'000	USD'000	USD'000	USD'000
Interest expense	-	(60)	-	(60)
Net foreign exchange difference	(3,990)	(3)	1,020	(2,973)
Other adjustments/ movements	(8,632)	-	12,857	4,225
At 31 December 2024	(130,444)	(244)	206,164	75,476

Liquid assets comprise Cash and bank balances as well as balances due from banks originally maturing within 90 days. (Note 36)

41. EMPLOYEE RETIREMENT BENEFIT PLANS AND GRATUITY

		2025	2024
	Note	USD'000	USD'000
Contribution to the retirement benefit plan	(i)	216	236
Contribution to the statutory pension scheme (NSSF)	(ii)	7	6
		2025	2024
	Note	USD'000	USD'000
Gratuity	(iii)	-	72
		223	314

- 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.
- 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.
- 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 10).

42. CAPITAL COMMITMENTS

There were no approved capital commitments outstanding at the end of year (2024: NIL).

43. OFF BALANCE SHEET ITEMS AND CONTINGENCIES

The Bank conducts business involving guarantees, performance bonds and indemnities. The following are the commitments and contingencies outstanding as at year-end.

	2025	2024
	USD'000	USD'000
Un-disbursed commitments	17,139	6,338

NATURE OF CONTINGENT LIABILITIES

Commitments to lend are agreements to lend to a customer in future subject to certain conditions. Such commitments are normally made for a fixed period.

The Bank is a litigant in several cases which arise from normal day to day Banking activities. The Directors believe the Bank has strong grounds for success and are confident that they should get rulings in their favor in matters before court. In cases where the Bank may not be successful, Directors and management are confident that such cases would not significantly impact the Bank's operations either individually or in aggregate.

Management has also carried out an assessment of all the cases outstanding as at 31 December 2025 and did not find any that warranted a provision. This position is supported by independent professional legal advice.

44. RELATED PARTY TRANSACTIONS

The Bank is owned by four East African Community member states of Kenya, Tanzania, Uganda and Rwanda who collectively own 92% of the total number of shares (2024: 92%) which is 100% of the ordinary class A shares. The remaining 8% (2024: 8%) is widely held by class B shareholders as disclosed in note 32.

A number of Banking transactions are entered into with related parties in the normal course of business. These include loans, deposits with Banks, borrowings and capital contributions by the member states. The volumes of related-party transactions and outstanding balances at year-end, for the year are as follows:

LOANS AND ADVANCES TO RELATED PARTIES

	2025	2024
	USD'000	USD'000
Loan to Government of United Republic of Tanzania	71,690	72,836
Interest income earned on the above	6,966	7,817

	2025	2024
	USD'000	USD'000
NCBA Bank Limited	-	-

44. RELATED PARTY TRANSACTIONS (CONTINUED)**LOANS AND ADVANCES TO RELATED PARTIES (CONTINUED)**

	2025	2024
	USD'000	USD'000
Standard Chartered Bank PLC	77,947	84,620
Interest income earned on the above	3,101	4,895
Borrowings payable by the Bank to shareholders		
African Development Bank	-	-
NCBA Bank Limited	1,062	2,531
Interest expense on borrowings as paid to shareholders	293	1,259

As at 31 December 2025, provision on loans and advances to related parties amounted to USD 829,686 (2024: USD 674,501) for Government of United Republic of Tanzania. All related party loans were classified under stage one. None of the transactions incorporate special terms and conditions and no guarantees were given or received on these loans.

KEY MANAGEMENT COMPENSATION

Key management includes Directors (executives and non-executives). The compensation paid or payable to key management for employee services is shown below:

	2025	2024
	USD'000	USD'000
Salaries and other employee benefits	542	422
Other short-term employee benefits - Gratuity	-	72
Other expenses	269	84
	811	578
Directors' emoluments		
Fees and allowances	103	165
Salaries and other employee benefits (included within key management compensation above)	534	533
Other expenses	637	698

45. EVENTS AFTER THE BALANCE SHEET DATE

There were no events after the balance sheet date for the year ended 31 December 2025.



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