BANQUE D'INVESTISSEMENT ET DE DEVELOPPEMENT DE LA CEDEAO
ECOWAS BANK FOR INVESTMENT AND DEVELOPMENT
BANCO DE INVESTIMENTO E DE DESENVOLVIMENTO DA CEDEAO

ANNUAL REPORT 2023

CABO VERDE
MALI
NIGER
SENEGAL
THE GAMBIA
GUINEA-BISSAU
GUINEA
BURKINA FASO
SIERRA LEONE
LIBERIA
IVORY COAST
(CÔTE D'IVOIRE)
GHANA
TOGO
BENIN
NIGERIA

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Abbreviations

AFD	Agence Française de Développement
BADEA	Arab Bank for Economic Development in Africa
BoE	Bank of England
DOSP1	Public Sector Operations
EBID	ECOWAS Bank for Investment and Development
ECA	Export Credit Agencies
ECB	European Central Bank
ECOWAS	Economic Community of West African States
EU	European Union
GDP	Gross Domestic Product
IFC	International Finance Corporation
IMF	International Monetary Fund
OeEB	Austrian Development Bank
OPEC	Organisation of the Petroleum Exporting Countries
SDGs	Sustainable Development Goals
SSA	Sub-Saharan Africa
UA	Unit of Account
US	United States
VPFCS	Vice President of Finance and Corporate Services
VPO	Vice President of Operations
WAEMU	West African Economic and Monetary Union
WAMZ	West African Monetary Zone
WEO	World Economic Outlook

Exchange Rates

(Average Year 2023)

1 Unit of Account (UA)	=	1	SDR of the IMF
1 UA	=	1.334095	US Dollar
1 UA	=	1.075880	Pounds Sterling
1 UA	=	1.802035	Canadian Dollar
1 UA	=	1.236157	Euro
1 UA	=	810.866090	francs CFA
1 UA	=	803.408878	NGR-Naira
1 UA	=	14.385346	Ghana Cedis
1 UA	=	136.338068	CPV-Escudo
1 UA	=	80.424532	GAMB-Dalasi
1 UA	=	11359.721625	Guinean Francs
1 UA	=	27.935353	Leone-SLL
1 UA	=	229.156850	Liberian Dollar

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Mrs. Nialé Kaba

Minister for Economy, Planning and Development of Côte d'Ivoire

Chairperson of the Board of Governors

Message from the Chairperson of the Board of Governors

In 2023, the global economy faced various challenges such as economic slowdowns, fluctuating commodity prices, and inflationary pressures. Major central banks responded to these challenges by increasing interest rates to curb inflation. Rising interest rates in the West led to capital outflows from Emerging and Developing Economies, leading to increased cost of funds and currency depreciations in emerging and developing economies.

The ECOWAS region faced significant economic difficulties, notably marked by a dramatic rise in inflation and an uptick in public debt. The inflation rate climbed to 20.1 per cent, an increase of 3.2 percentage points from the previous year, with the WAMZ+ countries experiencing particularly severe inflation, significantly above the ECOWAS threshold of 5 per cent. Specifically, Sierra Leone and Ghana experienced exceptionally high annual inflation rates of 47.7 per cent and 37.5 per cent, respectively.

In contrast, the WAEMU countries maintained more stable conditions, with an average inflation rate of 3.8 per cent in 2023, showing a decrease of 3.2 percentage points from the preceding year.

The region's public debt also increased slightly to 50.4 per cent of GDP, from 49.9 per cent in the previous year. Within the WAEMU area, the rise was more pronounced, with public debt reaching 60.1 per cent of GDP. Although there was an overall increase, 5 ECOWAS countries managed to lower their debt-to-GDP ratios compared to the prior year. However, significant concerns arose in six countries, namely Cabo Verde, The Gambia, Ghana, Sierra Leone, Guinea-Bissau, and Senegal, where public debt levels remained above the critical threshold of 70 per cent of GDP, highlighting potential issues with debt sustainability.

In the face of a challenging economic landscape, EBID has continued to demonstrate significant operational efficiency and enhanced financial performance. This resilience attests to the Bank's steadfast commitment to its mission and strategic objectives, particularly during tough times.

Furthermore, notwithstanding these difficult environments, the Bank continues to prioritize operational efficiency and effectiveness, ensuring that resources are used wisely and that projects deliver maximum impact. This methodical approach has enabled the Bank to sustain, and in certain areas, enhance its financial standing, solidifying its role as a crucial financial institution within the region.

Even amidst adverse conditions, EBID has made great strides in fulfilling its developmental mandate, highlighted by its accomplishment of all eleven Strategy 2025 aligned Sustainable Development Goals (SDGs) in 2023. This achievement is not merely a milestone but also a testament to the significant strides made in the execution of its Strategic Plan and its synchronization with broader developmental objectives.

The successful attainment of these SDGs emphasises EBID's essential role in promoting sustainable development within the ECOWAS region. It reflects the Bank's strategic insight in aligning its operations with global development agendas, ensuring that its projects and initiatives have a meaningful impact on the communities it aims to serve.

In conclusion, even with the challenging economic conditions, EBID continues to advance towards operational efficiency and improved financial performance. The Bank's successful alignment with the Sustainable Development Goals as part of its Strategy 2025 signifies its dedication to delivering on its developmental mandate. This progress not only cements EBID's position as a key contributor to regional development but also serves as an example of how regional development banks can effectively contribute to global and regional development targets, even under tough circumstances.

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Board of Governors

Mrs. Nialé KABA

Minister for Economy, Planning and Development (Côte d'Ivoire)

Chairperson of the Board of Governors

Mr. Romuald WADAGNI

Minister for Economy and Finance

(Benin)

Mr. Aboubacar NACANABO

Minister for Economy, Finance and Development

(Burkina Faso)

Dr. Olavo Avelino Garcia CORREIA

Deputy Prime Minister and Minister for Finance and Digital Economy

(Cabo Verde)

Mr. Seedy K. M. KEITA

Minister for Finance and Economic Affairs

(The Gambia)

Mr. Ken OFORI-ATTA

Minister for Finance and Economic Planning

(Ghana)

Mr. Moussa CISSÉ

Minister for Economy and Finance

(Guinea)

Mr. José Carlos Varela CASIMIRO

Minister for Economy, Planning and Regional Integration

(Guinea-Bissau)

Mr. Samuel TWEAH

Minister for Finance and Development Planning

(Liberia)

Mr. Alousseni SANOU

Minister for Economy and Finance

(Mali)

Mr. Ahmat JIDOUD

Minister for Finance

(Niger)

Mr. Adebayo Olawale EDUN

Federal Minister for Finance

(Nigeria)

Mr. Doudou KA

Minister for Economy, Planning and Cooperation

(Senegal)

Mr. Sheku Ahmed Fantamadi BANGURA

Minister for Finance and Economic Development

(Sierra Leone)

Mr. Sani YAYA

Minister for Economy and Finance

(Togo)

George Agyekum Donkor, PhD, DBA
President & Chairman of the Board of Directors

Message from President and Chairman of the Board of Directors

The global economic landscape remained complex and fraught with challenges, affecting overall growth. Interest rate increases aimed at curbing inflation, significant banking upheavals including the collapse of notable institutions like Silicon Valley Bank and difficulties at Credit Suisse, tightening job markets, and persistent geopolitical conflicts shaped economic conditions globally. These dynamics led to varied commodity price movements, with energy costs falling and the value of precious metals rising.

The pace of global economic recovery lagged behind pre-pandemic levels, with a noticeable slow down across various regions. The growth rate for advanced economies was reported at 1.6 per cent, reflecting the repercussions of monetary policy shifts and other economic obstacles. Conversely, emerging markets saw a slightly higher growth rate of 4.32 per cent, despite facing distinct challenges.

In the United States, efforts to curb inflation included raising interest rates, whereas the Eurozone struggled with sluggish economic performance, but maintained control over inflation. Sub-Saharan Africa, on the other hand, achieved robust growth amidst high inflationary pressures. Within this context, Nigeria and South Africa, two of the region's economic powerhouses, saw diminished growth due to an array of issues.

These events highlighted the persistent uncertainties and difficulties confronting the world's economies in 2023 and further complicated by the COVID-19 pandemic and geopolitical strife, including the ongoing conflict following Russia's invasion of Ukraine.

The ECOWAS region recorded a growth rate of 3.4 per cent, a decrease from the previous year by 0.5 percentage points. This deceleration was primarily due to the combined impact of internal and external factors such as the persisting Russia-Ukraine conflict, the high global energy costs, and elevated borrowing costs in global financial markets.

Nevertheless, resilience was observed within certain ECOWAS Member States, as they managed to surpass their growth rates from the previous year despite prevailing adversities.

The year also saw the ECOWAS region confronting severe economic headwinds, characterised by soaring inflation rates and a rise in public debt levels. Inflation surged to 20.1 per cent, up by 3.2 percentage points compared to the prior year, with the inflationary trend being particularly acute in the WAMZ+ countries. The average rate of inflation surpassed the ECOWAS benchmark of 5 percent in some countries, with Sierra Leone and Ghana reporting year-on-year average inflation rates of 47.7 per cent and 37.5 per cent, respectively.

Conversely, inflation rates reported in WAEMU countries were moderate, averaging 3.8 per cent in 2023, a reduction of 3.2 percentage points from the previous year.

Public debt in the ECOWAS region witnessed a slight increase, reaching 55.2 per cent of GDP, up from 49.9 per cent the year before, marking a marginal elevation of 5.3 percentage points. In the WAEMU segment, the public debt increased to 60.6 per cent of GDP, a modest rise from the previous year. Despite the overall upswing, 5 of the 15 ECOWAS nations successfully reduced their debt-to-GDP ratios year-over-year. However, six countries, including Cabo Verde, The Gambia, Ghana, Sierra Leone, Guinea-Bissau, and Senegal, faced debt sustainability concerns with public debt exceeding the 70 per cent of GDP.

In terms of strategy implementation, by mid-2023, EBID had achieved 66.67 per cent of the expected outcomes under Strategy 2025. As at end-June 2023, the balance sheet size of the Bank had already surpassed its end-2025 target by 21.40 per cent (overall of 121.4%), and its loans and advances were also ahead, reaching 97.66 per cent of the set target. Resource mobilisation efforts were marked at 66.21 per cent of the end-2025 goal, showcasing significant strides toward meeting the strategic aims laid out in the plan.

With regard to the Bank's operations, eighteen (18) projects were appraised in 2023, indicating a decrease of 23.36 per cent compared to the previous year. The total amount for these appraised projects was UA 460.44 million.

During the year under review, the Board of Directors approved eighteen (18) new projects which marked a decrease from the volume of projects approved in the previous year. The total amount committed to these new projects was UA 459.35 million, indicating a 5.27 per cent reduction compared to the commitments in 2022.

In terms of new commitments, the Bank signed commitments for fifteen projects with a total value of UA 382.06 million in 2023. This was a decrease from the nineteen projects with a total value of UA 543.24 million committed in 2022, reflecting a reduction in the Bank's new commitments.

For loan disbursements, the Bank recorded an increase in 2023, with loan disbursements amounting to UA 309.12 million, which was up by 7.5 per cent compared to 2022. This increase in disbursements indicates a higher rate of execution and fund allocation to the approved projects during the year.

EBID Fact Sheet as at December 31, 2023

Scope of Business: Financing investment and development projects and programmes in ECOWAS Region

Mission: To promote the financing of both national and regional development programmes and projects for the emergence of an economically strong, industrialised, and prosperous West Africa that is fully integrated into the global economic system with a view to taking advantage of the opportunities offered by globalisation.

Vision: To be the leading regional development and investment Bank in West Africa, spearheading wealth creation, economic growth and industrialisation for the well-being of the people in the region.

Cummulative approvals
UA 3.81 billion
(USD 5.08 billion)
for 375 projects

Cummulative commitments
UA 3.13 billion
(USD 4.17 billion)
for 309 projects

Cumulative net disbursements
UA 1.43 billion
(USD 1.90 billion)

Balance sheet size
UA 1.40 billion
(USD 1.87 billion)

Established
1975
commenced operations in 1979

Headquarters
Lomé
Togolese Republic

170
Staff strength

Credit rating
B, Stable Outlook (Fitch);
B2, Stable Outlook (Moody's)

Capital Structures as at December 31, 2023

Authorised Capital: UA 2.50 billion

Subscribed Capital: UA 1.75 billion

Callable Capital: UA 1.05 billion

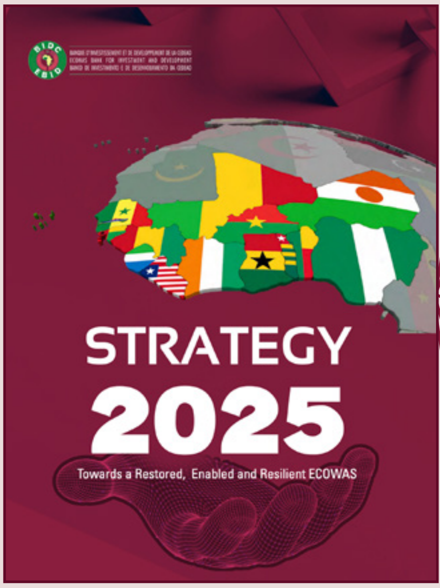
Paid-up Capital: UA 372.50 million

2023 Highlights

Projects appraised in 2023, down 23.4% compared to 2022	UA 460.44 M
Projects approved in 2023, down 5.3% compared to 2022	UA 459.35 M
Commitments in 2023, down 29.7% compared to 2022	UA 382.06 M
Loan disbursements in 2023, up 7.5% compared to 2022	UA 309.12 M

Spotlight on Progress Towards the Achievement of Strategy 2025 and the SDGs

Strategy 2025: Towards a restored, enabled and resilient ECOWAS



ECOWAS Growth Poles

- Agriculture: UA 143.38 million approved, UA 119.81 million committed
- Financial sector: UA 564.09 million approved, UA 582.89 million committed
- Energy sector: UA 182.21 million approved, UA 171.60 million committed
- Industry: UA 87.60 million approved, UA 5.6M committed

Economic Integration

- 30.37% of approvals were towards financing integration infrastruture
- Transport infrastructure: UA 246.38 million approved, UA 295.51 million committed
- Disbursements for various road construction and rehabilitation projects and for an airport project
- Disbursement towards inter-connecting electricity networks

Healthcare Delivery

- Construction and refurbishment of hospitals: UA 43.49 millon approved and committed

Social Protection & Climate Resilience

- Water: UA 72.89 million approved, 73,06 million committed
- Disbursement for various solar power projects
- Disbursement for various rural electrification projects

Education

- Education and social infrastructure construction UA 71.12 million approved, UA 62.68 million committed

Sustainable Development Goals (SDGs): All 11 Strategy 2025-Aligned SDGs Achieved

1 NO POVERTY

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

13 CLIMATE ACTION

All eleven (11) aligned SDGs achieved in 2023

Member States and Shareholders


Benin


Burkina Faso


Cabo Verde


Côte d'Ivoire


The Gambia


Ghana


Guinea


Guinea Bissau


Liberia


Mali


Niger


Nigeria


Senegal


Sierra Leone


Togo

Key Achievements in 2023

January 5

Study on institutional reforms carried out by Mazars Senegal approved by the Board of Governors

May 24-26

ECOWAS WEEK

- Webinar
- EBID Open Day
- Conference

July 5

Fitch maintains EBID's credit rating at B, with a stable outlook

August 06-07

Board approves UA 107.06 million to finance 4 projects

October 10

Maiden President's Roundtable held on the topic, "Greening West Africa"

October 27

Moody's maintains EBID's rating at B2, with a stable outlook

November 15-23

The Board of Directors approves UA 81.99 million to finance 3 projects

December 31

- A total of UA 288.53 million (USD 348.93 million) mobilised in 2023
- Recovery of UA 9.03 million (USD 12.04 million) of impaired loans

Projects Financed by EBID

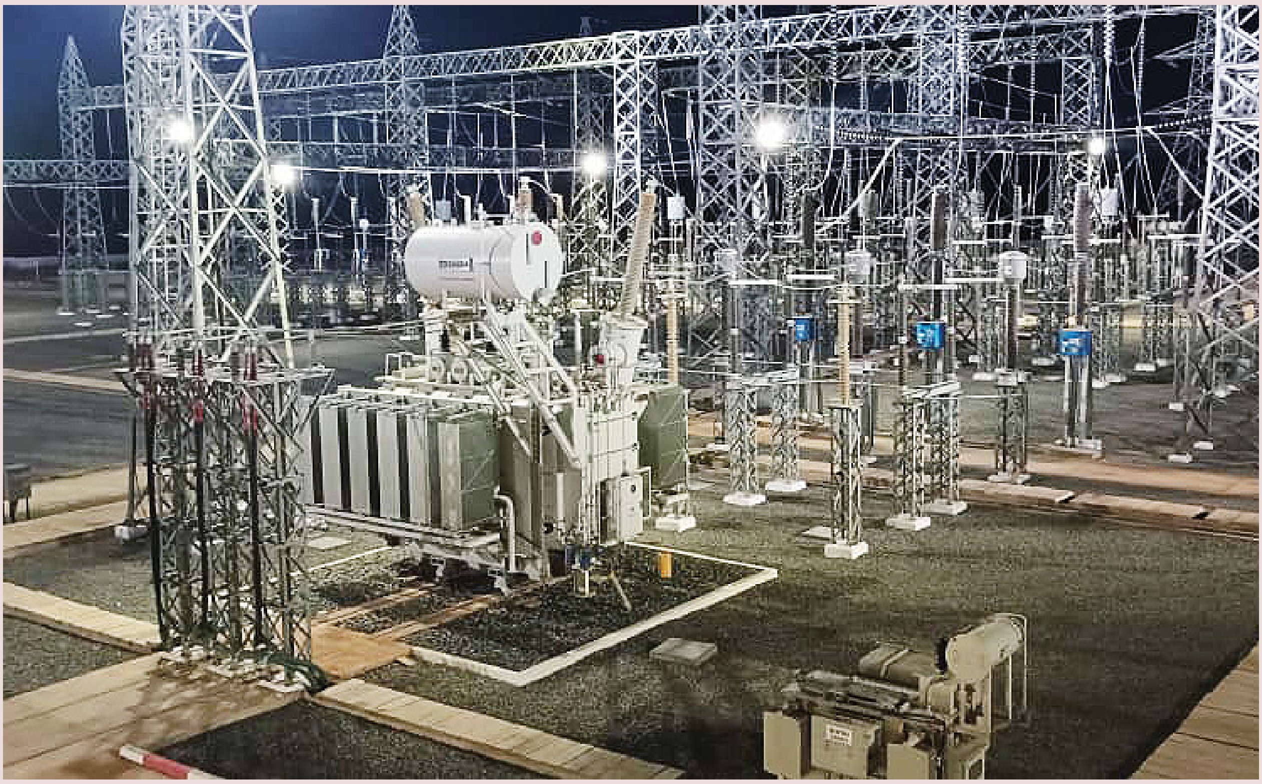
Chelsea Hilton Hotel, Nigeria

2 Février Hotel, Lomé-Togo

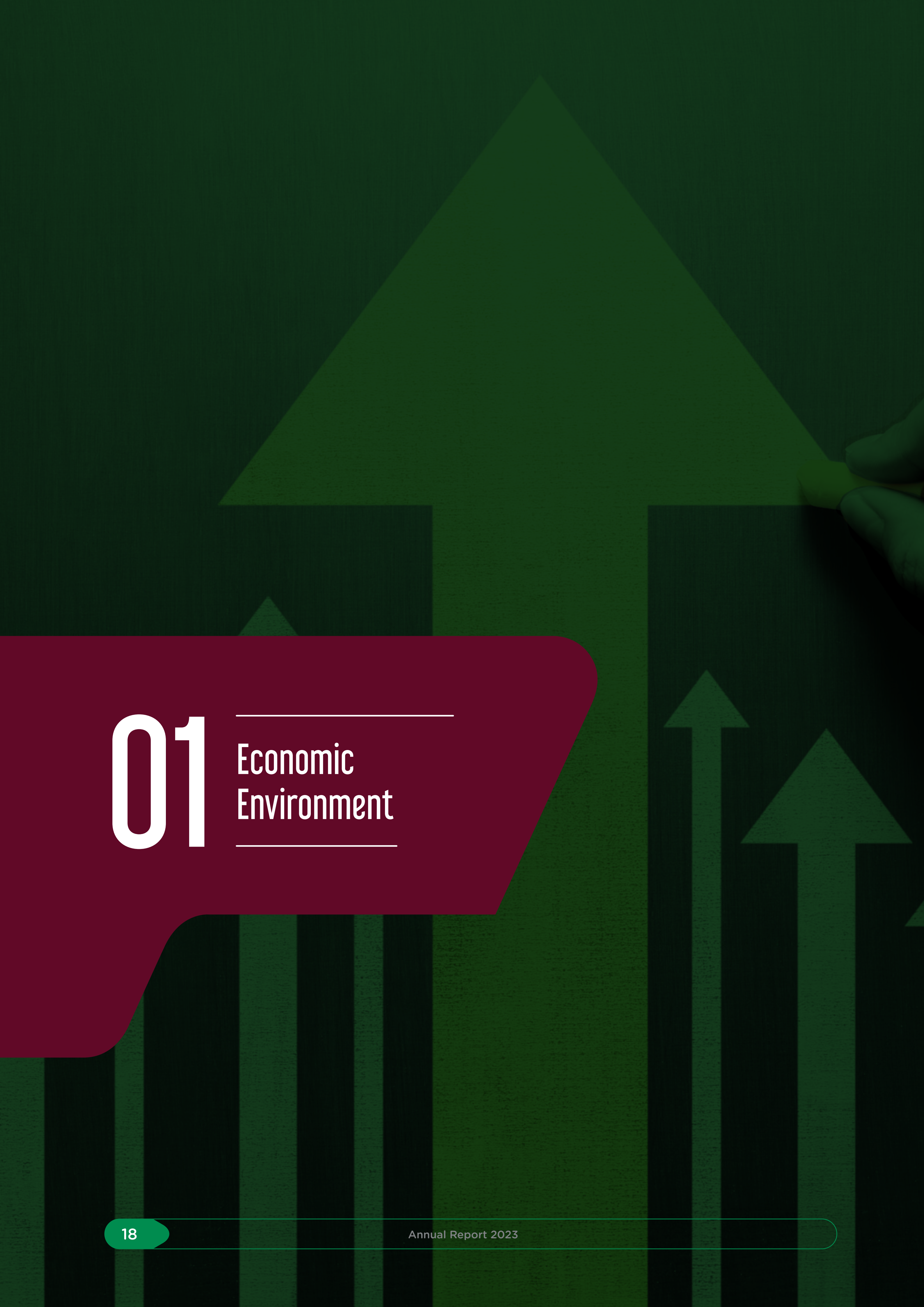
Marriott Hotel, Ghana

Projects Financed by EBID

Kandadji Dam, Niger



Construction of the 225kV double-circuit link Sikasso-Bougouni-Sanankoroba-Bamako, Mali



01 Economic Environment

Chapter I: Economic Environment

1.1 Developments in the Global Economy

Uncertainty has become the ineluctable element in economic and financial forecasts since COVID-19 reared its ugly head in 2020.

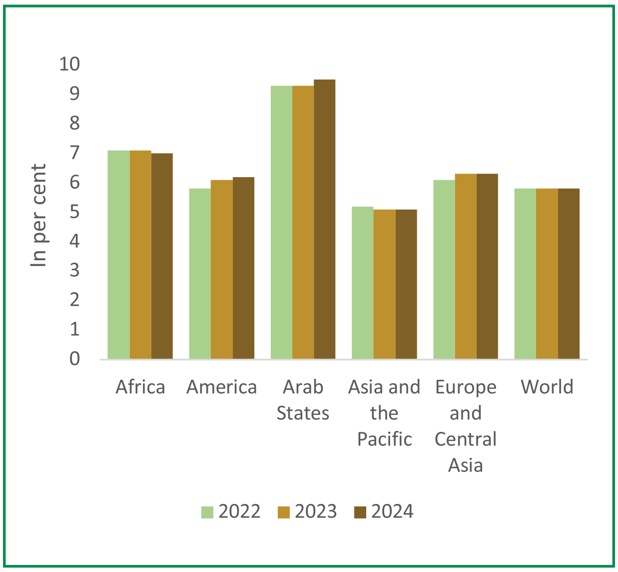
At a time when the global economy was recovering from the devastating consequences of the COVID-19 pandemic and Russia's invasion of Ukraine, 2023 emerged with several events that altered the trajectory of global economic activity. While it is true that 2023 inherited some of the economic disruptions of the past, it also saw the emergence of several new economic events that will influence the development of the global economy in the years ahead. The most significant developments in 2023 include the following:

- the rise in interest rates to contain global inflationary pressures;
- the collapse of Silicon Valley Bank and the acquisition of Credit Suisse by UBS Group AG to avert the collapse of the former;
- the tightening of labour markets in many economies;
- new geopolitical shocks, such as the conflict in Gaza and another coup d'état in West Africa.

On the monetary front, three of the world's largest central banks - the US Federal Reserve (Fed), the European Central Bank (ECB) and the Bank of England (BoE), increased their monetary policy rates to contain inflationary spirals. However, in the last quarter of 2023, the three banks paused the rate hikes.

Notwithstanding the uncertainty surrounding the global economy, the global unemployment rate in 2023 remained at 5.8 per cent, same as in the previous year (Figure 1). While this rate appears low, a very significant proportion of those who are employed work in the informal sector (58% of employees worldwide in 2022, with almost 2 billion working in unstable jobs) without adequate social security.

Figure 1: Unemployment rate trends and outlook



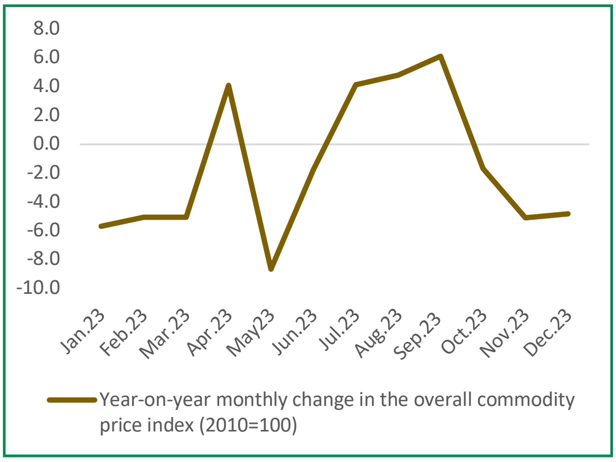
Source: EBID staff, based on ILO database

1.2. Commodity Prices

The average commodity price index fell by 24.2 per cent in 2023, compared with 2022. This decline was driven by the 29.9 per cent decrease in the annual average energy price index and the annual average non-energy price index, both of which offset the effect of the 7.7 per cent rise in the annual average of precious metals price index.

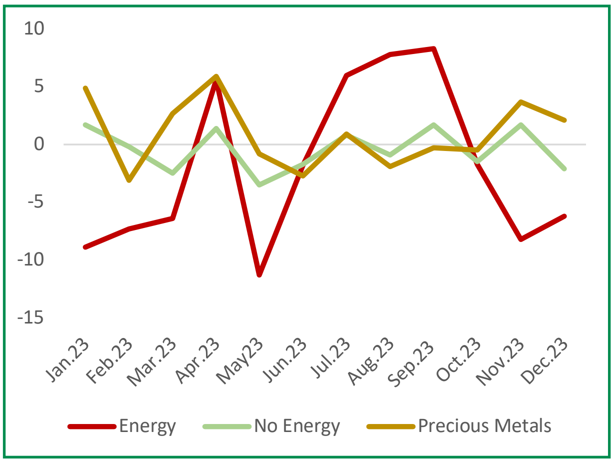
In 2023, the overall commodity price index was highly volatile (Figure 2). This volatility was driven more by the trend in the energy price index (Figure 3). Over the four quarters of 2023, it was only in the third quarter of the year that the overall commodity price index rose by an average of 5 per cent. Over the other quarters of the year, the overall commodity price index declined on average.

Figure 2: Year-on-year change in the monthly overall commodity price index



Source: EBID staff, based on World Bank data

Figure 3: Year-on-year change in the component indices of the overall commodity price index (2010=100)

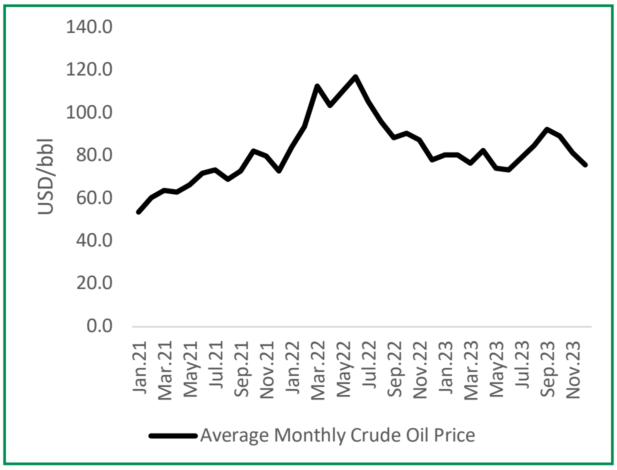


Source: EBID staff, based on World Bank data

Although the level of fluctuations in the energy price index was more pronounced in 2023 than for the non-energy and precious metals, there was on average, a decline in energy prices in 2023 compared with the previous year.

The average price of crude oil declined by 16.8 per cent in 2023 compared with 2022. Despite this overall decline in the average price of crude oil, there was a 9.1 per cent increase in crude oil prices year-on-year in the third quarter of 2023. This drove average crude oil prices to a peak of USD92.2 per barrel in September (Figure 4). This increase in the average prices of crude oil observed was driven by impending production cuts by OPEC+ countries.

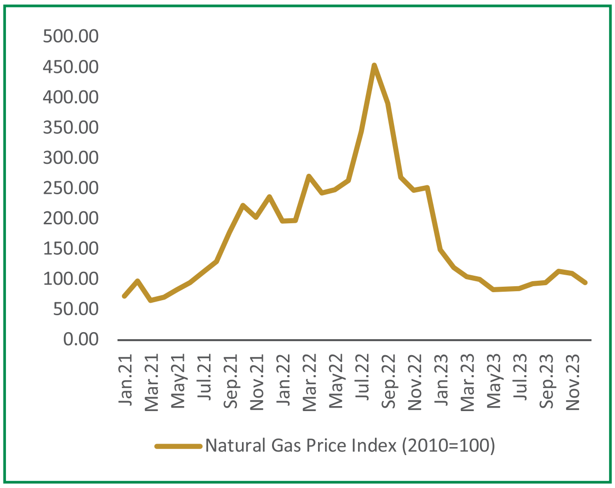
Figure 4: Trend in the average monthly price of crude oil over the last three years



Source: EBID staff, based on World Bank data

The natural gas price index followed the trend of the other energy components, recording an average decline of 63.5 percentage points in 2023 compared with 2022 (Figure 5). This price decline is partly explained by the large quantities of natural gas stored in the major markets.

Figure 5: Change in the natural gas price index over the last three years

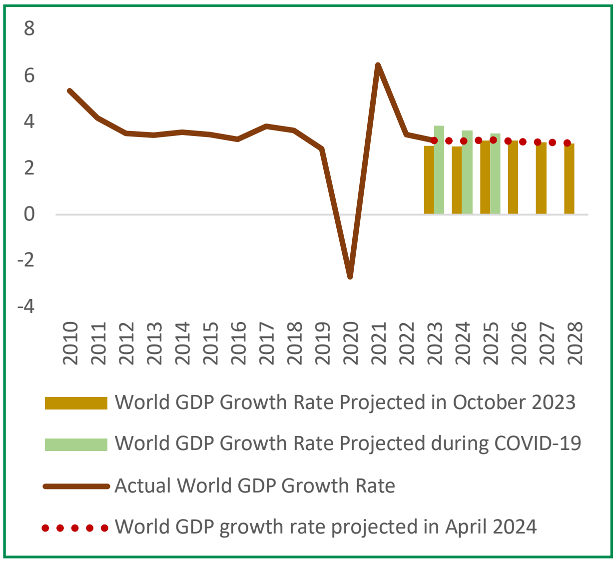


Source: EBID staff, based on World Bank data

1.3. Global Output Growth

The April 2024 World Economic Outlook (WEO) estimated end-2023 global GDP at 3.21 per cent, an increase of 0.3 percentage points over the October 2023 forecast. Despite this slight rebound, global economic activity underperformed the optimistic October 2020 projections made during the COVID-19 pandemic by 0.62 percentage points. The aforementioned challenges, and the fluctuation in commodity prices with their impact on inflation, did not allow global economic activity to revert its pre-pandemic trajectory.

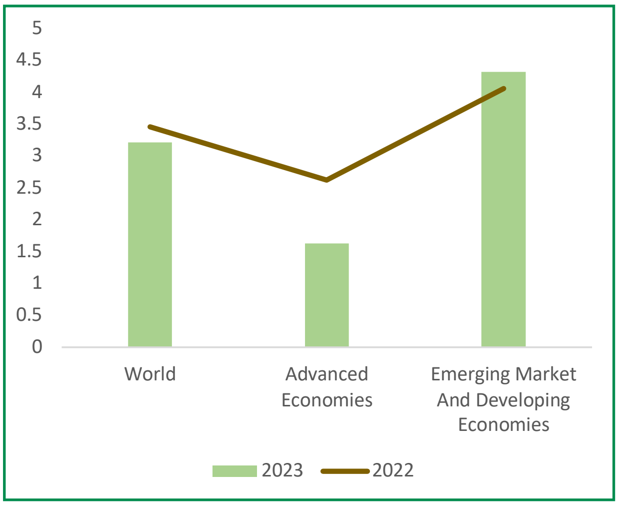
Figure 6: Global economic growth rate development



Source: EBID staff, based on IMF data

In 2023, the advanced economies grew by 1.6 per cent, a decline of 0.99 percentage points compared to 2022. Emerging and developing economies grew by 4.32 per cent, which is 0.26 percentage points less than in 2021 (Figure 7).

Figure 7: Aggregate economic growth, 2022-2023



Source: EBID staff, based on IMF data

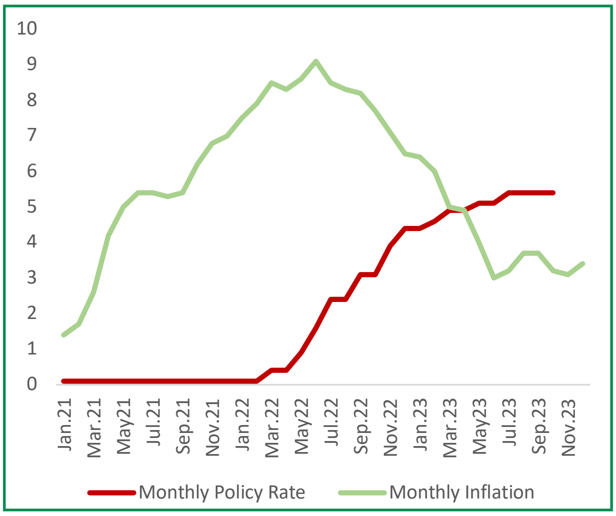
1.4. Recent Developments in Some Economic Blocs

1.4.1 United States of America

In contrast to the development of aggregate economic activity in the advanced economies, economic activity in the United States is forecast to grow by 2.5 per cent in 2023, a slight increase of 0.6 percentage points compared to 2022.

As a result of the Fed's monetary policy stance, inflation fell by an average of 3.9 percentage points to 4.1 per cent in 2023. The policy rate rose from 4.4 per cent in January 2023 to 5.4 per cent in July 2023 and remained stable during the third quarter and at the start of the fourth quarter (Figure 8).

Figure 8: Trend in the Fed's monthly policy rate and the year-on-year monthly inflation rate in the United States, 2021-2023



Source: EBID staff, based on IMF International Financial Statistics

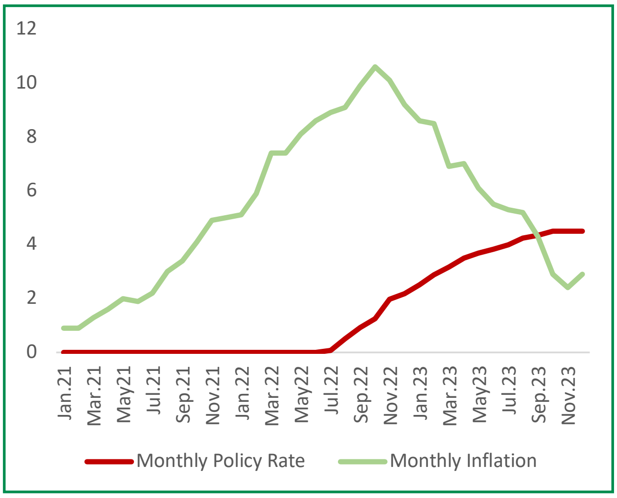
While the increase in the Fed's policy rate has made a significant contribution to reducing inflation, this policy stance constrained the growth in economic activity. However, the data show that the unemployment rate remained stable on average in 2023 compared with the previous year, at 3.6 per cent.

1.4.2 Eurozone

In contrast to the US economy, economic activity in the Eurozone followed the trend of advanced economies, growing at 0.4 per cent in 2023, which is 3 percentage points lower than the previous year. This weak economic performance shows that the Eurozone was particularly impacted by the war in Ukraine and the food and energy crises that followed it.

However, the Eurozone performed very well in terms of inflation containment. Average inflation in the Eurozone declined by 3 percentage points compared with the previous year to reach an average of 5.4 per cent in 2023, buoyed by the monetary policy stance of the ECB. The ECB's policy rate, or the main refinancing rate, rose from 2.5 per cent in January 2023 to 4.5 per cent in December 2023 (Figure 9).

Figure 9: Trend in the ECB's monthly policy rate and the year-on-year monthly inflation rate for the eurozone, 2021-2023



Source: EBID staff, based on European Central Bank statistics

Despite the weak economic growth and very restrictive credit conditions, the region recorded a slight 0.2 percentage points decline in the unemployment rate with an average unemployment rate of 6.5 per cent.

1.4.3 Sub-Saharan Africa

Like the emerging developing economies, sub-Saharan Africa grew by 3.4 per cent in 2023. Although this performance did not match the previous year's 4.0 per cent, it remains a good performance given the various internal and external shocks sub-Saharan Africa faced in 2023. Inflation remained very high in the sub-region., with an average inflation rate of 16.2 per cent in 2023, compared with 14.5 per cent in 2022. The increase in global interest rates, the depreciation of certain local currencies against international currencies and other factors combined to keep inflation in sub-Saharan Africa high.

The region's largest economies, such as Nigeria and South Africa, also experienced lower growth in 2023 compared to their 2022 performance.

Nigeria recorded growth of 2.9%, a decline of 0.4 percentage points compared to the previous year. Three main reasons accounted for this decline in economic activity in Nigeria. The first was the chaos that accompanied the decision to replace the old high-denomination Naira notes, which was reversed in November 2023. The second reason was the decline in the oil price. The third was the uncertainty surrounding the outcome of the 2023 presidential elections.

In 2023, South Africa recorded growth of 0.6 per cent, a drop of 1.3 percentage point compared with 2022. The tightening of monetary policy, the energy crisis, and constraints in the transport sector largely explain the underperformance.

1.5. ECOWAS: Recent Developments and Outlook

1.5.1 Socio-political and Security Context

In recent years, the ECOWAS region has experienced waves of political instability and insecurity punctuated by terrorist attacks, particularly in the Sahel region. On 26 July 2023, Niger witnessed a military takeover, a coup d'état, that came barely two years after the country's latest presidential election. This latest military takeover brought the number of ECOWAS Member States under military regimes to four.

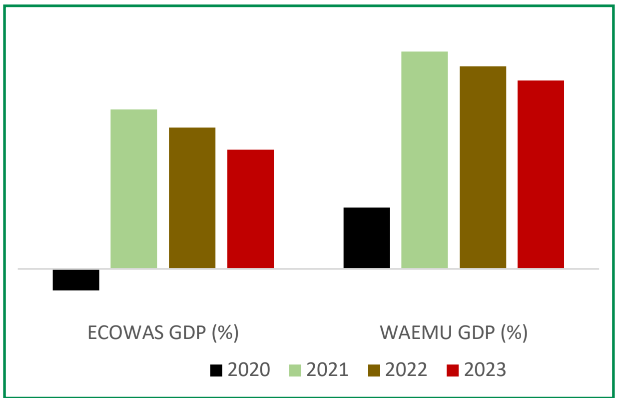
The Authority of Heads of State and Government of the sub-region imposed economic and financial restrictions on the country at its Extraordinary Summit on 30 July 2023, to exert pressure on the coup makers to restore constitutional rule and also as a deterrent to prospective coup makers in the sub-region.

These sanctions included the closure of land borders with other ECOWAS Member States, the freezing of the assets of the State of Niger and its public enterprises, and a ban on other Community Member States trading with Niger, including the supply of food products, pharmaceuticals and electricity.

1.5.2 The Real Sector

The growth in economic activity in ECOWAS has been declining since the recovery in 2021 (Figure 10).

Figure 10: GDP growth rates in ECOWAS and WAEMU



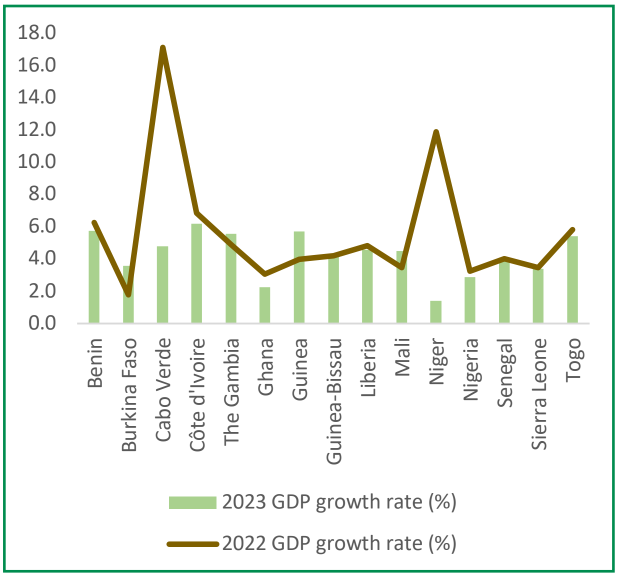
Source: EBID staff, based on IMF Sub-regional Economic Outlook data

The ECOWAS economy grew by 3.4%, representing a decline of 0.5 percentage points compared to 2022. At the WAEMU level, economic activity grew by 4.9%, equivalent to a fall of 0.8 percentage points (Figure 10). In addition to external shocks, the economic, financial and trade sanctions imposed on military-ruled Member States have had an adverse impact on sub-regional growth.

Despite the challenging global and sub-regional environment, five Member States in the sub-region recorded a higher growth rate than in the previous year (Figure 11). They included Burkina Faso (up 1.8 percentage points), The Gambia (up 0.6 percentage points), Guinea (up 1.7 percentage points), Mali (up 1 percentage points) and Senegal (up 0.1 percentage points). Some Member States were able to record growth of more than 5 per cent. These were Côte d'Ivoire (6.2%), Benin (5.8%), Guinea (5.7%), The Gambia (5.6%) and Togo (5.4%).

At the end of the 2023 financial year, Côte d'Ivoire had the highest growth rate in the sub-region, with a growth rate of 6.2 per cent. This performance was driven by the major infrastructure investments made over the period.

Figure 11: GDP growth rate of ECOWAS Member States, 2022-2023



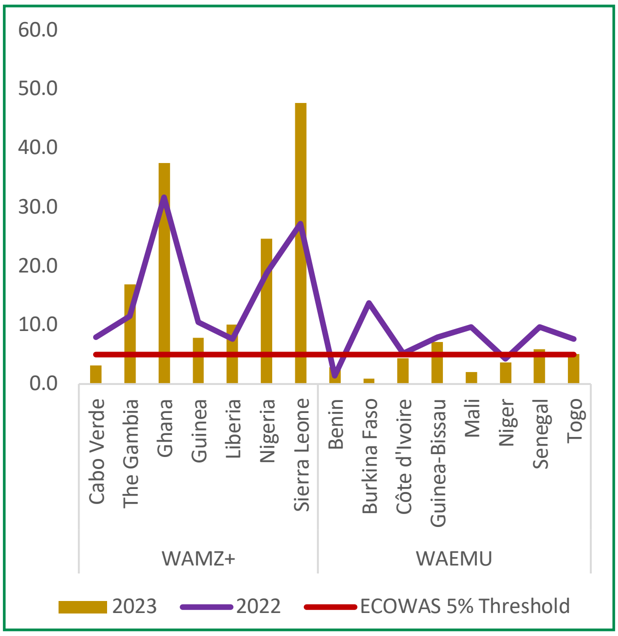
Source: EBID staff, based on IMF World Economic Outlook data

1.5.3 General Price Levels

Like other regions in sub-Saharan Africa, ECOWAS experienced inflationary pressures in 2023. Inflation in ECOWAS reached 20.1 per cent in 2023, an increase of 3.2 percentage points. This inflationary pressure was driven mainly by the West African Monetary Zone (WAMZ) countries (Figure 12).

WAMZ+ countries recorded inflation rates above the ECOWAS 5 per cent threshold. Sierra Leone and Ghana recorded year-on-year average inflation rates of 47.7 per cent and 37.5 per cent, respectively. WAEMU countries, on the other hand, recorded on average an inflation rate of 3.8 per cent in 2023, down 3.2 percentage points on the previous year.

Figure 12: Inflation rates in ECOWAS Member States



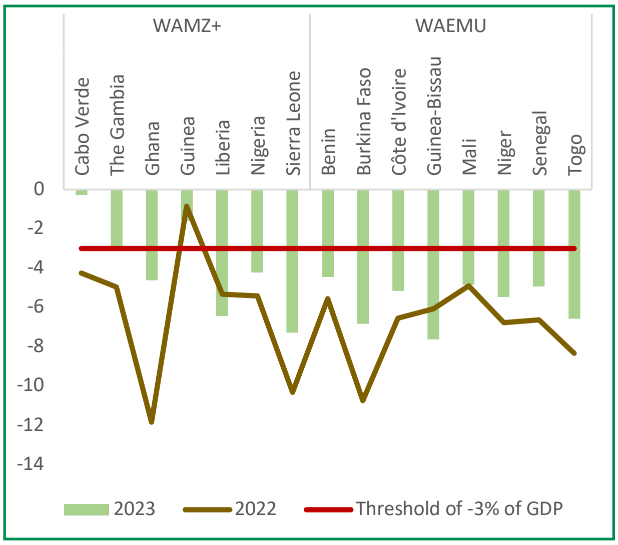
Source: EBID staff, based on IMF World Economic Outlook data

Concerning the measures taken by central banks in the sub-region to contain inflation, the Central Bank of West African States (BCEAO) increased its policy rate to 4.5 per cent in December 2023 from 2.75 per cent in January 2023. The Central Bank of Nigeria's policy rate rose to 18.75 per cent in December 2023 from 17.5 per cent in January 2023. In Ghana, the Bank of Ghana's policy rate rose to 30 per cent on 27 November 2023 from 28 per cent on 30 January 2023.

1.5.4 Fiscal Balance

ECOWAS recorded a slight decline in its fiscal deficit in 2023 to 4.5 per cent of GDP compared with 6.3 per cent of GDP in 2022. Despite the remarkable reduction in the fiscal deficit recorded by most ECOWAS Member States, all WAEMU countries recorded a fiscal deficit above the ECOWAS threshold of 3 per cent of GDP in 2023. On the other hand, two WAMZ+ countries, The Gambia and Guinea recorded fiscal deficits below or equal to this threshold in 2023 (Figure 13).

Figure 13: Fiscal deficit of ECOWAS Member States



Source: EBID staff, based on IMF World Economic Outlook data

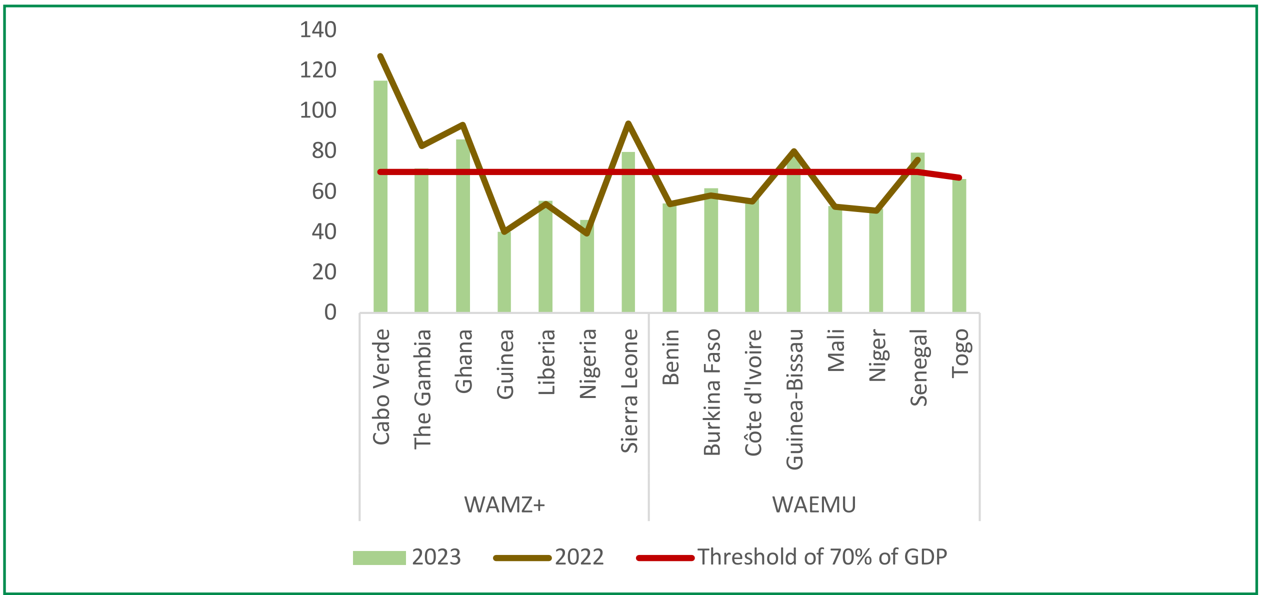
Ghana reduced its fiscal deficit by 7.2 percentage points compared with 2022, with Sierra Leone reducing its fiscal deficit by 3.03 percentage points compared with 2022. Burkina Faso also reduced its fiscal deficit by a significant 3.9 percentage points compared with 2022. The improved fiscal performances were driven more by increased revenue mobilisation. Ghana recorded an increase in public revenue of 39.1 per cent compared to 2022, and Sierra Leone recorded a rise of 35.3 per cent. Burkina Faso achieved this fiscal performance by reducing public expenditure by 12.8 per cent compared to 2022.

1.5.5 Public Debt

The overall public debt of ECOWAS reached 55.2 per cent of GDP in 2023 compared with 49.9 per cent a year earlier, an increase of 5.3 percentage points. For the WAEMU, public debt rose to 60.6 per cent of GDP from 58.8 per cent of GDP in 2022, an increase of 1.8 percentage points.

Although the aggregate public debt for the sub-region as a whole shows a slight increase as a percentage of GDP, analysis of the debt in each country shows that 5 out of the 15 countries were able to reduce their debt-to-GDP ratio compared with the previous year. Despite this, the public debt of six Member States – Cabo Verde, The Gambia, Ghana, Sierra Leone, Guinea-Bissau and Senegal – remained above the ECOWAS threshold of 70 per cent of GDP (Figure 14).

Figure 14: Public debt trends in the ECOWAS Member States



Source: EBID staff, based on IMF World Economic Outlook data

At least five Member States have been rated as having a high risk of debt distress, with Ghana classified as being debt distressed. Even though Ghana's public debt has fallen by 7.2 percentage points in 2023 to 86.1 per cent of GDP, the country is classified as debt distressed (Table 1).

Table 1: Overview of debt sustainability analysis

Country	Risk of external debt distress	Risk of overall debt distress	Date of Publication
Benin	Moderate	Moderate	May 23
Burkina Faso	Moderate	Moderate	March 23
Cabo Verde	Moderate	High	June 23
Côte d'Ivoire	Moderate	Moderate	May 23
The Gambia	High	High	June 23
Ghana	In debt distress	In debt distress	May 23
Guinea	Moderate	Moderate	Dec. 22
Guinea-Bissau	High	High	Jan. 23
Liberia	Moderate	High	Aug. 22
Mali	Moderate	Moderate	May 23
Niger	Moderate	Moderate	Sep. 23
Senegal	Moderate	Moderate	June 23
Sierra Leone	High	High	June 23

Source : World Bank

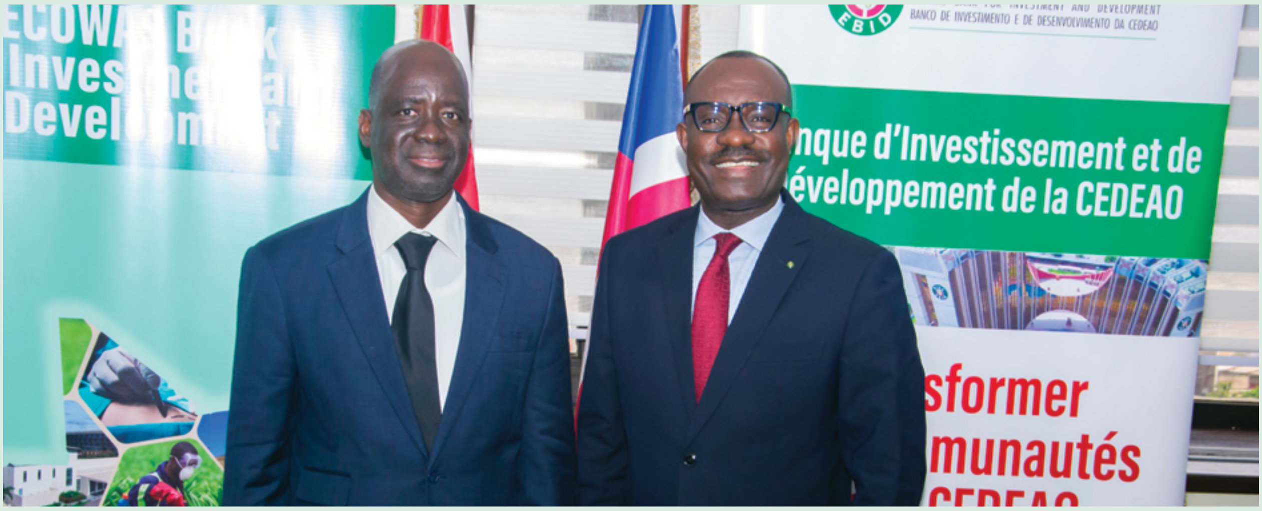
Loan Agreement Signing Ceremonies

EBID extends XOF 65 billion to the Government of the Republic of Senegal

EBID extends a EUR 30 million line of credit to MANSA Bank, Côte d'Ivoire

Loan Agreement Signing Ceremonies

EBID extends a USD 30 million line of credit to Access Bank Plc, Ghana



EBID extends a XOF 5 billion loan to KOIRA BTP, Côte d'Ivoire

EBID extends a USD 50 million line of credit to WEMA Bank Plc, Nigeria

02 Governance and Oversight

Chapter II : Governance and Oversight

The governance structure of the Bank, as stipulated in the Articles of Association, is as follows:

- the Board of Governors;
- the Board of Directors;
- Executive Management.

The successive paragraphs give an update of the composition of these decision-making bodies (see Annex 1).

2.1 Board of Governors

The Bank's Articles of Association stipulate that the Board of Governors is the highest decision-making body. The Board of Governors is composed of the Ministers for Finance and/or Planning of the Member States (Table 2). The Board meets at least once a year to review the Bank's operations and provide the strategic guidance necessary to achieve its objectives.

Table 2: List of Members of the Board of Governors as at 31/12/2023

Member State	Governors
Côte d'Ivoire	Mrs. Nialé KABA (Chairman)
Benin	Mr. Romuald WADAGNI
Burkina Faso	Mr. Aboubacar NACANABO
Cabo Verde	Dr. Olavo Avelino Garcia CORREIA
The Gambia	Mr. Seedy K. M. KEITA
Ghana	Mr. Ken OFORI-ATTA
Guinea	Mr. Moussa CISSÉ
Guinea-Bissau	Mr. José Carlos Varela CASIMIRO
Liberia	Mr. Samuel TWEAH
Mali	Mr. Alousséni SANOU
Niger	Mr. Ahmat JIDOUD
Nigeria	Mr. Adebayo Olawale EDUN
Senegal	Mr. Doudou KA
Sierra Leone	Mr. Sheku Ahmed Fantamadi BANGURA
Togo	Mr. Sani YAYA

2.1.1 Changes in the Board of Governors

In 2023, the Board of Governors saw several changes:

- In the Federal Republic of Nigeria, Mr Adebayo Olawale Edun replaced Ms Zainab Shamsuna Ahmed as Minister for Finance and Coordinating Minister for Economy;
- In the Republic of Senegal, Mr Doudou Ka replaced Mrs Oulimata Sarr as Minister of the Economy, Planning and Cooperation;
- In the Republic of Sierra Leone, Mr Sheku Ahmed Fantamadi Bangura replaced Mr Dennis Vandy as Minister for Finance.

2.2 Board of Directors

The Board of Directors, chaired by the President of the Bank, supervises the Bank's operational activities and determines its strategic direction. The Directors are vested with the powers delegated by the Board of Governors and are responsible for the general operations of the Bank.

During the period under review, nine (9) members of the Bank's Board of Directors were replaced, including six (6) Substantive Directors, as shown in Tables 3 and 4.

Table 3: Changes in the Board of Directors between January and December 2023

Type	Member States with changes	Former Directors	New Directors
Substantive	The Gambia	Mr. Abdulie Jallow	Mr. Mod A.K. Secka
		Mr. Mod A.K. Secka	Mr. Lamin Bojang
	Guinea	Mrs. Kourouma Emilie Bernadette Leno	Mr. Ismaël Nabe
	Niger	Mr. Abdou Salam Mani	Mr. Kader Amadou
	Sierra Leone	Mr. Sam Morris Aruna	Mr. Morie Momoh
	Nigeria	Mrs. Aishatu Shehu Omar	Mr. George Nyeso Stanley
Alternate	Bénin	Mr. Arsene Dansou	Mr. Hugues Oscar Lokossou
	Nigeria	Mrs. Vivian Nwosu	Mr. Christopher Paul Essien
	Togo	Mr. Kouko Zoumaru Agbere	Mr. Affo Tchitchi Dedji

Table 4: Membership of the Board of Directors at December 31, 2023

Member States	Board of Directors	Alternate Directors
EBID	Dr. George Agyekum DONKOR **(President of EBID)**	
ECOWAS Commission	President of the ECOWAS Commission **(Observer)**	
Nigeria	Mr. George Nyeso STANLEY	Mr. Christopher Paul ESSIEN
Côte d'Ivoire	Mrs. Anicou-Annie Lecadou KACOU	Mr. Madassa KOUMA
Ghana	Mr. Samuel Danquah ARKHURST	Mr. Enoch OBENG-DARKO
Group I Cabo Verde, Guinea, Guinea-Bissau, Senegal	Mr. Mussa SAMBI **(Guinea-Bissau)** Mr. Ismaël NABE **(Guinea)**	Mr. Pedro Mendes de BARROS **(Cabo Verde)** Mr. Mamour Ousmane BÂ **(Senegal)**
Group II Burkina Faso, Liberia, Mali, Niger	Mr. Kader AMADOU **(Niger)** Mr. Augustus J. FLOMO **(Liberia)**	Mr. Karfa FAYAMA **(Burkina Faso)** Mr. Souahibou DIABY **(Mali)**
Group III Benin, The Gambia, Togo, Sierra Leone	Mr. Lamin BOJANG **(The Gambia)** Mr. Morie MOMOH **(Sierra Leone)**	Mr. Hugues Oscar LOKOSSOU **(Benin)** Mr. Affo Tchitchi DEDJI **(Togo)**

To assist the Board of Directors in the performance of its duties, the Board has four (4) standing committees, as follows:

- Audit Committee;
- Risk and Credit Committee;
- Remuneration and Human Resource Committee; and
- Ethics and Governance Committee.

» *Audit Committee*

The mandate of the Audit Committee is to supervise the Bank's accounting procedures and internal controls. To this end, it monitors and ensures compliance with legal provisions, examines audit reports and makes appropriate recommendations to the Board of Directors.

» *Risk and Credit Committee*

The Risk and Credit Committee oversees the management of the Bank's credit portfolio as well as the measures taken by the Bank to counter trends in credit risk, credit concentration and asset quality. In addition, it ensures the adequacy of infrastructure, resources and systems in order to maintain appropriate risk management discipline.

» *Remuneration and Human Resource Committee*

The Remuneration and Human Resource Committee reviews and recommends amendments to the remuneration, recruitment, staff retention and termination policies, with the aim of ensuring a congenial work environment. It is also responsible for reviewing the procedures applicable to senior management and professionals with respect to compensation policies, pension plans and human resource practices.

» *Ethics and Governance Committee*

The Ethics and Governance Committee's mission is to support the Board of Directors in the implementation of governance based on the principles of efficiency, transparency and accountability and to ensure that EBID maintains the highest standards of governance and ethics. In this regard, it has a strategic role to play in monitoring the Bank's policies on sustainable development and social responsibility to ensure the application of the texts in force and to propose any necessary amendments, while developing performance criteria and evaluation tools for both directors and members of the Bank's executive management.

As at December 31, 2023, the Bank's Board of Directors comprised nine (9) Substantive Non-Executive Directors, as shown in Table 5:

Table 5: Membership of the Board of Directors at December 31, 2023

Directors	Board of Directors	Audit Committee	Risk and Credit Committee	Remuneration and Human Resources Committee	Ethics and Governance Committee
Dr. George Agyekum Donkor	Chairman				
Mr. George Nyeso Stanley	X	X			X
Mr. Samuel Danquah Arkhurst	X			X	X
Mrs. Anicou-Annie Lecadou Kacou	X		X		X
Mr. Lamin Bojang	X			X	
Mr. Ismaël Nabe	X	X			
Mr. Mussa Sambi	X	X			
Mr. Augustus J. Flomo	X		X		
Mr. Kader Amadou	X		X		
Mr. Morie Momoh	X			X	

2.3 Management Team

The Bank operates under the leadership of the executive management team, which now comprises the President, the three Vice-Presidents, the General Secretary and the heads of the department.

The President of EBID is responsible for the day-to-day management of the Bank. He is assisted by three (3) Vice-Presidents, the first in charge of Finance and Corporate Services, the second in charge of Operations and the third in charge of Risk and Control.

During 2023, the Bank's organisational chart was revised, with the creation of the post of third Vice-President (Vice-President Risk and Control) and the transformation of the post of Secretary General into a statutory post. Within its management team, Mrs Euphrasie Akouetey was confirmed as Director of Conference Department and two (2) new acting directors were appointed. These are Dr. Andrews Amankwah, Acting Director of the Treasury and Resource Mobilisation Department and Mr. Maximillien Gbetholancy, Acting Director of the Internal Audit and Operations Evaluation Department.

It also held regular monthly meetings in order to maintain its guidelines for all the Bank's activities.

The various Investment, Credit, Portfolio and Provisions Committees and all the Bank's other committees also continued to hold their regular monthly and quarterly meetings.

Projects Financed by EBID

Basse and Farafenni Power Stations, The Gambia

EBID Management Team as at 31/12/2023

Dr. George Agyekum Donkor
President and Chairman of the Board of Directors of EBID

Dr. Donkor has almost 30 years of experience in senior management positions in Finance, Marketing, Law and Compliance. He previously held the position of Vice-President, Finance and Corporate services in EBID for 7 years. He holds two Master's degrees and two doctorates in relevant disciplines. He is a lawyer by profession.

Dr. Mabouba Diagne
Vice-President, Finance and Corporate Services

Dr. Diagne has more than 20 years of experience in Development Finance Institutions. Prior to EBID, he was the Regional Director of the Trade Development Bank (TDB). Dr. Diagne was previously the Regional Senior Executive in Corporate and Investment Banking in Germany with Dresdner Bank, London with Credit Suisse, and Southern Africa with Barclays Bank. He holds a PhD. in Financial Risk Management & Portfolio Optimisation, and 4 Master's degrees in Financial Mathematics, Applied Mathematics and Computer Sciences.

Dr. Olagunju M. Ashimolowo
Vice-President, Operations

International banking and finance executive and Chartered Accountant with more than 30 years of experience in Financial Management, Internal Control, Audit and Compliance, Risk Management and Tax Management. Dr. Ashimolowo holds an MBA in Finance from the University of Lagos, a second Master's degree in Applied Business Research (MABR) and a DBA in Business Administration, with research interest in Technology Adoption from SBS Swiss Business School, Zurich, Switzerland.

Mr. Moctar Coulibaly
Secretary-General

Mr. Coulibaly has more than 34 years of professional experience in the legal and financial fields. Since joining EBID in 1999, he has held several positions within the Bank. Prior to joining EBID, he worked in consulting firms in Mali, including the law firm, Hassane Barry, the tax firm, Sory Makanguilé and the Bank of Africa-Mali. He holds a Bachelor's degree in law and a Master's degree in finance.

Mr. MacDonald Saye Goanue
Director, Research and Strategic Planning

Mr. Goanue has more than 20 years of professional experience in Macroeconomic Analysis, Strategic Planning, and Development. He previously worked for the World Bank, Central Bank of Liberia, Ministry of Finance in Liberia, and University of Liberia. He holds a MSc in Economics from University of Illinois, Urbana Champaign.

Mr. Manzamesso Tchalla-Pali
Director, Private Sector Operations

With more than 28 years of experience, Mr Tchalla-Pali worked at the Ministry of the Economy and Finance of Togo at a senior position and for the ICA Group as manager in charge of the Group's projects, before joining EBID in 2001 where he has held several positions. He holds a bachelor's in business administration (BBA) from Institut Franco-American de Management in Paris and a Master of Business Administration MBA (corporate finance) from the Braniff Business School at the University of Dallas in Texas.

Dr. Francis G. Ezin
Director, Administration and General Services

With over 27 years of experience, he is a seasoned banker with expertise in banking operations, business law and human capital management. He served as an auditor and member of the team in charge of Banks' Evaluation at the Ecobank Group and Deputy Head of Banking Operations at Ecobank-Benin. He was also the Director of Human Resources at Ecobank-Togo, Ecobank-Benin and the Retail Banking segment of the entire Ecobank Group. He has an Executive Doctorate in Business Administration (DBA) in Management and three different Master's degrees in Finance, Business Law, and Human Capital Management.

Dr. Sydney O. Vanderpuye
Director, Finance and Accounting

With a DBA, Member of the Association of Chartered Accountants (ACCA) and Member of the Institute of Chartered Accountants, Ghana, Dr. Vanderpuye has held senior positions at Ernst & Young (Ghana), Société Générale and Access Bank Ghana. He has 19 years of professional experience in Accounting Management.

Mr. Mamadou Saidou Camara
Director, Legal

With over 22 years of professional experience in Management, Mr. Camara worked for more than 14 years for the Ecobank Group prior to joining EBID. He holds a DESA in Business Law, MSc in Banking, MSc in international Banking and Finance (Salford University) certified PPP Professionals (APMG International).

Mr. Hugues Goa
Director, Public Sector Operations

Mr. Goa has an academic background in Engineering and Finance and more than 20 years of experience in all areas of development, including policy and sectoral strategy development, project preparation, structuring and financial engineering, and monitoring of project implementation. He holds a degree in Agroeconomic Engineering from the Houphouet-Boigny National Polytechnic Institute and an MBA in Finance.

Dr. Anthony Ehimare
Director, Risk Management

A senior executive in international banking and financial system, Dr. Ehimare held the position of Senior Vice-President of Risk Management at HSBC in New York (USA) and previously worked in Citigroup New York and Ecobank Group. He holds a Master's degree in Business Administration from the University of Buffalo.

Mrs. Euphrasie Akouetey
Director, Conference

Graduate of the University of Toulouse Jean-Jaurès in France and previously Head of the Language Services Division at EBID.

Dr. Andrews Amankwah
Acting Director, Treasury and Resource Mobilisation

Dr. Amankwah is an investment banker with a DBA and over 25 years of managerial experience. Prior to EBID, Dr. Amankwah worked for three years at Société Générale Ghana as the Head of Structured Finance; ten years on Wall Street as a Vice President and Client Service Manager in the Structured Finance – CDO at the Bank of New York; and four years at the Vanguard Group as a Financial Analyst/Repo Trader.

Mr. Maximillien Gbetholancy
Acting Director, Internal Audit and Evaluation of Operations

Previously Head of the Operations Evaluation Division at EBID, Mr. Gbetholancy worked for 18 years in the Financial Control Department of the African Development Bank (AfDB) before joining EBID. He is a financial engineer with over 10 years' professional experience in development evaluation.

Project Financed by EBID

Modernisation of Reference Hospitals, Côte d'Ivoire

Project Financed by EBID

Premier Milling Corporation, Liberia

03 Organisational Effectiveness

Chapter III: Organisational Effectiveness

3.1 Boards of Governors and Directors

The principal oversight activities conducted by the Board of Governors and the Bank's Board of Directors are outlined in the paragraphs below:

3.1.1 Board of Governors

During the period under review, the Bank's Board of Governors held its 11th Extraordinary General Meeting on February 14 and its 21st Annual General Meeting on April 5, 2023.

At the end of these proceedings, several resolutions were adopted, the main ones of which are presented below.

i. 11th Extraordinary General Meeting held in Lomé, Togolese Republic, on February 14, 2023

The Governors:

- Adopted the minutes of the 10th Extraordinary General Meeting of the Board of Governors held in Praia on October 27, 2022;
- Examined the recommendations of the Board of Directors relating to the study on EBID's institutional reforms carried out by Mazars, Senegal, and the roadmap for its implementation; and
- Examined the consideration of independent legal opinions on the resolutions relating to the appointment of Dr. George Agyekum Donkor as President of EBID and Dr. Mabouba Diagne as Vice-President in charge of Finance and Corporate Services of EBID.

ii. 21st Annual General Meeting by video conference on April 5, 2023

The Governors:

- Adopted the minutes of the 11th Extraordinary General Meeting of the Board of Governors held in Lomé, Togo, on February 14, 2023;
- Examined the 2022 Activity Report and approved the financial statements for the year ended December 31, 2022;
- Appointed directors to EBID and renewed the mandate of the Board of Directors;
- Renewed the mandate of the President of EBID, Dr. George Agyekum Donkor; and
- Elected the new Chairman of the Board of Governors.

3.1.2 Board of Directors

During 2023, the Bank's Board of Directors held its 82nd, 83rd, 84th, 85th and 86th ordinary meetings on January 5, April 3, July 3, October 2 and December 21 respectively, as well as its 19th, 20th, 21st, 22nd and 22nd Consultations at Home from February 10 to 17, May 25 to June 7, August 4 to 16, August 25 to September 7 and November 15 to 23 respectively of the year under review. At the end of these meetings, a number of conclusions and resolutions were adopted, the main ones of which are presented below.

i. 82nd Session of January 05, 2023 by videoconference

The Board:

- Essentially continued the work of its 81st session held, by videoconference, on December 23, 2022. This meeting was devoted exclusively to examining the roadmap for the implementation of the study on institutional reforms carried out by Mazars Senegal.

ii. 19th Home Consultation from February 10 to 17, 2023 by videoconference

The Board:

- Authorised the Bank to contract with the African Development Bank (AfDB) two trade finance lines of credit of USD 50 million and Euros 50 million respectively, and a line of credit of USD 30 million from the Africa Growing Together Fund (AGTF) for on-lending to commercial and agricultural banks to support the agricultural value chain in West Africa;
- Authorised the Bank to contract a line of credit of USD 40 million with the Arab Bank for Economic Development in Africa (BADEA) for on-lending to private sector enterprises and financial institutions as

well as to commercially oriented public sector enterprises; and

- Authorised the Bank to take out a short-term loan of XOF 40 billion with the Ecobank Group in the WAEMU zone, to finance projects/disbursements in the Republic of Côte d'Ivoire.

iii. 83rd Session of April 03, 2023 by videoconference

The Board:

- Adopted the reports of the 80th, 81st and 82nd meetings of the Board of Directors held by videoconference on December 22, 2022, December 23, 2022 and January 5, 2023 respectively;
- Adopted the business report for 2022 and the financial statements for the year ended December 31, 2022;
- Authorised the issuance of the debenture loan "BIDC - BIDC 6.0% 2023 - 2030" in the amount of 70 billion CFA francs;
- Authorised the partial financing of the project for the acquisition of equipment for the transport of petroleum products by Access Oil Ltd in Burkina Faso;
- Authorised the partial financing of the second phase of the Bani and Sélingué Basin Irrigation Development Project (PDI - BS II) in the Republic of Mali;
- Restructured the medium-term facility granted to Engineers & Planners Limited (E&P Ltd), in the Republic of Ghana;
- Revised resolution **N°RES.3/04/22/BIDC/EBID/CA/BD/77** of April 4, 2022 relating to the authorisation to contract a credit line backed by an export credit agency with Commerzbank, Germany, for the financing of a cocoa processing plant in the Republic of Côte d'Ivoire;
- Reviewed resolution **N°RES.3/12/22/BIDC/EBID/CA/BD/80** on the authorisation to contract a commercial line of credit of 22 million euros with the International Islamic Trade Finance Corporation (ITFC);
- Examined the 2022 year-end report on the Bank's portfolio;
- Reviewed EBID's security policy;
- Reviewed the Statement of Policy and Procedures for Loans, Investments and Guarantees;
- Reviewed the revised general conditions applicable to loan, guarantee and counter-guarantee agreements for public sector operations;
- Reviewed the revised general conditions applicable to loan, guarantee and counter-guarantee agreements for private sector operations;
- Reviewed the AML/CFT package comprising documents such as: the AML/CFT Framework, the AML/CFT Procedures, the Compliance Charter, the Tax Evasion and Non-Cooperative Jurisdiction Policy and the EBID Funding Exclusion Policy; and
- Examined the recommendation on the renewal of the presidential mandate of Dr. George Agyekum Donkor.

iv. 20th Home Consultation from May 10 to June 7, 2023 by videoconference

The Board:

- Authorised the Bank to pay its outstanding capital to the African Food Security Fund in the amount of USD 884,535.09.

v. 84th Session of July 03, 2023 by videoconference

The Board:

- Adopted the minutes of the 83rd meeting of the Board of Directors, held by videoconference on April 03, 2023;
- Authorised the Bank to contract a short-term facility of Euros 100 million with Afeximbank for the financing of commercial activities and manufactured products by small and medium-sized enterprises (SMEs);
- Authorised the Bank to contract a short-term facility of Euros 100 million with Africa Finance Corporation (AFC), for the financing of projects and related purposes, including in AFC's priority sectors of energy, natural resources, transport and logistics, heavy industry and telecommunications;
- Authorised the partial financing of a Euros 50 million line of credit for Vista Group Holding in Burkina Faso;

- Adopted EBID's revised internal audit manual;
- Adopted EBID's quality assurance and improvement programme;
- Adopted the manual of procedures applicable to the provisioning of EBID's loans and advances;
- Adopted the revised organisational chart of EBID;
- Adopted the code of ethics and professional conduct for members of the Board of Directors and senior management of EBID;
- Adopted the report of the 48th meeting of the Audit Committee;
- Adopted the report of the 38th meeting of the Risk and Credit Committee;
- Adopted the report of the 37th meeting of the Remuneration and Human Resources Committee; and
- Adopted the report of the 1st meeting of the Ethics and Governance Committee.

vi. 21st Home Consultation from August 04 to 16, 2023 by videoconference

The Board:

- Authorised the partial financing of the project for the acquisition of goods transportation equipment by Sylla Holding SA for an amount of XOF 7 billion francs in the Republic of Mali;
- Authorised the partial financing of a USD 50 million line of credit for Wema Bank Limited in the Federal Republic of Nigeria;
- Authorised the revision of EBID's conditions of participation in the partial financing of the project for the construction and operation of a cocoa processing plant by Atlantic Cocoa Corporation-CI SA in San Pedro in the Republic of Côte d'Ivoire, in the amount of Euros 66.105 million.

vii. 22nd Home Consultation from August 25 to September 7, 2023 by videoconference

The Board:

- Authorised partial financing of the Adjamé Habitat modern market construction project, by Koira BTP for 7 billion CFA francs in the Republic of Côte d'Ivoire; and
- Authorised the partial financing of the project to supply 1,350,000 electronic tablets to students in educational and technical vocational training establishments, by KA Technologies for USD 15 million in the Republic of Ghana.

viii. 85th Session, from October 02, 2023 in Lomé, Togolese Republic

The Board:

- Adopted the minutes of the 84th meeting of the Board of Directors held by videoconference on July 03, 2023;
- Authorised the Bank to contract a commercial line of credit of Euros 20 million with the Islamic Development Corporation (IDC), for the financing of eligible projects carried out by private sector companies in IDC and EBID member countries, with the exception of those operating in the fields of defence, tourism, leisure and any activity deemed not to be Sharia-compliant;
- Authorised the Bank to contract a short-term facility of USD 44 million with Cargill Financial Services International, Inc. to finance a bilateral loan from EBID to First City Monument Bank in the Federal Republic of Nigeria;
- Authorised the rescheduling of the loan granted to Capro Industries SA-CI for the partial financing of the project to build a cashew nut processing unit with a capacity of 30,000 tonnes/year in Tiebissou, in the Republic of Côte d'Ivoire;
- Authorised the partial financing of the infrastructure development project in district IV of the urban city of Diamniadio for the amount of XOF 50 billion, in the Republic of Senegal;
- Authorised the additional financing of the Dakar-Tivaouane-Saint Louis motorway construction project, Tivaouane-Mekhe

section, for an amount of XOF 15 billion, in the Republic of Senegal;

- Adopted the policy and procedures manual for the management of EBID's Documentation and Archives Centre;
- Adopted the report of the 49th meeting of the Audit Committee;
- Adopted the report of the 39th meeting of the Risk and Credit Committee;
- Adopted the report of the 38th meeting of the Remuneration and Human Resources Committee; and
- Appointed Mr Moctar Coulibaly as Secretary General of EBID for a term of office of five (5) years, renewable once, with effect from January 1, 2024.

ix. 23rd Home Consultation, November 15 to 23, 2023 by videoconference

The Board:

- Authorised the Bank to contract a term loan facility of USD 25 million with Saudi Exim Bank, for the financing of goods and services of Saudi origin;
- Authorised the granting of a USD 50 million line of credit to First City Monument Bank Limited (FCMB), in the Federal Republic of Nigeria;
- Authorised a Euros 35 million line of credit to Mansa Bank in the Republic of Côte d'Ivoire; and
- Authorised the granting of a credit line of Euros 25 million to Banque pour le Commerce et l'Industrie (BCI), in the Republic of Mali.

x. 86th Session, December 21, 2023 by videoconference

The Board:

- Adopted the minutes of the 85th meeting of the Board of Directors held in Lome on October 2, 2023;
- Adopted the amendments to the conditions of service of the Bank's staff;
- Adopted EBID's budget for the 2024 financial year;
- Authorised the Bank to contract a credit line of Euros 150 million with the European Investment Bank (EIB) in favour of climate action undertaken by ECOWAS public and private entities;
- Authorized the Bank to contract a commercial line of credit of USD 50 million with the International Islamic Trade Finance Corporation (ITFC), for the purpose of financing imports and pre-imports from member countries of the Islamic Development Bank (IDB) Group;
- Authorised the Bank to contract a Euros 100 million commercial line of credit with the International Islamic Trade Finance Corporation (ITFC), for the purpose of financing imports and pre-imports from member countries of the Islamic Development Bank (IDB) Group;
- Authorised the Bank to contract with Société Générale a term loan of Euros 50 million for sustainable financing or a bilateral loan of an equivalent amount in XOF, for the financing of environmental, social and governance projects;
- Authorised a waiver of the prudential limit of 10% of effective equity for the granting of a credit line of USD 70 million in favour of Coris Holding SA, in the Republic of Burkina Faso;
- Authorised the granting of a credit line of USD 70 million in favour of Coris Holding SA, in the Republic of Burkina Faso;
- Authorised the rescheduling of the line of credit of XOF 4 billion granted to Fidelis Finance SA, in the Republic of Burkina Faso, for the financing of SMEs/SMIs;
- Authorised the partial financing of the project for the construction of a vegetable storage, processing and packaging plant in the Pôle Agro-industrie du Belier (2PAI-Belier), in the amount of XOF 14.03 billion, in the Republic of Côte d'Ivoire;
- Adopted EBID's audit plan for the 2024 financial year;
- Adopted the rules and procedures for the publication of information on beneficiaries of EBID funds and other information;
- Adopted the report of the 50th meeting of the Audit Committee;
- Adopted the report of the 40th meeting of the Risk and Credit Committee;
- Adopted the report of the 39th meeting of the Remuneration and Human Resources Committee;

- Adopted the report of the 2nd meeting of the Ethics and Governance Committee;
- Adopted the performance appraisal guidelines of EBID's Board of Directors;
- Adopted the schedule of Board meetings for the 2024 financial year; and
- Appointed the Vice-Chairman in charge of Risk and Control of EBID for a term of five (5) years, renewable once, from the date on which he takes office.

3.2 Human Resource Management

At December 31, 2023, the number of Bank staff in all categories was 170, compared with 155 at December 31, 2022, an increase of 9.68%. This situation is explained by the fact that, during the period under review, nineteen (19) new recruits took up their duties, all of them professionals, and four (4) staff members left the Bank, including two (2) professionals.

The Bank's professional staff accounted for 53.49% of the total workforce, compared with 47.74% at December 31, 2022 (see Tables 6 and 7).

Table 6: Growth of the Bank's workforce (December 2022 - December 2023)

Socio-professional category	Growth of the Bank's workforce: 31/12/2022 - 31/12/2023			
	31/12/2022	Entrance[1]	Departures[2]	31/12/2023
President	1	0	0	1
Vice-President	2	0	0	2
Management staff	3	0	0	3
Professional staff	74	19	2	91
Support staff	78	0	2	76
Permanent total	**152**	**19**	**4**	**167**
Total	**155**	**19**	**4**	**170**

Table 7: Staff distribution by gender as at December 31, 2023

	Men	Women	Total	Share (%)
Management	3	0	3	1.76
Directors (D)	13	1	14	8.24
Professional staff (P)	58	19	77	45.29
Support staff (G/M)	46	30	76	44.71
Total	**120**	**50**	**170**	**100.00**
Share (%)	**70.59**	**29.41**	**100.00**	

With regard to capacity building, and in accordance with the Bank's human resources management policy, all Bank staff received at least one specific training session during the period under review. The various topics covered during these workshops are:

- Workshop on the draft report of the mock audit mission;
- One-day introductory programme on the fundamental texts of human resources management (HRM) as well as the missions and activities of the departments;
- Performance management system (PMS), EBID's human resources information system and the code of ethics;
- Rights and obligations in the provision of EBID protocol services;
- Awareness of loyalty programmes;
- EBID pension plans;
- Loan syndication;
- IFRS 9 impairment model;
- Certified human resources management;

1 Entrance = Recruitment / Promotion with change of category
2 Departures= Retirement + Resignation + Death + Change of category due to promotion

- Association of African Development Finance Institutions (AADFI);
- Management of problem loans and project restructuring;
- 3rd EIB academy for SME banking and microfinance in West and Central Africa;
- Environment, social and governance (ESG): measurement and evaluation;
- Setting quantitative targets and coaching techniques;
- ICT refresher course (VMware & VSphere 8);
- Self-assessment of risks and controls
- Internal regulation of public contracts; and
- Code of ethics and fight against money laundering.

3.3 Business Processes Entrepreneurial Reforms

The Bank continued to implement key reforms aimed at positioning it as the leading DFI in the West African sub-region. These reforms focused on IT, audit and risk management systems.

3.3.1 Information Technology Management

During 2023, the Bank continued to modernise its IT system with a view to improving its operational efficiency and effectiveness.

The main actions carried out by the Bank in terms of information technology, organisation and methods focused on:

- **Business Continuity Plan:** All the stages required to set up EBID's disaster recovery site at the Cabo Verde National Data Centre have been completed. The first equipment to be installed, configured and tested has been delivered to NOSi's premises in Praia, in the Republic of Cabo Verde. The EBID and NOSi teams have also decided to set up a real-time visualisation system for all IT resources in the Bank's private cloud to enable better monitoring of the platform.
- **Upgrading the IT network:** The project to improve the Bank's IT network was officially launched in January 2022. The aim of the project is to acquire additional state-of-the-art network equipment (CISCO equipment) to ensure better, optimised management of the Bank's IT system. In 2023, the Bank received equipment and technical assistance for this purpose. The old network equipment has been completely replaced by new, more recent, higher-performance and more reliable equipment in order to considerably improve and strengthen the security of the Bank's network.
- **The acquisition of software for the management of the Bank's operations:**
  - › The project to implement centralised banking software: Core Banking Software (CBS) is in its final development phase. As well as having taken into account most of the Bank's operational activities, it is now in a position to integrate the requirements of the SunSystem accounting software into the CBS specifications. At the end of December 2023, this procedure had been completed and was at the systems integration testing phase (SIT);
  - › The technical team from INFRASOFTS installed and configured the technical platform (servers and network equipment) in EBID's data centre. The first versions of the customised modules were deployed during the period under review;
  - › The upgrade of the SWIFT platform to make it compliant with the ISO 20022 standard was completed. SWIFT Managed Services is being commissioned by the Dixio consultant recruited for this purpose; and
  - › Registration of the FRAA-RFAF.ORG domain was carried out in accordance with one of the recommendations of the FRAA project.
- **Strengthening the capacity of EBID's IT systems:** With a view to increasing the reliability of its systems and the performance, efficiency and productivity of its staff, the Bank acquired 70 new high-performance laptops during the period under review. These computers were configured and distributed to Bank staff.
- **Development of EBID's adapted software packages:** During the period under review, as part of the automation of some of its activities, the Bank developed and deployed three software packages, in particular: (i) the archiving module on the Bank's website with a view to automatically archiving old publications and facilitating access to information for auditors and the general public, (ii) software to automate

the management of risk rating systems for banking and non-banking companies and (iii) IT service management (ITSM) software called SysAid, the modules of which are: help desk, change management, incident management, IT asset management, service level agreement (SLA) management and advanced reporting.

In addition, the 2024-2026 IT master plan relating to the ICT change management policy is currently being drawn up, in line with the recommendations of the study on the Bank's institutional reform. It will shortly be submitted to the study committee for a more in-depth examination before being approved by the Bank's Board of Directors in 2024.

3.3.2 Audit and Risk Management

For the period 2023, the main activities carried out by the Bank in the area of internal audit and evaluation of operations were:

- Auditing the autonomous electrification project in the Ashanti and Brong-Ahafo regions in the Republic of Ghana;
- Ex-post evaluating the project to acquire reversible train sets (TramTrain) for Société PTB in the Republic of Senegal;
- Auditing the first phase of the project to build a 400 MW power station at Maria-Gléta in the Republic of Benin;
- Finalising the ex-post evaluation of the Filingué-Tahoua road development and asphalting project in the Republic of Niger;
- Auditing the line of credit granted to Consolidated Bank Ghana Ltd. in the Republic of Ghana;
- Planning and finalising the audit of the Ciprel 5 and Azito 4 thermal power plant project in the Republic of Côte d'Ivoire;
- Auditing the undisbursed balances and negative balances in the Bank's portfolio of completed projects;
- Auditing Swift transfer operations over the period 2021-2022;
- Completing the independent evaluation of private sector operations (2018-2022);
- Finalising the follow-up of recommendations in the second half of 2023 and the related report;
- Finalising the preparatory work for the 2024 Audit Mission Programme;
- Drafting of the internal audit assurance and improvement programme;
- Continuing work on updating the mapping of auditable areas;
- Monitoring the implementation of the roadmap relating to the recommendations of the validated final report of the "Mock-audit" simulated audit mission for the certification of the pillars of the European Union in collaboration with EY; and
- Coordinating the work carried out by GIZ experts under phase 1 of the ECOWAS institutional support programme (ISE 1), which to date has made it possible to: (i) finalise the work of drafting and updating the policies and procedures identified, (ii) validate the final report of the technical assistance mission issued by ECORYS, (iii) identify the needs of the Bank's various departments as part of the extension of phase 1 of the programme and (iv) examine the draft concept notes as part of the implementation of the second phase of the ECOWAS institutional support programme (ISE 2).

With regard to risk management, the Bank's main activities in this area have focused on updating the Bank's risk scorecard, portfolio monitoring (from project appraisal to supervision) and asset/liability management in order to optimise the Bank's profitability/risk ratio.

3.4 Resource Mobilisation, Cooperation and Partnerships

3.4.1 Resource Mobilisation

During 2023, the Bank essentially recovered arrears of capital called in from Ghana. It also continued to engage with its shareholders as well as its bilateral and multilateral partners with a view to mobilising more resources in order to pursue its various actions, especially those undertaken since 2020.

3.4.1.1 Capital Resource

At its 10th Extraordinary Meeting held on October 27, 2022 in Praia, Republic of Cabo Verde, the Board of Governors increased the authorised capital of the Bank from UA 1 billion to UA 2.5 billion and called the third tranche of capital in the an amount of UA 307 million. This brings the total capital called up at January 1, 2023 to UA 700 million (see Tables 8 and 9).

The capital resources mobilised from Member States during the period under review amounted to

UA 14.82 million (USD 19.77 million), corresponding to the payment of the third tranche called-up capital received from Ghana. This makes Ghana the first Member State to make payment for the third tranche of the recently called-up capital.

Table 8: Capital structure at December 31, 2023

Item	Amount (in millions of UA)	Amount (in millions of USD)	Share (% of subscribed capital)
EBID capital	2,500.00	3,500.0	100.00
Subscribed capital (regional)	1,750.00	2,450.0	70.00
Non-regional capital	750.00	1,050.0	30.00
Called-up capital	700.00	980.0	28.00
Paid-up capital	372.50	521.49	14.90
Capital remaining to be paid up	327.50	458.51	13.10
Capital to be called up	1,800.0	2,520.0	72.00

Table 9: Capital resources at December 31, 2023

Member States	Situation as at 01/01/2023			Payments as at 31/12/2023	Outstanding balance as at 31/12/2023	
	Called-Up Capital (UA)	Paid-up Capital (UA)	Capital Arrears (UA)	Paid-up Capital (UA)	Montant (UA)	Share (%)
Benin	20,007,093	11,228,211	8,778,882	0	8,778,882	2.68
Burkina Faso	17,342,748	9,734,383	7,608,365	0	7,608,365	2.32
Cabo Verde	6,660,863	2,279,650	4,381,213	0	4,381,213	1.34
Côte d'Ivoire	103,327,522	57,971,063	45,356,459	0	45,356,459	13.85
The Gambia	17,342,748	5,076,870	12,265,878	0	12,265,878	3.75
Ghana	109,990,009	61,706,160	48,283,849	14,816,125	33,467,724	10.22
Guinea	19,328,756	10,842,504	8,486,252	0	8,486,252	2.59
Guinea Bissau	10,003,548	1,154,350	8,849,198	0	8,849,198	2.70
Liberia	44,664,539	11,178,531	33,486,008	0	33,486,008	10.22
Mali	12,667,894	7,107,934	5,559,960	0	5,559,960	1.70
Niger	14,000,066	7,854,848	6,145,218	0	6,145,218	1.88
Nigeria	218,672,347	122,689,907	95,982,440	0	95,982,440	29.31
Senegal	52,655,953	29,344,597	23,311,356	0	23,311,356	7.12
Sierra Leone	29,332,304	6,042,126	23,290,178	0	23,290,178	7.11
Togo	24,003,610	13,468,953	10,534,657	0	10,534,657	3.22
Total	**700,000,000**	**357,680,087**	**342,319,913**	**14,816,125**	**327,503,788**	**100.00**

3.4.1.2 Commercial, Semi-commercial and Concessionary Resources

In 2023, the Bank continued its efforts to mobilise commercial, semi-commercial and concessional resources from its bilateral and multilateral partners.

During the period under review, these efforts enabled the Bank to mobilise significant funds and agreements. The Bank successfully mobilised USD 40 million from the Arab Bank for Economic Cooperation in Africa (BADEA). Additionally, a framework agreement was signed with Germany's KfW IPEX Bank regarding the terms and conditions of a Euro 40 million facility, supported by ECA. Furthermore, two credit agreements were signed with the African Development Bank (AfDB), specifically a Euro 50 million facility, as well as a USD 30 million facility for the Africa Growing Together Fund (AGTF).

The Bank also signed two lines of credit of Euros 50 million and USD 25 million respectively with African Export-Import Bank (AFREXIM Bank) and Soudi Exim Bank.

In addition, at the end of December 2023, sixty-two (62) forward contracts had been signed for a total amount per currency of Euros 1,687.73 million and USD 1,632.80 million (equivalent to a global amount of Euros 3,200.66 million or USD 3,454.24 million or UA 2,589.20 million), the majority of which is guaranteed by the ECA transaction and granted for the most part by European, Arab and African bilateral partners.

3.4.2 Partnership and Cooperation

On the partnership and cooperation front, the Bank continues to work to seize the best opportunities for fruitful and lasting partnerships in support of its sustainable development mandate.

Furthermore, in the context of the operationalisation of the Regional Agriculture and Food Fund (RAFF), the Bank has since 2022 validated the RAFF's strategic documents (i) the communication and marketing strategy; (ii) the 2022-2025 business plan; (iii) the resource mobilisation strategy; and (iv) the procedures manual. On July 28, 2023, the AARF Technical Committee carried out an in-depth analysis of these operational guidelines and technically validated them. It is also planned to resubmit them for review prior to the FROA Supervisory Board meeting scheduled for the first quarter of 2024.

To enable it to play its role to the full, to communicate more effectively and to make its activities visible and accessible in real time, it has been recommended that the FARA should equip itself with a web application, the design, development, hosting and referencing of which have been entrusted to the communications agency, AG Partners. The first scoping meeting was held in April 2023 and work on the consultant's services is underway. By December 31, 2023, the domain name (www.fraa.org) had been approved and created.

As part of EBID's accreditation process to the Green Climate Fund (GCF), it has been implementing an environmental and social management system since 2022. This manual will help to facilitate the accreditation process to the GCF. Additionally, in response to the current global environmental challenges such as pollution, natural resource depletion, and global warming, which pose significant threats to the well-being and the livelihoods of vulnerable populations, the Bank also developed its sustainable development financing framework during the year under review.

Similarly, since 2022, the Bank in collaboration with the RAAA have jointly conducted circular missions within the framework of West African Initiative for Climate-Smart Agriculture (WAICSA).

As a reminder, thirty-six (36) institutions have been shortlisted in the member countries to take part in this initiative. By the end of December 2023, the correspondence to be sent to the selected countries and financial institutions had been finalised. The mission reports and the global report were finalised and validated by the Technical Committee held on July 28, 2023. The overall report will also be submitted to the Supervisory Board for approval, which is scheduled for the first quarter of 2024.

3.5 Budget Implementation

Budget implementation for 2023 generated a surplus of UA 12.22 million (USD 16.31 million).

Income from loans and investments, which accounted for 92.35% of revenue during the period under review, showed an overall realisation rate of 107.20%.

During the period under review, 85.95% of the forecasts for income from loans by sector of operation were achieved for the private sector and 123.83% for the public sector. On the other hand, the realisation of loan income in relation to the Bank's sources of income showed that 57.11% came from private sector operations and 42.89% from the public sector.

In terms of operating expenses, at the end of December 2023, 115.17% of the target for 2023 had been achieved. This was mainly due to the high financial charges (133.49%) compared with the 2023 forecasts, despite the relatively good control of other expenses linked in particular to statutory meetings (50.96%), recurrent expenses (82.12%), official and operational missions (93.30%) and staff expenses (89.34%).

During the period under review, capital expenditure was at 8.66% (corresponding to UA 430,716) of the annual target of UA 4,976,073. This situation is mainly explained by the implementation of the policy of reducing capital expenditure for the current financial year (see Tables 10, 11 and 12).

Table 10: Implementation of the budget as at December 31, 2023 (in thousands of UA)

Item	Forecast 2023 (a)	31/12/2023		Share (%)
		Realisation (b)	Rate of Real. b/a (%)	
Revenue	**68,665**	**77,093**	**112.27**	**100.0**
Revenues from Loans	61,411	60,756	98.93	78.81
Investment income	5,003	10,440	208.65	13.54
Dividend	101	1,017	1004.87	1.32
Other revenues	2,150	4,879	226.94	6.33
Operational Expenditures	**56,324**	**64,871**	**115.17**	**100.0**
Statutory meetings	976	497	50.96	0.77
Staff expenses	15,122	13,511	89.34	20.83
Official and operational missions	2,907	2,713	93.30	4.18
Recurrent expenditure	2,987	2,453	82.12	3.78
Financial charges	34,232	45,697	133.49	70.44
Contingencies	100	0	0.00	0.00
Surplus	**12,341**	**12,222**	**99.04**	**-**
Investment Expenditure	**4,976**	**431**	**8.66**	**-**

Table 11: Breakdown of income by source for 2023 (in thousands UA)

Items	Private Sector			Public Sector		Total Revenue	
	Forecast 2023	Real. 2023	Rate of Real. (%)	Real. 2023	Rate of Real. (%)	Real. 2022 (b)	Rate of Real. (%) (b)/(a)
Interest on loans	37,098	31,828	85.79	22,325	134.66	54,154	100.89
Application fees	2,408	980	40.69	166	19.41	1,146	35.12
Commitment fees	440	504	114.67	2,534	192.91	3,038	173.28
Service charges	0	833	-	988	46.53	1,821	85.78
Other commissions	422	551	130.68	47	26.80	597	100.38
Total	40,367	34,697	85.95	26,059	123.83	60,756	98.93

Table 12: Breakdown by source of income for 2023 (in thousands of UA)

Source of Revenue	Forecast 2023	Realisation 2023	Rate of Real.	Share (%)
Public Sector	21,044	26,059	123.83	42.89
Private Sector	40,367	34,697	85.95	57.11
Total	61,411	60,756	98.93	100.00

Projects Financed by EBID

Diamniadio Urban City Development, Senegal

Capro CI, Côte d'Ivoire

Dakar-Tivaouane - St. Louis Highway Road Construction, Senegal

04 Operations

Chapter IV: Operations

The Bank's operational activities in 2023 focused mainly on project appraisal, approval, signature and supervision, as well as loan and equity disbursements.

4.1 Overview of the Bank's Portfolio as at end-December 2023

The Bank has committed to finance fifteen (15) new projects for a total amount of UA 382.06 million (USD 509.71 million) in Burkina Faso, Côte d'Ivoire, Ghana, Mali, Nigeria, Senegal and Togo. Compared with its level at the end of December 2022, this situation shows a decline in operations of 21.05% and 29.67% in number of projects and value, respectively.

During the same period, two (2) private sector projects, having matured, were taken out of the Bank's portfolio of projects. These were projects from Cabo Verde and Mali for a total value of UA 10.25 million (USD 13.67 million). This brings the cumulative net commitments of the Bank's portfolio as at December 31, 2023 to UA 2,459.71 million (USD 3,281.49 million) for 185 operations, an increase of 17.74% compared to December 31, 2022 (see Table 13).

Table 13: Key portfolio performance indicators as at December 31, 2023

	2022	2023
Net Commitments (UA million)	**2,089.0**	**2,459.7**
Net Commitments (#)	172	185
Of which: Loans	160	173
Equity	12	12
Public sector (UA million)	**1,221.7**	**1,327.8**
Share (%)	58.5	54.0
Private sector (UA million)	**867.3**	**1,131.9**
Share (%)	41.5	46.0
Cumulative Approvals (UA million)	**3,359.5**	**3,810.1**
Cumulative Disbursements (UA million)	**1,170.8**	**1,432.3**
Former Projects (Loans) (#)	**41**	**41**
Average term (loans) (# of years)	**10**	**9**
Annual disbursement rate (%)	**32.1**	**21.6**
Disbursement on projects (#)	71	56

The average duration of the Bank's loan portfolio was 9 years at the end of 2023, compared with 10 years in 2022, with a duration of 10 years or more for 61 projects (35.3% of the total loan portfolio).

In addition, the number of projects benefiting from disbursements declined from 71 in 2022 to 56 in 2023. The annual rate of loan disbursements was almost 21.58% in 2023, compared with 32.1% in 2022.

4.1.1 Project Appraisal

During 2023, the Bank appraised eighteen (18) projects for a total amount of UA 460.44 million (USD 614.27 million) against twenty-four (24) projects for a total amount of UA 600.82 million (USD 801.55 million) in the same period of the previous year, a decrease of 23.36%.

The projects appraised comprised thirteen (13) private sector operations worth UA 280.90 million (USD 374.74 million) and five (5) public sector projects worth UA 179.54 million (USD 239.52 million), as shown in Table 14 and Figure 16 (see Annex 2).

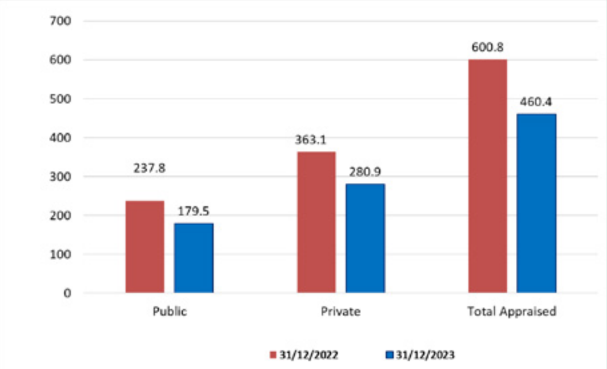
By way of breakdown by ECOWAS Member States, Burkina Faso, Côte d'Ivoire, Ghana, Mali, Nigeria and Senegal were the beneficiaries of these projects evaluated.

In terms of sectoral breakdown, 47.93% of the volume of projects evaluated were dedicated to transport and financial services, 25.20% to transport and energy infrastructure and 16.09% to the social sector. The remainder (10.79%) is devoted to rural development.

Table 14: Status of projects appraised 2022-2023

	2022		2023		Variation (%)	
Area of operation	Number	Amount (UA)	Number	Amount (UA)	Number	Amount
PUBLIC	7	237,756,858	5	179,539,536	-28.6	-24.49
PRIVATE	17	363,059,478	13	280,897,664	-23.5	-22.63
Total	**24**	**600,816,336**	**18**	**460,437,200**	**-25.0**	**-23.36**

Figure 15: Trends in the projects appraised in 2022-2023 (in million UA)



MALI: Partial financing of the second phase of the investment and irrigation development programme in the Bani Basin and Selingue (PDI-BS)

Signed on 22/06/2023

4.1.2 Project Supervision

During the period under review, forty-seven (47) projects, including twelve (12) in the private sector, were supervised, compared with twenty-seven (27) projects, including three (3) in the private sector, in the previous year. The breakdown of projects supervised by the Bank in Member States is as follows: Benin (4 projects), Burkina Faso (2 projects), Côte d'Ivoire (14 projects), Ghana (2 projects), Guinea (2 projects), Liberia (2 projects), Mali (3 projects), Niger (4 projects), Nigeria (1 project), Senegal (9 projects), Sierra Leone (1 project) and Togo (3 projects), as shown in Annex 3.

Twenty-four (24) of these projects were in the infrastructure sector, nine (9) in rural development, six (6) in financial services and hotels, five (5) in the social sector and three (3) in industry.

4.1.3 Approvals

For the year 2023, new approvals amounted to UA 459.35 million or USD 612.81 million for eighteen (18) projects. Of these projects, fourteen (14) were from the private sector for a value of UA 329.60 million or USD 439.72 million and four (4) from the public sector for an amount of UA 129.75 million or USD 173.10 million. Compared with 2022, these new approvals show an increase of 12.50% in number and a decrease of 5.27% in value (Annex4).

The sectoral breakdown shows that approximately 46.17% (UA 212.07 million) of these new approvals were earmarked for the financing of transport and financial services, while the remainder was allocated to integration infrastructure (roads, transport and energy), industry, rural development and the development of the social and education sectors.

The breakdown by Member States, as shown in Figure 17, shows that the countries benefiting from these approvals included: Burkina Faso (4 projects), Côte d'Ivoire (4 projects), Ghana (1 project), Mali (5 projects), Nigeria (2 projects) and Senegal (2 projects), as shown in see Figure 18.

These new approvals bring the Bank's cumulative approvals to UA 3,810.14 million for 375 projects at the end of December 2023.

Figure 16: New approvals as at December 31, 2023 (in million UA

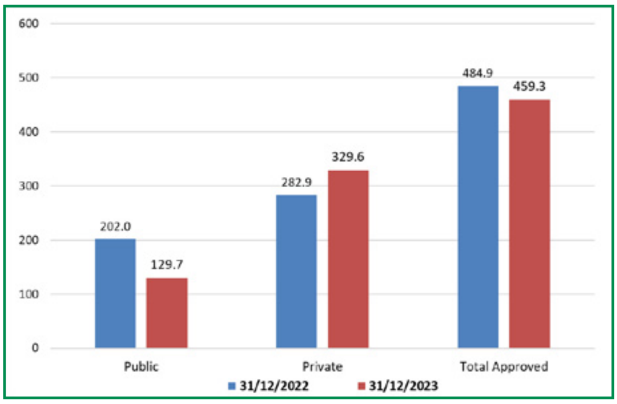
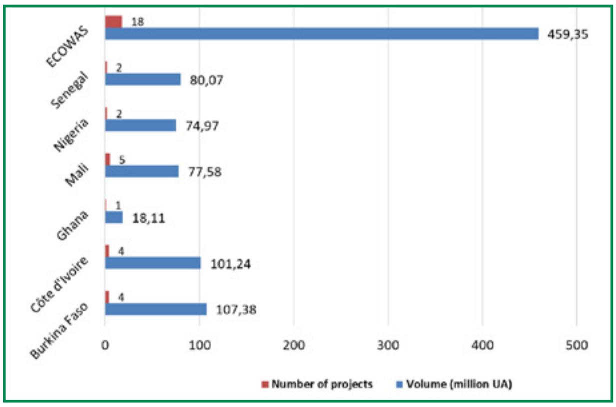
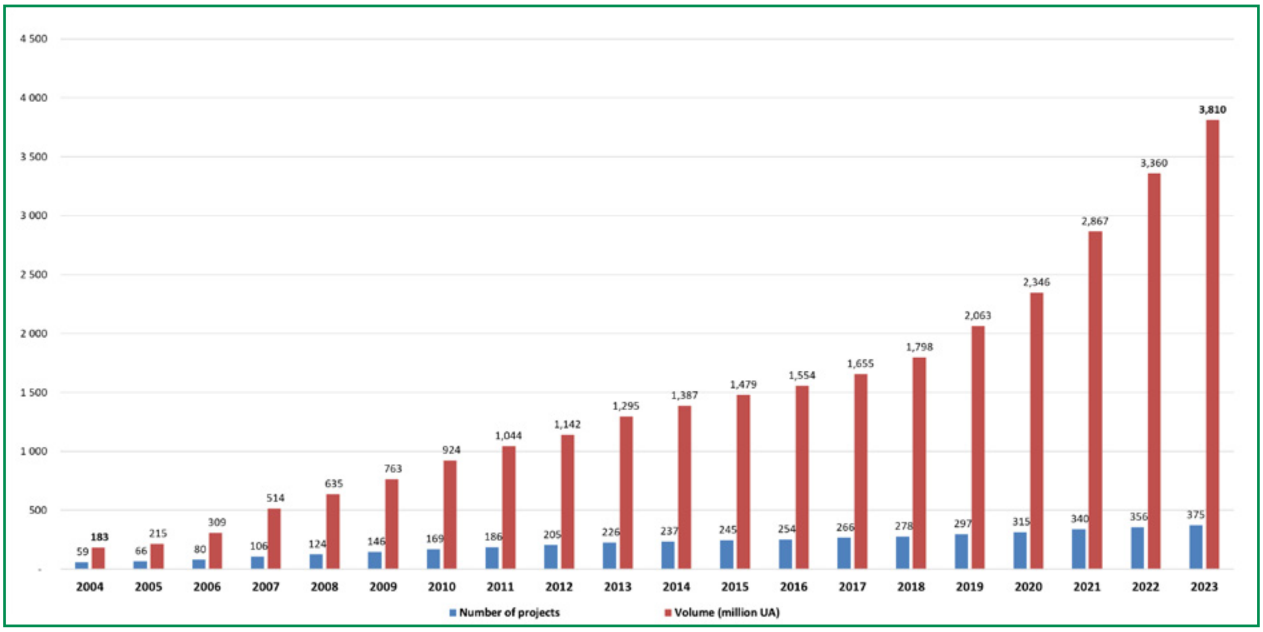


Figure 17: New approvals by Member States as at December 31, 2023



This represents an increase of 13.41% compared with cumulative approvals at December 31, 2022, as shown in Figure 19.

Figure 18: Cumulative approvals at December 31, 2023



4.1.4 Commitments

During 2023, new commitments signed by the Bank declined by 29.67% compared to 2022, from UA 543.24 million (USD 730.30 million) for nineteen (19) projects during the period under consideration in 2022 to UA 382.06 million (USD 509.71 million) for fifteen (15) projects in 2023, as shown in Annex 5 and Figure 20.

In terms of sectoral distribution, 56.08% (UA 214.27 million) of the new commitments were allocated to the development of the transport and financial services sector, while 30.02% (UA 29.07 million), 8.49% (UA 32.42 million) and 6.36% (UA 24.29 million) were respectively devoted to financing integrated transport and energy infrastructure, rural development and the education and social sector.

According to the breakdown by Member States, there were seven (7) beneficiary countries out of the fifteen (15) Member States, compared with four (4) in 2022. These were Burkina Faso (2 projects), Côte d'Ivoire (2 projects), Ghana (2 projects), Mali (4 projects), Nigeria (2 projects), Senegal (2 projects) and Togo (1 project).

Of these new commitments, twelve (12) were from the private sector for a total amount of UA 269.57 million and three (3) from the public sector for a value of UA 112.49 million.

This brings the cumulative net commitments of the Bank's portfolio to UA 2,459.71 million (USD 3,281.49 million) for 185 operations compared with UA 2,089.02 million for 172 operations as at December 31, 2022, an increase of 17.74%.

Figure 19: Breakdown of new commitments by sector at December 31, 2023

This increase in the volume of the Bank's equity portfolio was achieved despite the exit of two (2) matured private sector projects for a total value of UA 10.25 million (USD 13.67 million).

In sum, as at December 31, 2023, the Bank's net portfolio consisted mainly of direct loans and commercial financing (representing 98.29% of cumulative net commitments) and 1.71% of equity investments.

The infrastructure sector accounted for 46.80% of the Bank's cumulative net commitments (UA 1,151.18 million), followed by the services sector (UA 786.24 million, or 31.96%), rural development (UA 279.11 million, or 11.35%), the social sector (UA 160.22 million, or 6.51%) and the industrial sector (UA 82.97 million, or 3.37%), as shown in Table 15.

As at December 31, 2023, 185 ongoing projects, including 173 loans, had benefited from the Bank's interventions. These loans were mainly financed by the Bank's own funds (40.86%).

NIGERIA: Partial financing of the WEMA BANK credit line project

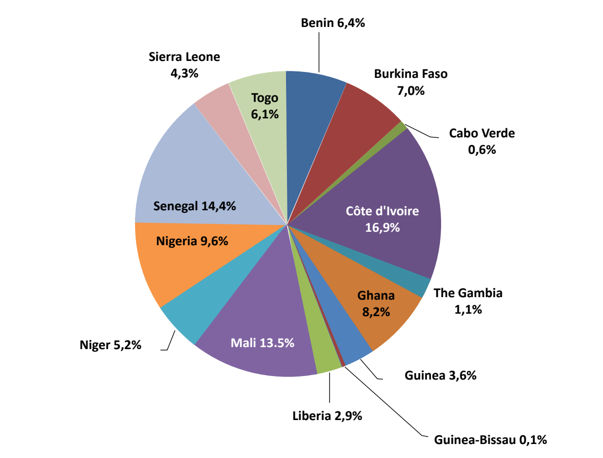
Signed on 20/11/2023

Table 15: Breakdown of net cumulative commitments by source of financing, sector of operations, and mode of intervention as at December 31, 2023

		2022			2023			Variation 2022-2023	
	BY SOURCE OF FUNDING	**Number of Projects**	**Amount (UA)**	**%**	**Number of Projects**	**Amount (UA)**	**%**	**Number (%)**	**Amount (%)**
LOANS	Indian Line of Credit Public	41	679,443,994	33.1	41	689,505,343	28.5	0.0	1.5
	Indian Line of Credit Private	1	16,297,380	0.8	1	16,297,380	0.7	0.0	0.0
	Afreximbank Line of Credit	3	32,419,170	1.6	3	32,419,170	1.3	0.0	0.0
	BADEA Line of Credit	1	10,650,005	0.5	1	10,650,005	0.4	0.0	0.0
	WAEMU Debenture	20	294,203,510	14.3	22	303,781,766	12.6	10.0	3.3
	EBID/Own Resources	83	835,341,897	40.7	89	987,922,929	40.9	7.2	18.3
	AFD	4	41,051,071	2.0	4	41,051,071	1.7	0.0	0.0
	ECA	7	144,246,235	7.0	12	336,095,907	13.9	71.4	133.0
	TOTAL	**160**	**2,053,653,262**	**100.0**	**173**	**2,417,723,571**	**100.0**	**8.1**	**17.7**
	SECOR								
	Private sector	63	831,981,538	40.5	73	1,089,877,350	45.1	15.9	31.0
	Public sector	97	1,221,671,724	59.5	100	1,327,846,221	54.9	3.1	8.7
	TOTAL	**160**	**2,053,653,262**	**100.0**	**173**	**2,417,723,571**	**100.0**	**8.1**	**17.7**
	AREA OF OPERATION								
	Infrastructure	88	1,042,694,084	50.8	94	1,151,175,133	47.6	6.8	10.4
	Rural Development	14	248,845,849	12.1	15	279,111,937	11.5	7.1	12.2
	Industry	12	91,710,328	4.5	11	82,970,426	3.4	-8.3	-9.5
	Services	36	508,356,706	24.8	43	744,245,598	30.8	19.4	46.4
	Social	**10**	**162,046,295**	**7.9**	**10**	**160,220,478**	**6.6**	**0.0**	**-1.1**
	TOTAL	**160**	**2,053,653,262**	**100.0**	**173**	**2,417,723,571**	**100.0**	**8.1**	**17.7**
COMMITMENTS	**MODE OF INTERVENTION**								
	Loans & Trade Finance	160	2,053,653,262	98.3	173	2,417,723,571	98.3	8.1	17.7
	Equity participation	12	35,366,473	1.7	12	41,990,369	1.7	0.0	18.7
	Guarantees	-	-	-	-	-	-	-	-
	TOTAL	**172**	**2,089,019,735**	**100.0**	**185**	**2,459,713,940**	**100.0**	**7.6**	**17.7**

As at December 31, 2023, although all the Member States of the Community had benefited from the Bank's financing operations, the breakdown of cumulative net commitments shows that a larger proportion of these had been allocated to the following countries: Côte d'Ivoire (16.9%), Senegal (14.42%) and Mali (13.5%) (see Figures 21 and 22).

Figure 20: Breakdown of cumulative net commitments by country at December 31, 2023



4.1.5 Disbursements

The Bank's new disbursements amounted to UA 317.46 million (USD 423.52 million), an increase of 17.42% compared to 2022. These new disbursements are made up of 97.37% loan disbursements and 2.63% capital gains on shares held by the Bank in the share capital of certain companies.

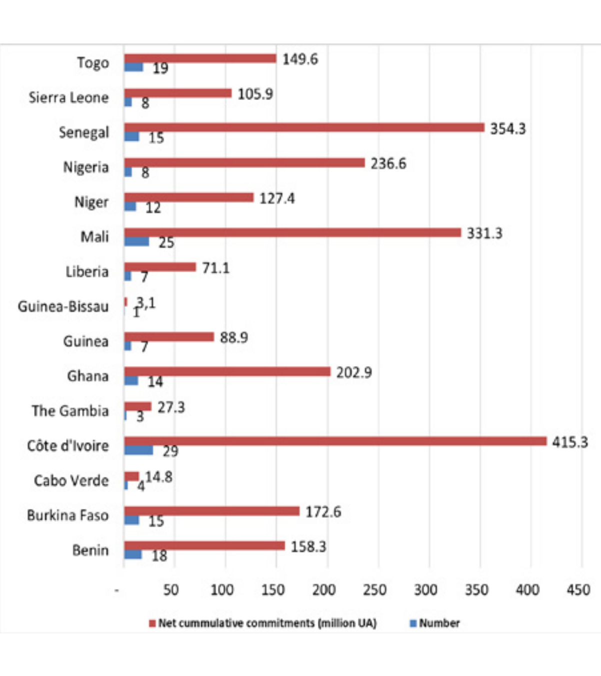
Between 2022 and 2023, loan disbursements increased by 7.51% due to increased disbursements in the integration infrastructure and rural development sectors of 51.57% and 475.99%, respectively, as shown in Table 16.

Overall, 66.40% of loan disbursements went to the private sector, which continued to grow (3.06%) compared with the previous year. This trend is in line with the Bank's 2021-2025 strategic orientation, which is to step up its financing activities in favour of private sector operations.

Disbursements in 2023 related to 56 projects in the outstanding portfolio, compared with 71 projects in 2022. The main disbursements were used to finance the following projects:

- Project to build/rehabilitate 44 village water supply systems in the Republic of Benin;
- Project to set up a short-term financing line of 10 million euros for the import and delivery of petroleum products to SONIDEP and SONABHY in favour of ECO OIL SA, in the Republic of Burkina Faso;
- Credit line project in favour of Vista Bank Group, in the Republic of Burkina Faso;
- Project to bring operating theatres, neonatal intensive care units and imaging departments in referral hospitals in Côte d'Ivoire up to standard, in the Republic of Côte d'Ivoire;
- Industrial component of the agro-industrial cluster project in the North (2PAI-NORD), in the Republic of Côte d'Ivoire;
- Line of credit project in favour of Mansa Bank, in the Republic of Côte d'Ivoire;
- Line of credit project in favour of ACCESS Bank for the financing of SMEs in Ghana (Access Bank Ghana Pc), in the Republic of Ghana;
- Project for the partial financing of the import and supply of petroleum products to institutional clients by SOYATT SA, in the Republic of Mali;
- Project for the import and supply of petroleum products to NDC in the Republic of Mali;
- Line of credit project in favour of Wema Bank PLC, in the Federal Republic of Niger;
- Project to rehabilitate the Dakar - Bamao corridor, national road No. 7 (Mako - Kedogou - Moussala section), in the Republic of Senegal; and
- Project to extend ZENER's liquefied petroleum gas import terminal in the Togolese Republic.

Figure 21: Breakdown of cumulative net commitments by number of projects and amount as at December 31, 2023 (million UA)



As at December 31, 2023, total cumulative net disbursements from the Bank's loan portfolio amounted to UA 1,432.30 million (USD 1.911 billion), an increase of 22.34% compared to the amount recorded at December 31, 2022. Disbursement rates by sector of operation were 27.68% for the private sector and 16.43% for the public sector.

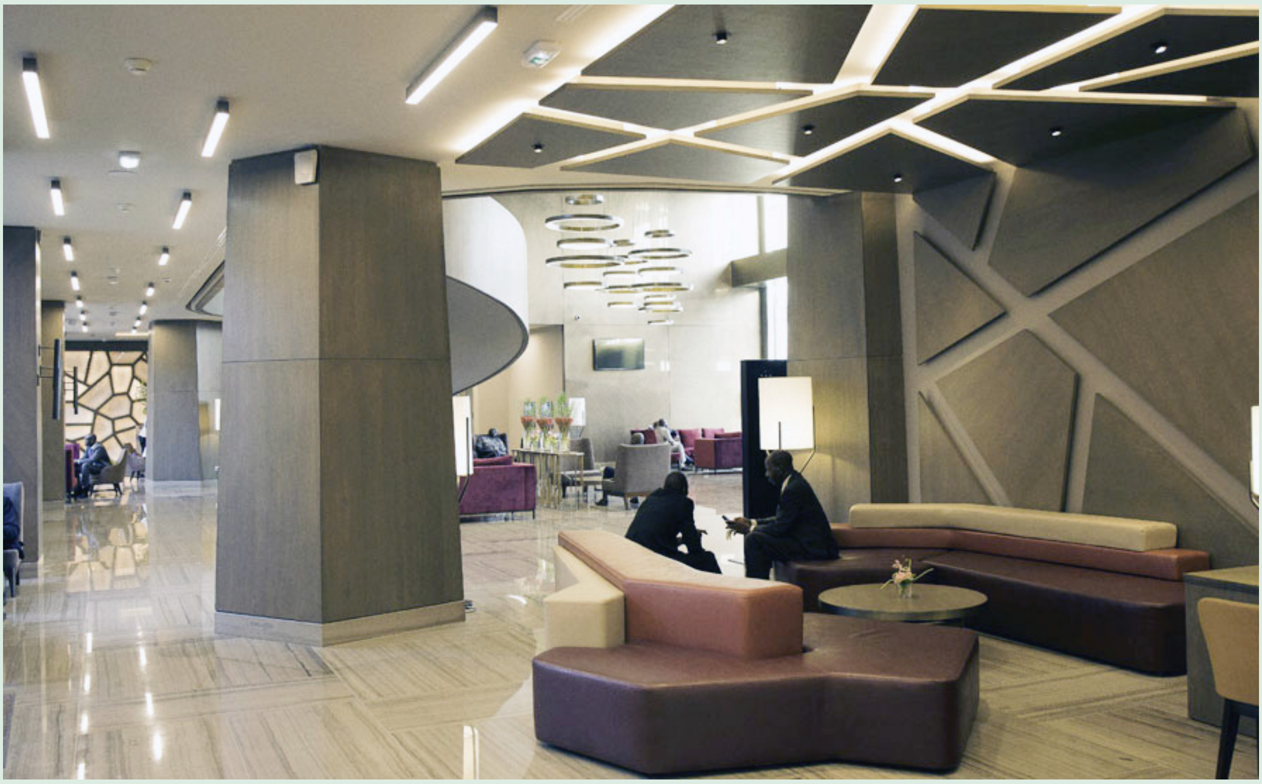
With regard to the breakdown by sector of activity, the infrastructure sector benefited the most from disbursements (47.06%), followed by the services sector (36.68%) and the social sector (6.96%).

At the end of December 2023, the annual disbursement rate of cumulative net loan commitments was around 21.6%, compared with 32.1% in 2022.

Table 16: Cumulative net disbursements on loans as at December 31, 2023

	31/12/2022 (a)		31/12/2023 (b)		Variation
	Amount (UA)	%	Amount (UA)	%	(b)/(a) %
Annual Disbursements (during the period under review)					
BY DEPARTMENT					
Private sector	199,166,067	69.3	205 260 349	66.4	3.1
Public sector	88,365,828	30.7	103 856 207	33.6	17.5
TOTAL	**287,531,895**	**100.0**	**309 116 556**	**100.0**	**7.5**
BY SECTOR					
Infrastructure	82,759,493	28.8	125 441 680	40.6	51.6
Rural Development	6,122,586	2.1	35 265 500	11.4	476.0
Industry	2,172,916	0.8	276 511	0.1	-87.3
Services	163,896,799	57.0	117 351 081	38.0	-28.4
Social	32,580,100	11.3	30 781 784	10.0	-5.5
TOTAL	**287,531,895**	**100.0**	**309 116 556**	**100.0**	**7.5**
Global Net Disbursements as at December 31, 2023					
BY DEPARTMENT					
Private sector	608,326,804	52.0	784,815,324	54.8	27.7
Public sector	562,439,429	48.0	647,482,146	45.2	16.43
TOTAL	**1,170,766,233**	**100.0**	**1,432,297,470**	**100.0**	**22.3**
BY SECTOR					
Infrastructure	584,447,250	49.9	674,020,904	47.1	15.3
Rural Development	25,696,678	2.2	60,962,178	4.3	137.2
Industry	78,898,962	6.7	72,206,954	5.0	-8.5
Services	412,487,341	35.2	525,371,991	36.7	27.4
Social	69,236,001	5.9	99,735,444	7.0	44.1
TOTAL	**1,170,766,233**	**100.0**	**1,432,297,470**	**100.0**	**22.3**

Project Financed by EBID



Radisson Blu, Abidjan

Project Financed by EBID

TER-Airport Bridge, Senegal

05 Financial Performance

Chapter V: Financial Performance

5.1 BOARD OF DIRECTORS' REPORT

The Board of Directors have pleasure in closing the financial statements of the ECOWAS Bank for Investment and Development (the Bank) for the year ended 31 December 2023. The financial statements have been drawn and presented in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The Board of Directors have reviewed the Annual Report and the process by which the Bank believes that the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the performance of the Bank.

Nature of Business

The Bank was established by the ECOWAS Member States to facilitate business and investment in West Africa. The objective of the Bank is to assist in creating favourable conditions for the emergence of an economically strong, industrialised and prosperous West Africa that is fully integrated into the global economic system with a view to taking advantage of the opportunities and prospects offered by globalization.

The Board and its Committees

The Board of Directors is accountable for the long-term success of the Bank and it is responsible for ensuring leadership, designing of strategy, and ensuring that the Bank is adequately resourced to achieve its strategic aspirations. In doing so, the Board of Directors considers its responsibilities, and the impact of its decisions on its stakeholders including shareholders, employees, suppliers, and the community in which the Bank operates.

In addition, pursuant to the Articles of Association, the President has authority for the day-to-day operational management of the Bank and for further delegation to the Vice-Presidents in respect of matters which are necessary for the day to day running and management of the Bank.

The Board remains very diverse with a distinctive mixture of backgrounds, experience and skills among the directors. Risk and governance, shareholder and stakeholder relationships, strategy and budget, financial performance oversight, business development and people are some of the key activities the Board focused on in 2023 as it provided guidance to Management in steering the Bank through a turbulent period in the economy and in the banking industry.

The Board met regularly throughout the year. In addition to substantial strategy discussions held at each meeting, the Board held strategy sessions where it had systematic and comprehensive discussions around the strategy and direction of the Bank.

At the time of the closing of the 2023 annual financial statements on 21st March, 2024, the Board was made up of nine (9) Non-Executive Directors. Below is the list of the nine-member Board:

Board members	Board of Directors	Board Audit Committee	Board Risk & Credit Committee	Board Remuneration & Human Resource Committee	Board Ethics and Governance Committee
Dr. George Agyekum Donkor	x				
Mr. George Nyeso Stanley	x	x			x
Mr. Samuel Danquah Arkhurst	x			x	x
Mrs. Anicou-Annie Lecadou Kacou	x		x		x
Mr. Lamin Bojang	x			x	
Mr. Ismael Nabe	x	x			
Mr. Mussa Sambi	x	x			
Mr. Augustus J. Flomo	x		x		
Mr. Kader Amadou	x		x		
Mr. Morie Momoh	x			x	

Board Roles and Key Responsibilities

The President

The President is the legal representative of the Bank and the Chairman of the Board of Directors. The President is responsible for managing all aspects of the Bank's businesses including proposing the strategic direction of the Bank and performing any other task assigned to him by the Board of Governors.

Non-Executive Directors (NEDs)

NEDs provide an independent perspective, constructive challenge and monitor the performance and delivery of the strategy within the risk and controls set by the Board.

Number of Board Meetings held in 2023

Board members	Scheduled meetings : 6	Home consultation	Remarks
Dr. George Agyekum Donkor (Chairman)	6	✓	
Mr. George Nyeso Stanley	6	✓	Mr. George Nyeso Stanley replaced Mrs. Aisha Shehu Omar as from the 85th meeting
Mr. Samuel Danquah Arkhurst	6	✓	
Mrs. Anicou-Annie Lecadou Kacou	6	✓	
Mr. Lamin Bojang	0 (country under sanction)	✓	Mr. Lamin Bojang replaced Mr. Abdoulie Jallow as from the 85th meeting
Mr. Ismael Nabe	6	✓	
Mr. Mussa Sambi	6	✓	
Mr. Augustus Jonathan Flomo	4	✓	
Mr. Kader Amadou	6	✓	Mr. Kader Amadou replaced Mr. Abdou Salam Mani as from the 84th meeting
Mr. Morie Momoh	6	✓	Mr. Morie Momoh replaced Mr. Sam Morris Aruna as from the 85th meeting

Board Committees

The Board of Directors made a conscious decision to assign a broader range of issues to the Board committees, namely: Audit Committee, Risk & Credit Committee, and Remuneration & Human Resource Committee. The linkages between the Committees and the Board are critical for the smooth running of the Bank.

The Board duly received the reports and updates from each of the Committee meetings throughout the reporting period.

The Bank has effective mechanisms in place to ensure that there are no gaps or unnecessary duplications between the remit of various Committees.

Board Audit Committee

The Audit Committee oversees the management of the financial and internal controls. The Committee's role is to review, on behalf of the Board, the Bank's internal controls; to identify, assess, manage and monitor financial risks. It also gives advice to the Board on external audit work and matters relating to financial reporting. In discharging its responsibilities, the Committee acknowledges and embraces its role of protecting the interest of shareholders.

Number of Board Audit Committee meetings held in 2023

Board members	Number of scheduled meetings: 4	Remarks
Mr. George Nyeso Stanley (Chairman)	4	Mr. George Nyeso Stanley replaced Mrs. Aisha Shehu Omar as Chairman of the Audit Committee as from the 85th meeting
Mr. Ismael Nabe	0	Country under sanction
Mr. Mussa Sambi	4	Attended all meetings

Board Credit and Risk Committee

The Credit and Risk Committee maintains oversight accountability for credit, market and operational risks. In discharging its responsibilities, the Committee monitors risk positions and seeks assurance on behalf of the Board around the Bank's Risk Management Framework which assigns accountability and responsibility for the management and control of risk.

Number of Board Risk & Credit Committee Meetings held in 2023

Board members	Scheduled meetings: 4	Remarks
Mrs. Anicou-Annie Lecadou Kacou (Chairman)	4	attended all meetings
Mr. Augustus Jonathan Flomo	4	attended all meetings
Mr. Kader Amadou	2	Mr. Kader Amadou replaced Mr. Abdou Salam Mani as from the 84th meeting

Board Remuneration and Human Resource Committee

The role of the Remuneration and Human Resource Committee is to propose the level and structure of the remunerations of staff of the Bank.

The Committee is also responsible for reviewing the Bank's human resource policy and for making recommendations to the Board.

Number of Board Remuneration and Human Resource Committee Meetings held in 2023

Board members	Scheduled meetings: 4	Remarks
Mr. Samuel Danquah Arkhurst (Chairman)	4	attended all meetings
Mr. Lamin Bojang	4	Mr. Lamin Bojang replaced Mr. Abdoulie Jallow as from the 85th meeting
Mr. Morie Momoh	4	Mr. Morie Momoh replaced Mr. Sam Morris Aruna as from the 85th meeting

Ethics and Governance Committee

The role of the Ethics and Governance Committee is to ensure that standards are maintained to meet the best international standards of good governance, with a view to ensuring transparency, integrity, objectivity and the effectiveness of the decisions taken.

Number of board Ethics and Governance committee held in 2023.

Board members	Scheduled meetings: 2	Remarks
Mr. George Nyeso Stanley (Chairman)	2	Mrs. Aisha Omar attended one of the meetings; Mr. George Nyeso Stanley who replaced her attended the other meeting
Mr. Samuel Danquah Arkhurst	2	attended all meetings
Mrs. Anicou-Annie Lecadou Kacou	2	attended all meetings

Going Concern

The Bank's Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the-going-concern basis.

Fund Management Activities

The Bank manages funds on behalf of the ECOWAS Member States to undertake infrastructural development activities and business developments in West Africa.

Auditors

Ernst & Young, having served their mandatory six (6) years have expressed their willingness not to continue in office. The audit fee payable for the financial year is disclosed in note 20.1.

Directors' Responsibility for the Financial Statements

The Bank's Directors are responsible for the fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as the Directors determine as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Business Performance

- Operating income decreased by 0.69%
- Profit increased by 12.95%
- Total assets increased by 17.17%

Approval of the Financial Statements

The Directors have taken all the necessary steps to make themselves and Ernst & Young aware of any information needed in performing the 2023 audit. As far as each of the Directors is aware, there is no relevant audit information of which Ernst & Young is unaware.

The financial statements of the Bank were issued by the Board of Directors, recommended to the Board of Governors for approval, approved and signed on 21st March 2024 on its behalf by:

....
Governor

....
Governor

Financial Highlights

For the year ended 31 December 2023

All amounts are expressed in millions UA

As at 31 December	**2023**	2022	2021	2020	2019
Total assets	**1,396.37**	1,191.75	870.96	705.54	711.92
Loans and advances	**1,066.26**	900.73	688.96	550.82	530.73
Financial assets at amortised cost	**117.18**	159.69	81.32	60.39	90.83
Borrowings	**876.44**	764.81	488.22	374.07	377.62
Other liabilities	**104.38**	48.90	28.04	27.94	28.73
Defined benefit obligations	**6.07**	6.02	4.83	5.45	9.32
Net Assets	**409.48**	**372.02**	**349.88**	**298.08**	**296.25**

For the year ended 31 December	**2023**	2022	2021	2020	2019
Net Interest Income	**21.25**	16.02	14.73	10.00	15.87
Operating income	**31.20**	31.42	24.24	16.92	20.31
Profit for the year	**5.70**	5.04	3.48	2.92	4.04
Return on assets (%)	**0.4**	0.5	0.4	0.4	0.6
Return on equity (%)	**1.5**	1.4	1.1	0.9	1.4
Net interest-margin (%)	**1.89**	1.75	2.1	1.6	2.7
Cost-to-income (%)	**67.96**	59.20	64.2	78.6	66.3
Non-performing loans / gross loans	**5.73**	4.28	5.78	7.12	7.96
Capital Adequacy Ratio %	**36.68**	40.38	49.74	53.62	54.82

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Independent Auditor's Report

TO THE SHAREHOLDERS OF ECOWAS BANK FOR INVESTMENT AND DEVELOPMENT

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ECOWAS Bank for Investment and Development (the Bank) as set out on pages 68 to 125, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ghana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the 76-page document titled "Ecowas Bank for Investment and Development Annual Report 2023", which includes the Corporate Profile, Corporate Information, Report of the Board of Directors and Financial Highlights. The other information 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 express an audit opinion or any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards 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.

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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 relating 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.

Auditor's 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 scepticism 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 controls 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 controls that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Pamela Des Bordes (ICAG/P/1329).

Signed for and on behalf of
Ernst & Young (ICAG/F/2024/126)
Chartered Accountants
Accra, Ghana

Date: 21st March, 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		UA	UA
Interest income calculated using effective interest method	8	64,610,147	46,167,277
Interest expense calculated using effective interest method	9	(43,363,821)	(30,149,770)
Net interest income		21,246,326	16,017,507
Fees and commission income	10.a	7,594,355	6,940,487
Fees and commission expense	11	(2,961,533)	(1,391,270)
Net fee and commission income		4,632,822	5,549,217
Trading income	10.b	1,263,265	1,223,514
Net (loss)/gain on financial assets at fair value through profit or loss	16.1	(155,787)	411,776
Other operating income	12	4,214,352	8,214,652
Total other income		5,321,830	9,849,942
Operating income		31,200,978	31,416,666
Net impairment charge on financial assets	17.1	(4,298,827)	(7,773,382)
Operating income net of impairment charge		26,902,151	23,643,284
Personnel expenses	27	(14,468,328)	(12,358,553)
Depreciation on property and equipment	19	(906,357)	(1,330,012)
Other expenses	13	(5,829,750)	(4,910,391)
Total operating expenses		(21,204,435)	(18,598,956)
Profit for the year		5,697,716	5,044,328
Other Comprehensive Income			
Items that will not to be reclassified to profit or loss			
Revaluation of property and equipment	25	12,450,788	-
Fair value gain on unquoted instruments	26	3,076,485	4,458,570
Total other comprehensive income		15,527,273	4,458,570
Total Comprehensive income		21,224,989	9,502,898

The accompanying notes to the financial statements are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	**31 December 2023**	31 December 2022
		UA	UA
Assets			
Cash and cash equivalents	14	**100,590,067**	39,221,823
Financial assets at amortised cost	15	**117,177,377**	159,689,939
Quoted equity instruments at fair value through profit or loss	16.1	**4,077,826**	4,233,613
Unquoted equity instruments at fair value through other comprehensive income	16.2	**39,591,751**	35,591,430
Debt instruments at amortised cost	16.3	**10,617,954**	11,017,758
Loans and advances	17	**1,066,264,631**	900,726,238
Other assets	18	**22,149,959**	12,592,067
Property and equipment	19	**35,896,515**	28,678,057
Total assets		**1,396,366,080**	1,191,750,925
Liabilities and Equity			
Liabilities			
Other liabilities	20	**104,377,798**	48,904,197
Net employee defined benefit liabilities	21	**6,072,560**	6,018,681
Borrowings	22	**876,440,307**	764,808,558
Total liabilities		**986,890,665**	819,731,436
Equity			
Stated capital	23	**373,884,347**	357,653,410
Retained earnings	24	**9,691,101**	3,993,385
Revaluation reserve	25	**19,393,620**	6,942,832
Other reserves	26	**6,506,347**	3,429,862
Total equity		**409,475,415**	372,019,489
Total liabilities and equity		**1,396,366,080**	1,191,750,925

The financial statements of the Bank were issued by the Board of Directors and recommended to the Board of Governors for approval, approved and signed on **21st March 2024** on its behalf by:

Governor

Governor

The accompanying notes to the financial statements are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

For the year ended 31 December 2023	Note	Stated capital	Retained earnings	Revaluation reserve	Other reserves	Total equity
		UA	UA	UA	UA	UA
At 1 January 2023		**357,653,410**	**3,993,385**	**6,942,832**	**3,429,862**	**372,019,489**
Profit for the year		**-**	**5,697,716**	**-**	**-**	**5,697,716**
Other Comprehensive Income	25&26	**-**	**-**	**12,450,788**	**3,076,485**	**15,527,273**
Total comprehensive income during of year		**-**	**5,697,716**	**12,450,788**	**3,076,485**	**21,224,989**
Additional capital contributions	23	**16,230,937**	**-**	**-**	**-**	**16,230,937**
At 31 December 2023		**373,884,347**	**9,691,101**	**19,393,620**	**6,506,347**	**409,475,415**

For the year ended 31 December 2022						
At 1 January 2022		345,018,167	(1,050,943)	6,942,832	(1,028,708)	349,881,348
Profit for the year		-	5,044,328	-		5,044,328
Other Comprehensive Income	25	-	-	-	4,458,570	4,458,570
Total comprehensive income		-	5,044,328	-	4,458,570	9,502,898
Additional capital contributions	23	12,635,243	-	-	-	12,635,243
At 31 December 2022		357,653,410	3,993,385	6,942,832	3,429,862	372,019,489

The accompanying notes to the financial statements are an integral part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		UA	UA
Operating activities			
Profit for the year		**5,697,716**	5,044,328
Depreciation on property and equipment	19	**906,357**	1,330,012
Impairment charge on financial assets	15.2 &17.1	**4,298,827**	7,773,382
(Loss)/gain on foreign currency translation	12	**1,740,057**	(6,405,767)
Dividend income	12	**(1,017,429)**	-
(Gain)/loss on disposal of property and equipment	19	**(239,107)**	8,458
Provision for long service award	21	**800,000**	1,300,000
Fair value loss on staff loan	17.2	**196,283**	101,804
Fair value (loss)/gain on investments at fair value through profit or loss	16	**155,787**	(411,776)
Adjusted profit for the year		**12,538,491**	8,740,441
Changes in operating activities			
Increase in loans and advances		**(169,837,220)**	(219,542,276)
(Increase)/decrease in other assets		**(7,584,973)**	2,052,392
Decrease in provision for long service award	21	**(746,121)**	(110,237)
Increase in other liabilities		**55,473,601**	20,868,982
Net cash flows used in operating activities		**(110,156,222)**	(188,099,698)
Investing activities			
Proceeds from sale of property and equipment	19.1	**3,618,447**	2,486
Purchase of property and equipment	19	**(1,026,286)**	(2,102,167)
Redemption/(acquisition) of financial assets at amortised cost	15.1	**42,615,758**	(77,010,315)
Dividend income	12	**1,017,429**	-
Purchase of equity investments	16.2	**(923,836)**	(13,267)
Purchase of debt instruments	16.3	**(3,756,547)**	(9,071,307)
Redemption of debt instruments	16.3	**4,156,351**	-
Net cash flows from/(used in) investing activities		**45,701,316**	(88,194,570)
Financing activities			
Additional stated capital contributions	23	**16,230,937**	12,635,243
Proceeds from borrowings	22.1	**276,283,055**	397,814,663
Repayment of principal portion of borrowings	22.1	**(176,143,671)**	(116 251 062)
Net foreign exchange difference on borrowings		**11,192,886**	(6,433,930)
Total cash flows from financing activities		**127,563,207**	287,764,914
Net increase in cash and cash equivalents		**63,108,301**	11,579,646
Net foreign exchange difference on cash and cash equivalents		**(1,740,057)**	6,405,767
Cash and cash equivalents as at 1 January 2023	14	**39,221,823**	21,236,410
Cash and cash equivalents as at 31 December 2023	14	**100,590,067**	39,221,823

The accompanying notes to the financial statements are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. Reporting entity

The ECOWAS Bank for Investment and Development ("EBID'; "the Bank")is the financial institution established by the Fifteen Member States of the Economic Community of West African States (ECOWAS) with the mission to assist in creating favourable conditions for the emergence of an economically strong, industrialised and prosperous West Africa that is fully integrated into the global economic system with a view to taking advantage of the opportunities and prospects offered by globalization.

The address of its registered office is 128, Boulevard du 13 Janvier B-P 2704, Lomé –Togo.

In accordance with the Agreement Establishing the Bank, the Bank, its property, other assets, income and its operations and transactions shall be exempt from all taxation and customs duties. The Bank is also exempt from any obligation to pay, withhold or collect any tax or duty.

2. Basis of preparation

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations as issued by the International Accounting Standards Board (IASB).

b. Basis of preparation

The financial statements are prepared on the historical cost basis except for the following assets and liabilities that are stated at their fair value: land and building, financial instruments at fair value through profit or loss and financial instruments at fair value through other comprehensive income.

Functional and Presentation Currencies

The Bank conducts its operations in the currencies of its member countries. As a result of the application of IAS 21 revised, "The Effects of Changes in Foreign Exchange Rates", it was concluded that the Unit of Account (UA) most faithfully represented the aggregation of economic effects of events, conditions and the underlying transactions of the Bank conducted in different currencies. The UA is also the currency in which the financial statements are presented. The value of the Unit of Account is defined as equivalent to one Special Drawing Right (SDR) of the International Monetary Fund (IMF) or any unit adopted for the same purpose by the IMF. In line with the Bank's policy, Management approved the execution of currency exchange transactions to align the composition of the net assets of the Bank to the SDR.

Currency translation

Income and expenses are translated to UA at the rates prevailing on the date of the transaction. Monetary assets and liabilities are translated into UA at rates prevailing at Reporting date. Non-monetary assets and liabilities are translated into UA at historical rates. Translation differences are included in the determination of net income. Capital subscriptions are recorded in UA at the rates prevailing at the time of receipt and are not subsequently retranslated. When currencies are converted into other currencies, the resulting gains or losses are included in the determination of net income. The rates used for translating currencies into UA at 31 December 2023 and 2022 respectively are below:

Year	USD	GBP	EURO	Franc CFA
2023	1.341670	1.053810	1.217530	798.647326
2022	1.330840	1.102790	1.252910	821.855085

The amounts presented in the financial statements have been rounded to the nearest UA. The presentation currency remains the same as the functional currency.

2.1. Initial application of new amendments to the existing standards effective for current financial period

2.1.1. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

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

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Bank's financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:

Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The amendments are not expected to have a material impact on the Bank's financial statements.

Lack of exchangeability -Amendment to IAS 21

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

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

A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate. A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments contain no specific requirements for estimating a spot rate. Therefore, when estimating a spot rate a company can use:

- an observable exchange rate without adjustment; or
- another estimation technique.

New disclosures

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

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

The Bank does not expect the amendments to have a significant impact on its financial statements.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

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

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Bank is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and

IAS 28

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments must be applied prospectively. Early application is permitted and must be disclosed. The amendments did not have any impact on the financial statement of the bank.

2.2. Standards issued and effective as at 1 January 2023

The new and amended standards and interpretations that are issued and became effective for accounting periods that begins on or after 1 January 2023 (unless otherwise stated) are disclosed below:

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Bank's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Bank's financial statements.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts (IFRS 17) is effective for reporting periods beginning on or after 1 January 2023. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. Limited scope exceptions apply.

Other than the exceptions outlined below, the Bank has not identified contracts that result in the transfer of significant insurance risk, and therefore it has concluded that IFRS 17 does not have a material impact on the financial statements for the year ended 31 December 2023.

As part of this determination, the Bank assessed credit cards and similar products that include insurance coverage. IFRS 17 excludes from its scope credit card contracts (and other similar contracts that provide credit or payment arrangements) that meet the definition of an insurance contract if, and only if, the entity does not reflect an assessment of the insurance risk associated with an individual customer in setting the price of the contract with that customer. The Bank has determined that insurance risk associated with an individual customer has not been assessed in setting the price of the contracts as these products are offered at the same price to all applicants, and therefore they are exempt from IFRS 17. For loan contracts that meet the definition of an insurance contract but limit the compensation for insured events to the amount otherwise required to settle the policyholder's obligation created by the contract, e.g., a loan with waiver on death, there is a choice to apply either IFRS 9 or IFRS 17 to such contracts. This choice is made at a portfolio level and is irrevocable. The Bank has made an irrevocable choice to apply IFRS 9 to each portfolio of these products. Other amendments and interpretations apply for the first time in 2023, but do not have an impact on the Bank's financial statements.

Definition o Accounting Estimates - Amendments to IAS 8

The amendment is effective for annual periods beginning on or after 1 January 2023. In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies. Although the amendments are not expected to have a material impact on entities' financial statements, they should provide helpful guidance for entities in determining whether changes are to be treated as changes in estimates, changes in policies, or errors.

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

  In periods in which Pillar Two legislation is (substantively) enacted but not yet effective, the amendment requires disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes including both qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. For example:

  a. Qualitative information such as how an entity is affected by Pillar Two legislation and the main jurisdictions in which exposures to Pillar Two income taxes might exist, and
  b. Quantitative information such as:
  - An indication of the proportion of an entity's profits that might be subject to Pillar Two income taxes and the average effective tax rate applicable to those profits; or
  - An indication of how the entity's overall effective tax rate would have changed if Pillar Two legislation had been effective.

  Once the legislation is effective, additional disclosures are required for the current tax expense related to Pillar Two income taxes. The requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

  The Bank has reviewed its corporate structure in light of the introduction of Pillar Two Model Rules in the various jurisdictions in which it operates. The Bank has determined that it will not be subject to Pillar Two taxes once the legislation becomes effective since its effective tax rate is above 15% in all the jurisdictions in which it operates. Therefore, as the related Pillar Two disclosures are not required, the amendments will have no impact on the Bank's financial statements at 31 December 2023.

Deferred Tax related to Assets and liabilities arising from a Single Transaction-Amendments to IAS 12

The amendment is effective for annual periods beginning on or after 1 January 2023. IFRS 17- Insurance Contract

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

  i. Disclosures (ii) Transition (v) Impact In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendment clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense), This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

3. Summary of material accounting policies

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements by the Bank.

3.1 Financial assets and liabilities

Financial instruments

Financial assets and financial liabilities are recognised in the Bank's Statement of financial position when the Bank becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Bank will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Financial assets

Under IFRS 9 all financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at FVTOCI.
- All other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Bank may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

- The Bank may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in OCI; and,
- The Bank may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Debt instruments at amortised cost or at FVTOCI

The Bank assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Bank's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Bank determines the business models at a level that reflects how financial assets of Banks are managed together to achieve a particular business objective. The Bank's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Bank has more than one business model for managing its financial instruments which reflect how the Bank manages its financial assets in order to generate cash flows. The Bank's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Bank considers all relevant information available when making the business model assessment. However this assessment is not performed on the basis of scenarios that the Bank does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Bank takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Bank determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Bank reassesses its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Bank has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/ loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/ loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

In the current and prior reporting period the Bank has applied the fair value option and so has designated debt instruments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

Financial assets at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on re- measurement, recognised in profit or loss. Fair value is determined in the manner described in note 7.

Reclassifications

If the business model under which the Bank holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Bank's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Bank holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other operating income' line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other operating income' line item.
- for financial assets measured at FVTPL that are not part of a designated hedge accounting relationship, exchange differences are recognised in profit or loss either in 'net trading income', if the asset is held for trading, or in 'net income from other financial instruments at FVTPL' if otherwise held at FVTPL; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in OCI in the investment revaluation reserve.

Impairment

The Bank recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- Loans and advances to banks;
- Loans and advances to customers;
- Debt investment securities;
- Fixed deposits;
- Loan commitments issued; and
- Financial guarantee contracts issued.

No impairment loss is recognised on equity investments.

With the exception of POCI financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition.

For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Bank's policy is always to measure loss allowances for lease receivables as lifetime ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Bank under the contract and the cash flows that the Bank expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

- For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Bank if the holder of the commitment draws down the loan and the cash flows that the Bank expects to receive if the loan is drawn down; and
- For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Bank expects to receive from the holder, the debtor or any other party.

The Bank measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

More information on measurement of ECLs is provided in note 8, including details on how instruments are grouped when they are assessed on a collective basis.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- The disappearance of an active market for a security because of financial difficulties; or
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Bank assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Bank considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back-stop if amounts are overdue for 90 days or more.

Purchased or originated credit-impaired (POCI) financial assets

POCI financial assets are treated differently because the assets are credit-impaired at initial recognition. For these assets, the Bank recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favourable change for such assets creates an impairment gain.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Bank considers the following as constituting an event of default:

- The borrower is past due more than 90 days on any material credit obligation to the Bank; or
- The borrower is unlikely to pay their credit obligations to the Bank in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Loans are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

When assessing if the borrower is unlikely to pay their credit obligation, the Bank takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Bank uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

Significant increase in credit risk

The Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Bank will measure the loss allowance based on lifetime rather than 12-month ECL. The Bank's accounting policy is to use the practical expedient method, that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Bank's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

For corporate lending, forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail, lending forward looking information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour. The Bank allocates its counterparties to a relevant internal credit risk grade depending on their credit quality.

The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- the remaining lifetime PD at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated based on facts and
- circumstances at the time of initial recognition of the exposure.

The PDs used are forward looking and the Bank uses the same methodologies and data used to measure the loss allowance for ECL (please refer to note 8).

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However the Bank still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending there is particular focus on assets that are included on a 'watch list'. Giving an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending the Bank considers the expectation of forbearance and payment holidays, credit scores and events such as unemployment, bankruptcy, divorce or death.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when an asset becomes 30 days past due, the Bank considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Bank renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The Bank has an established forbearance policy which applies for corporate and retail lending.

When a financial asset is modified the Bank assesses whether this modification results in derecognition. In accordance with the Bank's policy a modification results in derecognition when it gives rise to substantially different terms.

To determine if the modified terms are substantially different from the original contractual terms the Bank considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then;
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest. If the difference in present value is greater than 10% the Bank deems the arrangement substantially different leading to derecognition.

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised paramount because there remains a high risk of default which has not been reduced by the modification.

The Bank monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Bank determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified as part of the Bank's forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the Bank's ability to collect the modified cash flows taking into account the Bank's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Bank calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Bank measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Bank derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Bank retains an option to repurchase part of a transferred asset), the Bank allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

Write-off

Loans and debt securities are written off when the Bank has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it), after receiving approval from the Board of Directors of the bank. This is the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Bank's enforcement activities will result in impairment gains.

Presentation of allowance for ECL in the statement of financial position.

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- debt instruments measured at FVTOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve;
- loan commitments and financial guarantee contracts: as a provision; and
- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Bank or a contract that will or may be settled in the Bank's own equity instruments and is a non-derivative contract for which the Bank is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Bank's own equity instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Bank are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Bank's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised

in profit or loss on the purchase, sale, issue or cancellation of the Bank's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is

i. held for trading, or

ii. designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit- taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination and may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Bank of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the Banking is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'net income from other financial instruments at FVTPL' line item in the profit or loss account.

However, for non-derivative financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in OCI are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

For issued loan commitments and financial guarantee contracts that are designated as at FVTPL all gains and losses are recognised in profit or loss.

In making the determination of whether recognising changes in the liability's credit risk in OCI will create or enlarge an accounting mismatch in profit or loss, the Bank assesses whether it expects that the effects of changes in the liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at FVTPL. This determination is made at initial recognition.

Other financial liabilities

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For details on EIR see the "net interest income section" above.

Derecognition of financial liabilities

The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Bank exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Bank accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including paid net of any fees received and discounted using the original effective rate, is at least, 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

Date of recognition

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Categorisation of financial assets and liabilities

The Bank classifies its financial assets in the following categories: financial assets held at fair value through profit or loss; loans and receivables and Financial assets held at fair value through other comprehensive income (FVOCI). Financial liabilities are classified as either held at fair value through profit or loss, or at amortised cost. Management determines the categorisation of its financial assets and liabilities at initial recognition.

Financial assets and liabilities held at fair value through profit or loss

This category has two sub-categories: financial assets and liabilities held for trading, and those designated at fair value through profit or loss at inception. A financial asset or liability is classified as trading if acquired principally for the purpose of selling in the short term.

Financial assets and liabilities may be designated at fair value through profit or loss when the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on a different basis, or a Bank of financial assets and/or liabilities is managed and its performance evaluated on a fair value basis.

Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets held at fair value through other comprehensive income (FVOCI) Financial assets held at fair value through other comprehensive income (FVOCI) are those non-derivative financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivable or amortised cost.

Financial liabilities measured at amortised cost

This relates to all other liabilities that are not designated at fair value through profit or loss.

Initial recognition

The Bank recognises Financial Assets and Financial Liabilities when it becomes a party to the contract.

Financial Assets and Liabilities are initially recognised at fair value plus directly attributable transaction cost except for those that are classified as fair value through profit or loss.

Subsequent measurement

Financial assets held at fair value through other comprehensive income (FVOCI) are subsequently measured at fair value with the resulting changes recognised in equity. The fair value changes on FVOCI assets are recycled to the statement of profit or loss when the underlying asset is sold, matured or derecognised. Financial assets and liabilities classified as fair value through profit or loss are subsequently measured at fair value with the resulting changes recognised in profit or loss. Loans and receivables and other liabilities are subsequently carried at amortised cost using the effective interest method, less impairment loss.

Derecognition

Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or where the Bank has transferred substantially all the risks and rewards of ownership. Any interest in the transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability.

Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expired.

3.2. Fair value measurement

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

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

The principal or the most advantageous market must be accessible by the Bank.

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

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). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

For complex instruments such as swaps, the Bank uses proprietary models, which are usually developed from recognised valuation models. Some or all of the inputs into these models may be derived from market prices or rates or are estimates based on assumptions.

The value produced by a model or other valuation technique may be adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors that market participants take into account when entering into a transaction. Management believes that these valuation adjustments are necessary and appropriate to fairly stated financial instruments carried at fair value on the statement of financial position.

Day 1 profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a Day 1 profit or loss) in Net trading income. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the profit or loss when the inputs become observable, or when the instrument is derecognised.

3.3. Cash and cash equivalents

For the purposes of the statement of cash flows cash and cash equivalents comprise cash on hand, cash and balances with other banks and amounts due from banks and other financial institutions with an original maturity of three months or less.

3.4. Property and equipment

Recognition and measurement

Property and equipment are measured at cost less accumulated depreciation and impairment losses. The Bank does not depreciate the land component of its properties.

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, and any other costs directly attributable to bringing the asset to a working condition for its intended use purchased software that is integral to the functionality of the related equipment and is capitalised as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components).

The Bank performs a revaluation of its land and buildings every five (5) years using an independent valuer to ensure that the fair value does not differ significantly from its carrying amount.

Assets classified as Capital Work-In-Progress is held at cost. Assets in this class of property and equipment are not depreciated. On completion, the asset is transferred to the relevant asset category and depreciation starts in the month of transfer.

Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in the profit or loss as incurred.

Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The depreciation rates applicable to property and equipment assets are follows

Land	-
Buildings	2%
Motor vehicles	20%
Furniture and fittings	20%
Furniture and fittings of residence	20%
Office equipment	20%
Electric Installations	20%
Office partitioning	25%
Computers and accessoires	33 1/3%

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Gains and losses on disposal of property and equipment are determined by comparing proceeds from disposal with the carrying amounts of property and equipment and are recognised in the profit or loss as other income.

3.5. Other intangible assets

Other intangible assets that are acquired by the Bank and have finite useful lives are recognised at costs less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenses excluding expenses on internally generated goodwill and brands is recognised in profit and loss as incurred.

Amortisation is based on the cost of the asset less its residual value.

Amortisation is recognised in profit and loss on a straight-line basis over the lifespan of the asset. The estimated remaining useful life is three (3) years.

3.6. Events after the reporting date

Events after the reporting period contains requirements for when events after the end of the reporting period should be adjusted in the financial statements. Adjusting events are those providing evidence of conditions existing at the end of the reporting period, whereas non-adjusting events are indicative of conditions arising after the reporting period (the latter being disclosed where material).

3.7. 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.

Financial guarantees are initially recognised at their fair value, and the fair value is amortised over the life of the financial guarantee. The financial guarantees are subsequently carried at the higher value of the amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable).

3.8. Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit or loss when they are due.

Long service award

Provisions are made by the Bank for long service award described as separation allowances. The long services award is a month's salary of a staff for every 2 years worked. The provision is done using the Projected Unit Credit Method. The Bank appoints the services of an actuary every five (5) years in the determination of the Long service award. Within the 5-year period, the obligation is assessed internally by the Bank.

Termination benefits

Termination benefits are recognised as an expense when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Bank has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.9. Impairment on non-financial assets

The carrying amount of the Bank's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset. Impairment losses are recognised in the profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10. Leases

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Bank as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Bank's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3.11. Fees and commissions

Fees and commission income and expenses that are an integral part of the effective interest rate on financial instruments are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement and arrangement fees and syndication fees are recognised as the related services are performed.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

3.12. Collateral repossessed

The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at their fair value. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Bank's policy in its normal course of business, the Bank does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the statement of financial position.

4. Critical judgements and estimates in applying the Bank's accounting policies

The preparation of financial statements in conformity with IFRS requires Management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

Impairment losses on loans and advances

The Bank reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the statement of profit or loss and other comprehensive income.

Going concern

The Bank's Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Business model assessment

Classification and measurement of financial assets depends on the results of the Solely Payment of Principal and Interest (SPPI) and the business model test. The Bank determines the business model at a level that reflects how Banks of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Bank monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Significant increase of credit risk

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

Creation of groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are Banked on the basis of shared risk characteristics. Refer to note 8 for details of the characteristics considered in this judgement

The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that class of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

Models and assumptions used: The Bank uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Key sources of estimation uncertainty

The following are key estimations that the directors have used in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward looking information relevant to each scenario: When measuring ECL the Bank uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Refer to note 3 for more details, including analysis of the sensitivity of the reported ECL to changes in estimated forward looking information.

Probability of default (PD): (PD) constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. See note 3 for more details, including analysis of the sensitivity of the reported ECL to changes in PD resulting from changes in economic drivers.

Loss Given Default (LGD): LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. See note 3 for more details, including analysis of the sensitivity of the reported ECL to changes in LGD resulting from changes in economic drivers.

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

4.1. Financial risk management

4.1.1. Introduction and Overview

The Bank has a risk appetite, approved by the Board of Directors, which expresses the level of risk the Bank is prepared to take. It plays a central role in the development of the Bank's strategic plans and policies. Its overall risk appetite has not changed. The Bank regularly assesses its overall risk profile, performs stress test and monitors concentrations to ensure that it is operating within its approved risk appetite.

The Bank reviews and adjusts its underwriting standards and limits in line with observed and anticipated changes in its environment and the evolving expectations of its stakeholders. It has maintained its general prudence while continuing to support its major customers.

Risk management is at the heart of its business. One of the main risks it incurs comes from granting credit to its customers through its trading and lending operations. Beyond credit risk, it is also exposed to a range of other types of risk, such as cross-border, market, liquidity, operational, pension, reputational and other risks inherent in its strategy and product range.

4.1.2. Risk Management Framework

The ultimate responsibility for setting our risk appetite and for the effective management of risk rests with the Board. Acting within an authority delegated by the Board, the Board Risk Committee (BRC), whose membership is comprised exclusively of non-executive directors of the Board, has responsibility for oversight and review of prudential risks including but not limited to credit, market, and liquidity, operational and reputational. It reviews the bank's overall risk appetite and makes recommendations thereon to the Board.

Its responsibilities also include reviewing the appropriateness and effectiveness of the country's risk management systems and controls, considering the implications of material regulatory change proposals, ensuring effective due diligence on monitoring the activities of the Country Risk Committee (RiskCO) and Asset and Liability Committee (ALCO).

The BRC receives quarterly reports on risk management, including portfolio trends, policies and standards, liquidity and capital adequacy, and is authorised to investigate or seek any information relating to an activity within its terms of reference.

The Risk Committee (RiskCo) is responsible for the management of all risks other than ALCO. RiskCo is responsible for the establishment of, and compliance with, policies relating to credit risk, market risk, operational risk, and reputational risk. The RiskCo also defines our overall risk management framework. RiskCo oversees committee such as Country Operational Risk Committee, Group Special Asset Management, Early Alert (CIB, RB and CB), and Credit Approval Committee.

ALCO is responsible for the management of capital and the establishment of, and compliance with, policies relating to statement of financial position management, including management of liquidity, capital adequacy and structural foreign exchange and interest rate risk.

Credit risk is the risk that a customer or counterparty will default on their contractual obligations resulting in financial loss to the Bank. The Bank's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers and other banks (including related commitments to lend such as loan or credit card facilities), investments in debt securities and derivatives that are an asset position. The Bank considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

Credit risk management

The Bank's Credit Committee is responsible for managing the Bank's credit risk by:

Ensuring that the Bank has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Bank's stated policies and procedures, IFRS and relevant supervisory guidance.

Identifying, assessing and measuring credit risk across the Bank, from an individual instrument to a portfolio level.

Creating credit policies to protect the Bank against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.

Limiting concentrations of exposure by type of asset, counterparties, industry, credit rating, geographic location etc.

Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.

Developing and maintaining the Bank's risk grading to categorise exposures according to the degree of risk of default. Risk grades are subject to regular reviews.

Developing and maintaining the Bank's processes for measuring ECL including monitoring of credit risk, incorporation of forward looking information and the method used to measure ECL.

Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk and to account for ECL. Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.

The internal audit function performs regular audits making sure that the established controls and procedures are adequately designed and implemented.

Significant increase in credit risk

As explained in note 1 the Bank monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

Internal credit risk ratings

In order to minimize credit risk, the Bank has tasked its Credit Management Committee to develop and maintain the Bank's credit risk grading to categories exposures according to their degree of risk of default. The Bank's credit risk grading framework comprises ten categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades also changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade is updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure. The following data are typically used to monitor the Bank's exposures:

- Payment record, including payment ratios and ageing analysis;
- Extent of utilization of granted limit;
- Forbearances (both requested and granted);
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies;
- For private sector exposures: internally generated data of customer behaviour, affordability metrics etc.; and
- For public sector exposures: information obtained by periodic review of customer files including audited financial statements review, market data such as prices of credit default swaps (CDS) or quoted bonds where available, changes in the financial sector the customer operates etc.

The Bank uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Bank collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed.

The table below provides a mapping of the Bank's internal credit risk grades to external ratings.

Bank's credit risk grades	Fitch rating	Description
1	AAA	Low to fair risk
2	AA+ to AA	Low to fair risk
3	A+ to A	Low to fair risk
4	BBB+ to BBB	Monitoring
5	BB+ to BB	Monitoring
6	B+ to B	Monitoring
7	CCC+	Substandard
8	CCC	Substandard
9	CC+ to CC-	Doubtful
10	C, D	Impaired

Significant increase in credit risk

The Bank analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include macro-economic data such as GDP growth, unemployment, benchmark interest rates and house prices. The Bank generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Bank then uses these forecasts, which are probability-weighted, to adjust its estimates of PD-

Incorporation of forward-looking information

The Bank uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL (Refer to note 8 for measurement of ECL). The Bank employs experts who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Bank applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Bank for strategic planning and budgeting. The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Bank has not made changes in the estimation techniques or significant assumptions made during the reporting period.

Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. In performing this grouping, there must be sufficient information for the group to be statistically credible. The grouping of financial instruments for assessment of credit loss provisions on a collective basis is based on the industry sectors of the exposures. Stage 2 and Stage 3 loans are however assessed individually.

Measurement of ECL

The key inputs used for measuring ECL are:

- Probability of Default (PD);
- Loss Given Default (LGD); and
- Exposure at Default (EAD).

As explained above these figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information. PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time.

The calculation is based on statistical rating models and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due, and those that the lender would expect to receive, taking into account cash flows from any collateral.

The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross- collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims.

The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan. EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

The Bank's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default.

The Bank uses EAD models that reflect the characteristics of the portfolios. The Bank measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice. However, for financial instruments such as revolving credit facilities that include both a loan and an undrawn commitment component, the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period.

For such financial instruments the Bank measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period.

However, the Bank does not enforce in the normal day-to-day management the contractual right to cancel these financial instruments. This is because these financial instruments are managed on a collective basis and are cancelled only when the Bank becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Bank expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment.

4.1.3. Risk limit control and mitigation policies

The Bank manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and banks, and to industries and countries.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or banks of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary.

Limits on the level of credit risk by product and industry sector are approved quarterly by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Lending limits are reviewed in the light of changing market and economic conditions and periodic credit reviews and assessments of probability of default.

Some other specific control and mitigation measures are outlined below:

a. Collateral

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties.
- Charges over business assets such as premises, inventory and accounts receivable.
- Charges over financial instruments such as debt securities and equities.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss the Bank will seek additional collateral from the counterparty as soon as impairment indicators are identified for the relevant individual loans and advances.

b. Financial covenants (for credit related commitments and loan books)

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards (often referred to as financial covenants).

The Bank monitors the term to maturity of credit commitments because longer- term commitments generally have greater degrees of credit risk than shorter-term commitments

4.1.4. Maximum exposure to credit risk before collateral held or other credit enhancements

The Bank's maximum exposure to credit risk is represented by the gross carrying amounts of the financial assets with the exception of financial and other guarantees issued by the Bank for which the maximum exposure to credit risk is represented by the maximum amount the Bank would have to pay if the guarantees are called on. The financial assets are categorised by the industry sectors of the Bank's counterparties.

Loans and advances to customers form 78.89% of the total maximum exposure; 8.45% represent investments in short term and 12.66% represent balances with banks, placements, and other assets.

The following table breaks down the Bank's credit exposure at carrying amounts (without taking into account any collateral held or other credit support), as categorised by the industry sectors of the Bank's counterparties.

On-balance sheet

At 31 December 2023	Loans and advances	Equity at FVTPL	Debt instruments at FVTOCI	Short term funds	Financial assets at amortised cost	Total
	UA	UA	UA	UA	UA	UA
Power / energy	164,533,605	-	-	-	-	164,533,605
Communication	29,357,488	-	-	-	-	29,357,488
Infrastructure / transport	281,089,614	-	-	-	-	281,089,614
Agriculture and rural development	53,143,760	-	-	-	-	53,143,760
Water supply and sanitation	17,885,511	-	-	-	-	17,885,511
Finance& industry	410,523,809	-	-	-	218,913,116	629,436,925
Multi-sector & social/health	148,065,090	-	-	-	-	148,065,090
Equity and debt instruments	-	4,233,613	50,209,705	-	-	54,443,318
Other assets	-	-	-	22,149,959		22,149,959
Total	1,104,598,877	4,233,613	50,209,705	22,149,959	218,913,116	1,400,105,269
Allowance for credit losses of Assets	(38,334,246)	(155,787)	-	-	(1 170 742)	(39,660,775)
Net carrying amount	1,066,264,631	4,077,826	50,209,705	22,149,959	217,742,374	1,360,444,494

At 31 December 2022	Loans and advances	Equity at FVTPL	Debt instruments at FVTOCI	Short term funds	Financial assets at amortised cost	Total
	UA	UA	UA	UA	UA	UA
Power / energy	165,915,316	-	-	-	-	165,915,316
Communication	31,343,044	-	-	-	-	31,343,044
Infrastructure / transport	302,942,208	-	-	-	-	302,942,208
Agriculture and rural development	23,205,930	-	-	-	-	23,205,930
Water supply and sanitation	23,102,922	-	-	-	-	23,102,922
Industry	49,687,755	-	-	-	-	49,687,755
Finance	313,223,771	-	-	-	200,475,816	513,699,587
Multi-sector & social/health	24,798,668	-	-	-	-	24,798,668
Equity and debt instruments	-	4,233,613	46,609,188	-	-	50,842,801
Other assets	-	-	-		12,592,067	12,592,067
Total	934,219,614	4,233,613	46,609,188	12,592,067	200,475,816	1,198,130,298
Allowance for credit losses of Assets	(33,493,375)	-	-	-	(1,583,252)	(35,076,627)
Net carrying amount	900,726,239	4,233,613	46,609,188	12,592,067	198,892,564	1,163,053,671

4.1.5. Credit Quality

The Bank manages the credit quality of its financial assets using internal credit ratings. It is the Bank's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Bank's rating policy. The attributable risk ratings are assessed and updated regularly.

The credit quality of the Bank's loans and advances are categorized as follows:

Stage 1 Loans and advances

These are loans and advances that have not deteriorated significantly in credit quality since initial recognition, or that have low credit risk (where the optional simplification is applied) at the reporting date. They are considered ''performing'' credits and are rated from 1 to 8 in the Bank's internal credit risk grading system.

Stage 2 Loans and advances

These are loans and advances that have deteriorated significantly in credit quality since initial recognition but do not have objective evidence of a credit loss event. These are considered ''the Watch List Credit'' in the Bank's internal credit risk grading system and are rated 9.

Stage 3 Loans and advances

These are loans and advances that have objective evidence of a credit loss event. Stage 3 allocation is driven by either the identification of credit impairment or an exposure being classified as defaulted. These loans are considered "non-performing" in the Bank's internal credit risk grading system and are rated 9 or 10.

All loans and advances are categorized as follows in the comparative period:

Neither past due nor impaired

These are loans and securities where contractual interest, or principal payments are not past due.

Past due but not impaired

Loans and securities where contractual interest or principal payments are past due but the Bank believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Bank.

Impaired loans and securities

Impaired loans and securities are loans and securities for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s). These are loans and securities specifically impaired.

Loans with renegotiated terms

The contractual terms of a loan may be modified for a number of reasons including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. The Bank renegotiates loans to customers to maximise collection opportunities and minimise the risk of default. The revised terms of renegotiated facilities usually include extended maturity, changing timing of interest payments and amendments to the terms of the loan agreement. There are two loans (Engineers & Planners Cie LT Dand Fidelis Finance) with renegotiated terms as at 31 December 2023 .

Impairment assessment under IFRS 9

The Bank assesses its impairment for the purpose of IFRS reporting using the 'forward-looking' Expected Credit Loss (ECL) model in line with provisions of IFRS 9 - Financial Instruments.

The Bank records an allowance for expected losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset.

The measurement of expected credit losses is based on the product of the instrument's probability of default (PD), loss given default (LGD), and exposure at default (EAD), discounted to the reporting date using the effective interest rate.

The ECL model has three stages. The Bank recognises a 12-month expected loss allowance on initial recognition (stage 1) and a lifetime expected loss allowance when there has been a significant increase in credit risk since initial recognition (stage 2). Stage 3 requires objective evidence that an asset is credit-impaired and then a lifetime expected loss allowance is recognised.

The Bank writes off a loan / security balance (and any related allowances for impairment losses) when the Credit Department determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Credit Risk Exposure

An analysis of the Bank's credit risk exposure per class of financial asset, internal rating and "stage" without taking into account the effects of any collateral or other credit enhancements is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
At 31-December-2023	12-month ECL	Lifetime ECL	Lifetime ECL		
Grades 1-3: Low to fair risk	1,023,912,121	-	-	-	1,023,912,121
Grades 4-5: Monitoring	-	17,406,130	-	-	17,406,130
Grades 6-8: Substandard	-	-	-	-	0
Grade 9: Doubtful	-	-	-	-	0
Grades 9-10: Impaired	-	-	63,280,626	-	63,280,626
Gross carrying amount	1,023,912,121	17,406,130	63,280,626	-	1,104,598,877
Loss allowance	(732,403)	(965,001)	(36,636,842)	-	(38,334,246)
Carrying amount	1,023,179,718	16,441,129	26,643,784	-	1,066,264,631

Placements with other banks	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
At 31-December-2023	12-month ECL	Lifetime ECL	Lifetime ECL		
Grades 1-3: Low to fair risk	118,348,119	-	-	-	118,348,119
Grades 4-5: Monitoring	-	-	-	-	-
Grades 6-8 : Substandard	-	-	-	-	-
Grade 9 : Doubtful	-	-	-	-	-
Grades 9-10 : Impaired	-	-	-	-	-
Gross carrying amount	118,348,119	-	-	-	118,348,119
Loss allowance	(1,170,742)	-	-	-	(1,170,742)
Carrying amount	117,177,377	-	-	-	117,177,377

Loans and advances	
At 31-December-2023	UA
Neither past due nor impaired	1,023,912,121
Past due but not impaired	17,406,130
Impaired	63,280,626
Gross amounts	1,104,598,877
Collective of assets	(38,334,246))
Net amounts	1,066,264,631

Loans and advances At 31-December-2022	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total
Grades 1-3: Low to fair risk	849,009,642	-	-	-	849,009,642
Grades 4-5: Monitoring	-	45,223,251	-	-	45,223,251
Grades 6-8: Substandard	-	-	-	-	-
Grade 9: Doubtful	-	-	-	-	-
Grades 9-10: Impaired	-	-	39,986,720	-	39,986,720
Gross carrying amount	849,009,642	45,223,251	39,986,720	-	934,219,613
Loss allowance	(2,374,926)	(3,030,415)	(28,088,034)	-	(33,493,375)
Carrying amount	846,634,716	42,192,836	11,898,686	-	900,726,238

Placements with other banks At 31-December-2022	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total
Grades 1-3: Low to fair risk	161,273,191	-	-	-	161,273,191
Grades 4-5: Monitoring	-	-	-	-	-
Grades 6-8 : Substandard	-	-	-	-	-
Grade 9 : Doubtful	-	-	-	-	-
Grades 9-10 : Impaired	-	-	-	-	-
Gross carrying amount	161,273,191	-	-	-	161,273,191
Loss allowance	(1,583,252)	-	-	-	(1,583,252)
Carrying amount	159,689,939	-	-	-	159,689,939

Loans and advances At 31-December-2022	UA
Neither past due nor impaired	849,009,642
Past due but not impaired	45,223,251
Impaired	39,986,720
Gross amounts	934,219,613
Collective of Assets	(33,493,375)
Net amounts	900,726,238

Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between 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 : There were no changes to inputs in the period;
- Additional allowances for new financial instruments recognised during the period as well as releases for financial instruments derecognised during the period; There were no changes to inputs in the period
- Impact on the measurement of ECL due to changes in PD’s, EAD’s and LGD’s in the period, arising from regular refreshing of inputs to models; There were no changes to inputs in the period.
- Impacts on the measurement of ECL due to changes made to models and assumptions; There was no change in the model or assumptions in the period
- Discount unwind within ECL due to passage of time, as ECL is measured on a present value basis;
- Foreign exchange translations for assets denominated in foreign currencies and other movements; and

- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

The tables below analyse the movement of the loss allowance during the year per class of assets. Loss allowance - loans and advances to customers at amortised cost

2023	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
At 1 January 2023	(2,374,926)	(3,030,415)	(28,088,034)		(33,493,375)
Movements with P&L impact:					
Transfers:					
Transfers from Stage 1 to Stage 2	-	-	-	-	-
Transfers from Stage 2 to Stage 3	-	1,299,007	(1,299,007)	-	-
Transfers from Stage 2 to Stage 1	-	-	-	-	-
Increases/(decreases) due to change in credit risk	1,678,189	766,407	(7,249,801)	-	(4,805,205)
Additional allowance for new financial assets originated	(35,666)	-	-	-	(35,666)
Total net P&L charge of Assets	**1,642,523**	**2,065,414**	**(8,548,808)**	**-**	**(4,840,871)**
At 31 December 2023	**(732,403)**	**(965,001)**	**(36,636,842)**		**(38,334,246)**
Loss allowance of undrawn commitments (off-balance sheet) as at 1 January 2023	(300,000)	-	-	-	(300,000)
Total net P&L charge on undrawn commitments	(66,749)	-	-	-	(66,749)
Loss allowance of undrawn commitments (off-balance sheet) at 31 December 2023	(366,749)	-	-	-	(366,749)
Loss allowance at 31 December 2023	**(1,099,152)**	**(965,001)**	**(36,636,842)**	**-**	**(38,700,995)**

Significant changes in the gross carrying amount of financial assets that contributed to the changes in the loss allowance are as follows:The structured paydown of a significant portion of stage 1 loans and advances to customers which resulted in a decrease in the gross loan book and the loss allowance on stage 2 loans and advances.

More information about the significant changes in the gross carrying amount of financial assets during the period that contributed to changes in the loss allowance, is provided at the table below:

Gross carrying amount - Loans and advances at amortised cost

2022	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
Loss allowance at 1 January 2022	(2,496,315)	(3,067,989)	(21,117,704)		(26,682,008)
Movements with P&L impact:					
Transfers:					
Transfers from Stage 1 to Stage 2	-	-	-	-	-
Transfers from Stage 1 to Stage 3	-	-	-	-	-
Transfers from Stage 2 to Stage 1	-	-	-	-	-
Increases/(decreases) due to change in credit risk	121,389	37,574	(6,970,330)	-	(6,785,697)
Additional allowance for new financial assets originated	-	-	-	-	-
Total net P&L charge of Assets	121,389	37,574	(6,970,330)	-	(6,811,367)
Loss allowance of Assets at 31 December 2022	(2,374,926)	(3,030,415)	(28,088,034)		(33,493,375)
Loss allowance of undrawn commitments (off-balance sheet)	(300,000)	-	-	-	(300,000)
Loss allowance at 31 December 2022	(2,674,926)	(3,030,415)	(28,088,034)		(33,793,375)

Credit Collateral

The Bank holds collateral against loans and advances to customers in the form of cash, treasury bills/certificates, stock and shares of reputable quoted companies, legal mortgages, debentures and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and updated periodically.

Collateral generally is not held over placements with other Banks, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral is usually also not held against investment securities.

Other collateral are mainly domiciliation of payments (sales, invoices, salaries, allowances and terminal benefits), lien on shipping documents, corporate guarantees and similar collaterals.

Other financial assets comprising cash and bank balances (including balances with the central bank), investment securities and accounts receivable are not secured. The Bank's investment in government securities as well as balances held with other Banks are not considered to require collaterals given their sovereign nature.

Liquidity Risk

The Bank defines liquidity risk as the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

It is the policy of the Bank to maintain adequate liquidity at all times, and for all currencies. Hence the Bank aims to be in a position to meet all obligations, to repay depositors, to fulfil commitments to lend and to meet any other commitments.

A substantial portion of the Bank's assets are funded by Member States contributions and debentures/ borrowings issued by the banks. These are widely diversified by type and maturity, and they represent a stable source of funds. Lending is normally funded by liabilities in the same currency.

An analysis of various maturities (undiscounted) of the Bank's financial assets and financial liabilities is provided below.

Maturities of financial assets and financial liabilities

2023

	3-6 months	6-12 months	1- 5 Years	Over 5 Years	December 2023
Assets	UA	UA	UA	UA	UA
Cash and bank balances	74,395,077	-	-	26,193,990	100,590,067
Financial assets measured at amortised cost	117,177,377	-	-	-	117,177,377
Equity and debt investments	4,077,826	-	50,209,705	-	54,287,531
Loans and advances	71,841,940	176,663,207	529,608,727	288,150,757	1,066,264,631
Other assets	12,995,039	3,661,968	5,492,952	-	22,149,959
Total assets	**280,487,259**	**180,325,175**	**585,311,384**	**314,345,747**	**1,360,469,565**
Liabilities					
Other liabilities	46,345,470	-	3,756,351	54,275,976	104,377,798
Net employee defined benefit liabilities	-	910,884	1,214,512	3,947,164	6,072,560
Borrowings	48,917,431	58,405,985	540,255,848	228,861,044	876,440,308
Total liabilities	**95,262,901**	**59,316,869**	**545,226,711**	**287,084,184**	**988,890,666**
Net gap	**185,224,358**	**121,008,305**	**40,084,672**	**27,261,563**	**373,578,899**

Timing buckets have been expanded to provide more useful information.

2022

	3-6 months	6-12 months	1- 5 Years	Over 5 Years	December 2022
Assets	UA	UA	UA	UA	UA
Cash and bank balances	17,177,707	-	-	22,044,116	39,221,823
Financial assets measured at amortised cost	159,689,939	-	-	-	159,689,939
Equity and Debt investments	4,077,826	-	46,764,975	-	50,842,801
Loans and advances	51,542,561	44,228,935	527,281,773	277,672,969	900,726,238
Other assets	3,382,067	9,210,000	-	-	12,592,067
Total assets	235,870,100	53,438,935	574,046,748	299,717,085	1,163,072,868
Liabilities					
Other liabilities	9,827,731	-	39,076,465	-	48,904,196
Net employee defined benefit liabilities	-	2,150,456	2,019,499	1,848,726	6,018,681
Borrowings	34,177,768	47,595,592	431,219,020	251,816,178	764,808,558
Total liabilities	44,005,499	49,746,048	472,314,984	253,664,904	819,731,435
Net gap	191,864,601	3,692,887	101,731,764	46,052,181	373,341,432

Timing buckets have been expanded to provide more useful information.

Categories of financial assets and financial liabilities

2023

Assets	Fair Value through Profit or Loss	Amortised Cost	Fair Value through Other Comprehensive income	Total Carrying Amount	Total Fair value Amount
	UA	UA	UA	UA	UA
Cash and bank balances	-	100,590,067	-	100,590,067	100,590,067
Other assets	-	22,149,959	-	22,149,959	22,149,959
Financial assets at amortised cost	-	117,177,377	-	117,177,377	117,177,377
Equity investment and debt instruments	4,077,826	10,617,954	39,591,751	54,287,531	51,573,154
Loans and advances	-	1,066,264,631	-	1,066,264,631	959,638,168
Total assets	**4,077,826**	**1,316,799,988**	**39,591,751**	**1,360,469,565**	**1,251,128,725**
Liabilities					
Other liabilities	-	104,377,798	-	104,377,798	104,377,798
Net employee defined benefit liabilities	6,072,560	-	-	6,072,560	6,072,560
Borrowings	-	876,440,307	-	876,440,307	832,618,292
Total liabilities	**6,072,560**	**980,818,105**		**986,890,665**	**943,068,650**

2022

Assets	Fair Value through Profit or Loss	Amortised Cost	Fair Value through Other Comprehensive income	Total Carrying Amount	Total Fair value Amount
	UA	UA	UA	UA	UA
Cash and bank balances	-	39,221,823	-	39,221,823	39,221,823
Other assets	-	3,382,067	9,210,000	12,592,067	12,592,067
Financial assets at amortised cost	-	159,689,939	-	159,689,939	159,689,939
Equity investment and debt instruments	4,233,613	11,017,758	35,591,430	50,842,801	48,300,661
Loans and advances	-	900,726,238	-	900,726,238	810,653,614
Total assets	**4,233,613**	**1,114,037,825**	**44,801,430**	**1 163,072,868**	**1,070,458,104**
Liabilities					
Other liabilities	-	48,904,197	-	48,904,197	48,904,197
Net employee defined benefit liabilities	6,018,681	-	-	6,018,681	6,018,681
Borrowings	-	764,808,558	-	764,808,558	726,568,130
Total liabilities	**6,018,681**	**813,712,755**	**-**	**819,731,436**	**781,491,008**

The Bank discloses the contractual expiry by maturity of the Bank's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.

Management of Market Risk

The Bank recognises market risk as the exposure created by potential changes in market prices and rates, such as interest rates, equity prices and foreign exchange rates. The Bank is exposed to market risk arising principally from customer driven transactions.

Market risk is governed by the Bank's Department of Risk Management (DRM) which is supervised by ALCO, and which agrees with policies, procedures and levels of risk appetite in terms of Value at Risk ("VaR"). The DRM provides market risk oversight and guidance on policy setting. Policies cover both the trading and non-trading books of the Bank. The non-trading book is defined as the Banking Book. Limits are proposed by the businesses within the terms of agreed policy.

The DRM also approves the limits within delegated authorities and monitors exposures against these limits. Additional limits are placed on specific instruments and currency concentrations where appropriate. Sensitivity measures are used in addition to VaR as risk management tools.

VaR models are back tested against actual results to ensure pre-determined levels of accuracy are maintained. The Bank's DRM complements the VaR measurement by regularly stress-testing Market Risk exposures to highlight potential risks that may arise from extreme market events that are rare but plausible. Stress-testing is an integral part of the Market Risk Management framework and considers both historical market events and forward-looking scenarios. Ad hoc scenarios are also prepared reflecting specific market conditions. A consistent stress-testing methodology is applied to trading and non-trading books.

Stress scenarios are regularly updated to reflect changes in risk profile and economic events. The DRM has responsibility for reviewing stress exposures and, where necessary, enforcing reductions in overall market risk exposure. It also considers stress-testing results as part of its supervision of risk appetite. The stress- testing methodology assumes that management action would be limited during a stress event, reflecting the decrease in liquidity that often occurs. Contingency plans are in place and can be relied on in place of any liquidity crisis. The Bank also has a Liquidity Crisis Management Committee which also monitors the application of its policies.

Foreign Exchange Exposure

The Bank's foreign exchange exposures comprise trading and non-trading foreign currency translation exposures. Foreign exchange exposures are principally derived from transactions. Concentration of UA's equivalence of foreign currency denominated assets and liabilities and off-statement of financial position items are disclosed below:

2023	USD	GBP	EURO	CFA	Others	2023
Assets	UA	UA	UA	UA	UA	UA
Cash and bank balances	90,189,481	-	2,194,203	8,206,383	-	100,590,067
Financial assets at amortised cost	83,708,476	-	-	33,468,901	-	117,177,377
Equity investment	31,817,490	-	711,765	21,758,276	-	54,287,531
Loans and advances	417,464,466	-	231,797,203	417,002,962	-	1,066,264,631
Other assets	13,504,344	-	4,597,153	4,048,462	-	22,149,959
Total assets	**636,684,257**	**-**	**239,300,324**	**484,484,984**	**-**	**1,360,469,565**
Liabilities						
Other liabilities	18,388,719	1,567,303	20,275,496	64,043,473	102,807	104,377,798
Borrowings	442,996,357	-	180,218,386	253,225,564	-	876,440,307
Total liabilities	**461,385,076**	**1,567,303**	**200,493,882**	**317,269,037**	**102,807**	**980,818,105**

2022						
	USD	GBP	EURO	CFA	Others	2022
Assets	UA	UA	UA	UA	UA	UA
Cash and bank balances	28,719,621	-	2,529,871	7,972,331	-	39,221,823
Financial assets at amortised cost	71,210,300	-	6,398,804	78,077,990	4,002,845	159,689,939
Equity investment	25,946,424	-	1,040,394	23,855,983	-	50,842,801
Loans and advances	403,855,895	-	147,306,711	349,563,632	-	900,726,238
Other assets	8,691,208	-	518,792	3,382,067	-	12,592,067
Total assets	**538,423,448**	**-**	**157,794,572**	**462,852,003**	**4,002,845**	**1,163,072,868**
Liabilities						
Other liabilities	3,853,376	1,504,318	11,991,549	31,445,047	109,907	48,904,197
Borrowings	381,219,786	-	117,733,232	265,855,540	-	764,808,558
Total liabilities	**385,073,162**	**1,504,318**	**129,724,781**	**297,300,587**	**109,907**	**813,712,755**

A change of a 100 basis points in foreign currency rates at the reporting date would have impacted equity and profit or loss by the amounts shown below:

2023	100 b p	100 b p
	Increase	Decrease
	UA	UA
Exchange Gain	48,274	(48,274)
Exchange Loss	71,214	(71,214)
Net impact	22,940	(22,940)

2022	100 b p	100 b p
	Increase	Decrease
	UA	UA
Exchange Gain	1,032,502	(1,032,502)
Exchange Loss	968,444	(968,444)
Net impact	64,058	(64,058)

Interest rate exposure

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by the Bank's DRA in its day-to-day monitoring activities.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100-basis point (bp) parallel fall or rise in market interest rates.

A change of a 100 basis points in interest rates at the reporting date would have impacted equity and profit or loss by the amounts shown below:

2023	100 b p Increase	100 b p Decrease
	UA	UA
Interest income impact	649,804	(649,804)
Interest expense impact	(433,638)	433,638
Net impact	216,166	(216,166)

2022	100 b p Increase	100 b p Decrease
	UA	UA
Interest income impact	461,673	(461,673)
Interest expense impact	(301,498)	301,498
Net impact	160,175	160,175

5. Capital Management

Stated capital

The Bank's capital is analysed into two tiers:

- Tier 1 capital, which includes Member States' capital contribution, other stakeholders' contribution, income surplus/retained earnings, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes qualifying subordinated liabilities.

The Bank did not have any tier 2 capital during the period under review.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the bank or Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank's capital position at 31 December was as follows:

	2023	2022
	UA	UA
Stated Capital	373,884,347	357,653,410
Income surplus	9,691,101	3,993,385
Revaluation Reserve	8,727,129	3,124,274
Total Equity (Tiers 1)	392,302,577	364,771,069

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes.

The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation and is subject to review by the Bank's ALCO.

The Board of Directors reviews the Bank's policies in respect of capital management and allocation regularly.

Risk-weighted assets

	2023	2022
	UA	UA
Credit risk	1,066,264,631	900,726,238
Market risk	-	-
Operational risk	3,343,741	2,672,152
Total risk-weighted assets	1,069,608,372	903,398,390
Total capital expressed as a percentage of total risk-weighted assets	36.68%	40.38%

6. Contingencies

a. Contingencies

	2023	2022
	UA	UA
Undrawn commitments	847,056,139	813,447,100
Letters of credit	116,766,755	56,925,548
Total	963,822,894	870,372,648

These relate to undisbursed loan amounts held by the Bank on request by customer for disbursement.

6.b Provisions on contingencies

	2023	2022
	UA	UA
Provisions on undrawn Commitments	(366,749)	(300,000)

These relate to undisbursed loan amounts held by the Bank on request by customer for disbursement.

7. Fair value categorisation of financial instruments

Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained below.

Valuation governance

The Bank's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of the Bank including the risk and finance functions. The responsibility of ongoing measurement resides with the business and product line divisions.

Once submitted, fair value estimates are also reviewed and challenged by the Risk and Finance functions. The independent price verification process for financial reporting is ultimately the responsibility of the Treasury Division within Finance which reports to the Director of Finance.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in fair value hierarchy, into which the fair value measurement is categorised.

2023	Level 1	Level 2	Level 3	Total
	UA	UA	UA	UA
Debt and equity instruments	4,077,826	50,209,705	-	54,287,531
Total at 31 December 2023	4,077,826	50,209,705	-	54,287,531

2022	Level 1	Level 2	Level 3	Total
	UA	UA	UA	UA
Debt and equity instruments	4,233,613	46,609,188	-	50,842,801
Total at 31 December 2022	4,233,613	46,609,188	-	50,842,801

Valuation techniques

Equity instruments

The fair value of the instrument classified as Level 1 (see above) was derived from quoted prices for that financial instrument. The fair value of the instruments classified as Level 2 (see above) was calculated using the discounted cash flow method. Risk fee rate adjusted by credit risk was used for discounting future cash flows. There are currently no investments classified under Level 3.

Government debt securities

Government debt securities are financial instruments issued by sovereign governments and consists mainly of long-term bonds with either fixed or floating rate interest payments. When active market prices are not available, the Bank uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yield outside the range of active market trading, in which instances the Bank classifies those securities as Level 2.

Fair value of financial instruments not measured at fair value.

Set out below is a comparison, by class, of the carrying amounts and fair values of the Bank's financial instruments that are not carried at fair value in the financial statements. This table does not include the value of non-financial assets and non-financial liabilities.

31 December 2023				Fair value
Financial assets:	Level 1	Level 2	Level 3	Total
Equity investments	4,077,826	50,209,705	-	54,287,531
Total financial assets	4,077,826	50,209,705	-	54,287,531

31 December 2022				Fair value
Financial assets:	Level 1	Level 2	Level 3	Total
Equity investments	4,233,613	46,609,188	0	50,842,801
Total financial assets	4,233,613	46,609,188	0	50,842,801

8. Interest income

The total interest income calculated using the Effective Interest Rate method is as below

	2023	2022
	UA	UA
Interest on loans and advances	55,212,535	38,526,962
Interest on fixed deposits	8,658,649	4,606,871
Interest on delayed loan payments	597,328	62,573
Interest on Government bonds	141,635	2,970,871
Total	64,610,147	46,167,277

9. Interest expense

The total interest expense is calculated using the EIR method for financial liabilities measured at amortised cost.

	2023	2022
	UA	UA
Interest on borrowings	26,678,460	17,275,138
Interest on debentures	16,685,361	12,874,632
Total interest expense	43,363,821	30,149,770

10.a Fees and commission income

	2023	2022
	UA	UA
Commitment charges	3,626,726	2,118,730
Service charges	2,822,104	123,947
Commission fees[1]	1,145,525	4,697,810
Total fee and commission income from contract with customers	7,594,355	6,940,487

[1] Relates to processing fees charged on loans disbursed to customers.

10.b Trading income

	2023	2022
	UA	UA
Fees from letters on credit transactions	1,263,265	1,223,514

11. Fees and commissions expense

	2023	2022
	UA	UA
Commission expense[2]	2,961,533	1,391,270

[2] Fees and commissions charged on borrowings.

12. Other income/ (expenses)

	2023	2022
	UA	UA
Miscellaneous income[3]	3,239,294	594,211
Recovery on written-off loans	1,972,919	1,080,182
Dividend income	1,017,429	-
(Gain)/loss on disposal of property and equipment	239,107	(8,458)
Rental operating income (Note 12.1)	94,416	112,874
Net foreign exchange (loss)/gain	(608,756)	30,076
(Loss)/gain on foreign currency translation	(1,740,057)	6,405,767
Total	4,214,352	8,214,652

[3] Miscellaneous income relates to commissions on foreign transactions.

12.1 Rental income

The Bank leases an insignificant portion of its premises. The rental income relates to the various rentals earned during the year. The lease is for a one-year period, and there are no future minimum rental receivables as at the reporting date.

13. Other Operating Expenses

	2023	2022
	UA	UA
Studies and project evaluation	1,818,260	854,000
General expenses4	985,017	979,952
Official mission	898,386	1,010,659
Office repairs and maintenance	762,137	868,230
Conference expenses	502,008	531,873
Printing and office stationery	427,706	230,775
Post and telecommunication	165,076	177,032
Publicity and advertisement	134,500	123,434
Vehicle maintenance	69,004	66,788
Audit fees	67,656	67,648
Total	5,829,750	4,910,391

[4] General expenses relate to other expenses such as donations, end of year gifts, bank charges and annual subscriptions.

14. Cash and cash equivalents

	2023	2022
	UA	UA
Call deposits	61,478,250	6,005,976
Balances with other banks	39,086,747	33,196,650
Cash in hand	25,070	19,197
Total	100,590,067	39,221,823

15. Financial assets at amortised cost

	2023	2022
	UA	UA
Fixed deposits	117,177,377	159,689,939

15.1 Movement of financial assets at amortised cost

	2023	2022
	UA	UA
As at 1 January	159,689,939	81,320,439
(Redemption)/acquisition	(42,615,758)	77,010,315
Accrued interest	1,273,938	2,942,437
Impairment allowance	(1,170,742)	(1,583,252)
At 31 December	117,177,377	159,689,939

15.2 Impairment allowance on financial assets at amortised cost

	2023	2022
	UA	UA
As at 1 January	1,583,252	819,433
(Reversal)/charge for the year	(412,510)	763,819
At 31 December	1,170,742	1,583,252

16. Equity Investments

16.1. Quoted equity instruments at fair value through profit or loss

	2023	2022
	UA	UA
As at 1 January	4,233,613	3,821,837
(Loss)/gain on financial assets at fair value through profit or loss	(155,787)	411,776
At 31 December	4,077,826	4,233,613

Composition of quoted equity instruments at fair value through profit or loss

	2023	2022
	UA	UA
Quoted equity		
Ecobank Transnational Incorporated (ETI)	4,077,826	4,233,613
Total	4,077,826	4,233,613

Quoted equity instrument relates to the Bank's investment in Ecobank Transnational International.

16.2. Unquoted equity instruments at fair value through other comprehensive income

	2023	2022
	UA	UA
As at 1 January	35,591,430	31,119,593
Net gains on financial assets at fair value through other comprehensive income.	3,076,485	4,458,570
Additions	923,836	13,267
At 31 December	39,591,751	35,591,430

Composition of unquoted equity instruments at fair value through other comprehensive income:

	2023	2022
Unquoted	UA	UA
ASKY airlines	18,326 ,206	13,058,898
Oragroup	6,449,507	6,449,507
African Renewable Energy Fund (AREF)	6,142,005	7,214,344
Africa Food Security	3,243,768	2,712,924
Liberian Bank for Development and Investment (LBDI)	1,758,863	2,662,609
Caisse Regional de Refinancement Hipothecaire (CRRH)	1,364,993	1,301,435
Fidelis Finance	1,156,539	671,779
West African Emerging Markets Growth Fund (WAEMGF)	875,208	799,386
Fonds Africain d'Agriculture	174,662	620,548
AHL Mariott African	100,000	100,000
Total	39,591,751	35,591,430

16.3. Debt instruments at amortised cost

	2023	2022
	UA	UA
As at 1 January	11,017,758	1,946,451
Acquisition	3,756,547	9,071,307
Redemption	(4,156,351)	-
At 31 December	10,617,954	11,017,758

Composition of debt instruments at amortised cost

Debentures Acquired	2023	2022
	UA	UA
Togo debentures	6,861,603	11,017,758
Senegal debentures	3,756,351	
Total	10,617,954	11,017,758

17. Loans and advances

	2023	2022
	UA	UA
Loans granted to member states	2,092,013,334	1,936,840,102
Amounts not disbursed	(653,099,984)	(759,507,568)
Amounts disbursed	1,438,913,350	1,177,332,536
Repayments on principal	(366,513,739)	(269,609,452)
Sub-total	1,072,399,611	907,723,084
Accrued interests	32,199,266	26,496,529
Gross loans	1,104,598,,877	934,219,613
Allowance for impairment (Note 17.2)	(38,334,246)	(33,493,375)
Total	1,066,264,631	900,726,238

17.1. Credit loss expense on financial assets

	2023	2022
	UA	UA
Fixed deposits (Note 15.2)	(412,510)	763,819
Loans and advances (Note 17.2)	4,644,588	6,709,563
Undrawn commitments (off balance sheet liabilities) (Note 6b)	66,749	300,000
Net credit loss expense on financial assets	4,298,827	7,773,382

17.2. Total Impairment on gross loans and advances

	2023	2022
	UA	UA
As at 1 January	33,493,375	26,682,008
Staff loan fair value adjustment	196,283	101,804
Charge for the year	4,644,588	6,709,563
At 31 December	38,334,246	33,493,375

17.3. Maturity analyses of loans and advances

	2023	2022
PUBLIC SECTOR	**UA**	UA
More than two years but less than three years	**174,269,809**	132,931,822
More than three years but less than five years	**110,133741**	94,684,521
More than five years but less than ten years	**171,269,998**	151,643,870
More than ten years	**84,324,558**	80,016,518
TOTAL PUBLIC SECTOR	**539,998,106**	459,276,731
PRIVATE SECTOR		
More than two years but less than three years	**344,072,144**	215,758,078
More than three years but less than five years	**179,900,414**	208,394,437
More than five years but less than ten years	**21,604,156**	29,303,928
More than ten years	**19,024,058**	21,486,439
TOTAL PRIVATE SECTOR	**564,600,772**	474,942,882
TOTAL PUBLIC & PRIVATE SECTOR	**1,104,598,878**	934,219,613

17.4. Economic sector analyses of loans

The distribution of outstanding loans at 31 December were as follows:

	2023	2022
PUBLIC SECTOR	**UA**	UA
Power / energy	**140,086,737**	141,458 ,096
Communication	**16,077,236**	16,798,754
Infrastructure / transport	**232,875,942**	221,844,267
Agriculture and rural development	**53,143,760**	19,170,352
Water supply and sanitation	**17,810,663**	16,718,985
Finance & industry	**7,721,449**	12,179,957
Multi-sector & social/health	**53,017,526**	18,232,234
TOTAL PUBLIC SECTOR	**520,733,313**	446,402,645
PRIVATE SECTOR		
Power / energy	**24,460,550**	24,457,219
Communication	**13,280,252**	14,544,290
Infrastructure / transport	**48,213,672**	81,097,941
Water supply and sanitation	**-**	12,950,369
Finance & industry	**402,788,679**	350,731,569
Multi-sector & social/health	**95,122,412**	4,035,578
TOTAL PRIVATE SECTOR	**583,865,565**	487,816,966
TOTAL PUBLIC & PRIVATE SECTORS	**1,104,598,878**	934,219,611

(iii) Key ratios on loans and advances:

a. Loans loss ratio is 3.47% (2022: 3.59%)

b. Non-Performing loan ratio (NPL) is 5.73% (2022: 4.28%)

c. Ratio of fifty (50) largest exposures (gross funded and non-funded) to total exposures is 75.41% (2022: 76.68%)

d. Loan/borrowing ratio 1.26 (2022: 1.22)

18. Other assets

	2023	2022
	UA	UA
Special fund for telecommunication	8,621,052	8,691,208
Prepayments	1,925,966	1,678,474
Stock of debentures fees	2,435,514	1,119,178
Organisation de la francophone (OIF)	533,868	518,792
Staff receivables	573,431	305,385
Sundry debtors	7,945,112	177,781
Stationnery and consumables	98,053	98,821
Suppliers (advance payments)	16,963	-
Community Computer Center	-	2,428
Total	22,149,959	12,592,067

18.1 Prepayments

PREPAID	2023	2022
	UA	UA
Expenses prepaid	1,146,133	942,475
Rent prepaid	11,553	22,520
Insurance prepaid	768,280	713,479
TOTAL	1,925,966	1,678,474

18.2 Sundry debtors

	2023	2022
	UA	UA
Afreximbank debt service reserve	3,224,561	-
ITFC	2,549,669	-
Societe des ciments du golfe(scg) frais juridiques	1,972,919	-
Asky debtors	68,418	49,451
Brown card fund	57,979	51,432
Deposit and guarantees	54,229	67,726
Agence francaise d'expertise tech. Intern.(afeti)	10,111	-
Faber-biocarbirants debtors	7,226	7,061
Project preparation and development unit (P. P. D. U)	-	2,111
Total	7,945,112	177,781

19. Property and Equipment

	Land	Buildings	Vehicles	Furniture & fittings offices	Equipment & office machine	Electric installations	Furniture & fittings of residences	Office partitioning	IT equipment	Work in progress	Total
Cost	UA	UA	UA	UA	UA	UA	UA	UA	UA	UA	UA
At 1 January 2023	11 ,963,844	20,681,843	1,197,093	1,399,083	1,262,725	2,366,407	296,625	4,133,099	2,216,241	2,356,509	47,873,469
Additions		-	-	9,044	54,319	26,370	17,923	20,588	456,683	441,359	1,026,286
Disposals	(3,379,180)	-	-	(4,712)	-	-	(300)	(65,001)	(12,622)	-	(3,461,815)
Transfers	(1,972,919)	143,160	-	-	-	-	-	53,826	-	(196,986)	(1,972,919)
Revaluation	4,987,492	7,463,296	-	-	-	-	-	-	-	-	12,450,788
At 31 December 2023	11,599,237	28,288,299	1,197,093	1,403,415	1,317,044	2,392,777	314,248	4,142,512	2,660,302	2,600,882	55,915,809
Depreciation											
At 1 January 2023	-	7,112,645	829,151	1,352,099	1,163,381	2,348,032	188,373	4,028,042	2,173689	-	19,195,412
Charge for the year	-	427,723	167,235	24,167	76,921	12,338	36,412	112,097	49,464	-	906,357
Disposal	-	-	-	(4,712)	-	-	(140)	(65,001)	(12,622)	-	(82,475)
At 31 December 2023	0	7,540,368	996,386	1,371,554	1,240,302	2,360,370	224,645	4,075,138	2,210,531	-	20,019,294
Net book value											
At 31 December 2023	11,599,237	20,747,931	200,707	31,861	76,742	32,407	89,603	67,374	449,771	2,600,882	35,896,515

2022	Land	Buildings	Motor vehicles	Furniture & fittings	Office equipment	Electric installations	Furniture & fittings: residences	Office partitioning	Computers and accessories	Work in progress	Total
Cost	UA	UA	UA	UA	UA	UA	UA	UA	UA	UA	UA
At 1 January 2022	9,990,925	20,676,490	1,197,093	1,408,638	1,259,430	2,365,499	266,256	4,088,738	2,196,951	2,352,074	45,802,094
Additions	1,972,919	5,353	-	2,269	4,716	908	43,364	48,913	19,29	4,435	2,102,167
Disposal	-	-	-	(11,824)	(1,421)	-	(12,995)	(4,552)	-	-	(30,792)
At 31 December 2022	11,963,844	20,681,843	1,197,093	1,399,083	1,262,725	2,366,407	296,625	4,133,099	2,216,241	2,356,509	47,873,469
depreciation											
At 1 January 2022	-	6,699,059	661,917	1,329,941	1,115,933	2,033,875	151,973	3,933,804	1,958,746	-	17,885,248
Charge for the year	-	413,586	167,234	31,026	48,869	314,157	42,640	97,557	214,943		1,330,012
Disposal	-	-	-	(8,868)	(1,421)	-	(6,240)	(3,319)	-	-	(19,848)
At 31 December 2022	-	7,112,645	829,151	1,352,099	1,163,381	2,348,032	188,373	4,028,042	2,173,689	-	19,195,412
Net book value At 31 December 2022	11,963,844	13,569,198	367,942	46,984	99,344	18,375	108,252	105,057	42,552	2,356,509	28,678,057

Work in progress relates to costs incurred by the Bank in developing their Information Technology infrastructure. None of the assets procured are pledged.

Disposal of property and equipment

	2023	2022
	UA	UA
Carrying amount	3,461,815	30,792
Accumulated depreciation	82,475	19,848
Net book value	3,379,340	10,944
Proceeds from disposal	3,618,447	2,486
Gain/ (Loss) on disposal	239,107	(8,458)

20. Other liabilities

	2023	2022
	UA	UA
ASKY	35,417,795	10,672,197
Special Fund for Telecommunications	21,755,508	20,046,101
Sundry payables	21,429,991	9,507,945
Caisse Régionale de Refinancement Hypothécaire-UEMOA	15,025,405	-
Regional Fund for Agriculture and Food (FRAA)	2,974,390	3,021,193
West African Health Organisation (WAHO)	2,019,772	2,066,231
Ecowas staff joint provident fund (ESJPF)	1,752,964	-
Compensation Fund	1,614,217	1,570,708
ECOWAS Provident Fund	1,123,911	848,939
Liaison account - Organisation La Francophone (OIF)	796,077	770,465
Loss allowance of undrawn commitments (Off-balance sheet)	366,749	300,000
Fund for African Private Sector Assistance (FAPA)/BAD/BIDC assistance	48,272	50,376
Executive Secretariat Special Envoy	31,135	30,256
Salary tax	21,147	19,786
Community computer center	464	-
Total	104,377,797	48,904,196

20.1 SUNDRY PAYABLES

SUNDRY PAYABLES	2023 UA	2022 UA
Vista Group escrow account	**9,643,299**	-
Deferred income	**4,544,703**	6,250,734
Commissions to be spread over several financial years	**3,770,303**	-
Suspense personnel a payer	**876,153**	106,142
Planet One premium pmt	**660,937**	642,273
Mauritania	**580,651**	580,651
Provision interest on managed funds	**523,689**	-
Provision for other expenses	**263,916**	1,174,167
FSA guarantee	**160,475**	36,266
Provision watchmen insurance	**118,458**	252,886
General retention	**113,681**	73,280
EBID RRPC-CRRAE	**48,521**	35,620
Provision audit fees	**46,504**	-
Retention	**17,239**	3,466
Suspense mortgage-installments	**14,685**	80,306
RRPC-CRRAE Commission	**11,676**	29,688
RCPNC-CRRAE Commission	**7,804**	7,969
Salary control account	**6,985**	8,898
EBID RCPNC-CRRAE	**6,816**	7,254
EBID FAAM-CRRAE	**4,284**	3,242
Mali	**2,482**	2,482
FAAM-CRRAE Commission	**1,925**	1,592
EBID/RRPC-CRRAE Commission	**1,402**	-
EBID/RCPNC-CRRAE Commission	**1,340**	1,302
CRRAE-Voluntary Contribution Scheme (RVC)	**1,102**	-
Statutory seperation fund	**961**	-
Suppliers	**-**	209,727
	21,429,991	9,507,945

21. Defined Benefit Obligation

These consist of long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, bonuses are accounted for as deferred compensation. These benefits were available to 170 staff in the year (2022: 153)

The following table summarises the components of net benefit expense recognised in the statement of profit or loss and the unfunded status and amounts recognised in the statement of financial position for the respective plans:

Net benefit expense (recognised in profit or loss)

	2023 UA	2022 UA
Current service cost	**(358,456)**	(401,149)
Interest cost on long service award	**(296,878)**	(123,836)
Past service cost	**(144,666)**	(775,015)
Net benefit income	**(800,000)**	(1,300,000)

Changes in the present value of the provision for long service award:

	2023	2022
	UA	UA
Provision at 1 January	6,018,681	4,828,918
Interest cost	358,456	123,836
Current service cost	296,878	401,149
Past service cost	144,666	775,015
Benefit paid	(746,121)	(110,237)
Provision for long service award as at 31 December	6,072,560	6,018,681

The principal assumptions used in determining pension and post-employment medical benefit obligations for the Bank's plans are shown below:

	2023	2022
Discount rate	5.70%	5.80%
Inflation	5.53%	5.53%
Salary increase	11.0%	11.0%
Mortality	10.0%	10.0%
Withdrawal	1.5%	2.6%
Early retirement Age	62	62
Average cost air ticket	UA 4,069	UA 4,069
Average cost shipping	UA 18,829	UA 18,829

The disclosure of the Sensitivity Analysis on the provision for long service award is below:

at 31st December 2023									
Employee Benefit Scheme	Base Scheme	Discount rate -1%	Discount rate +1%	Rate/Salary Increase-1%	Rate/Salary Increase +1%	Mortality Adjustment -10%	Mortality Adjustment +10%	Withdrawal -1%	Withdrawal +1%
Actuarial Liabilities									
Long Service Awards	217,717	238,483	199,721	199,971	237,724	216,285	219,160	239,892	198,314
Death Benefit Scheme	71,059	75,170	67,559	71,160	71,160	76,095	65,926	75,369	67,330
Transport Scheme	813,702	884,367	755,574	815,460	815,460	808,929	822,073	748,102	877,462
Resettlement Allowance	345,973	378,109	318,178	318,342	377,152	342,862	349,119	337,683	353,739
Separation Allowance Scheme	2,123,364	2,346,404	1,932,809	1,934,898	2,338,586	2,102,420	2,144,565	2,151,729	2,099,438
Home Return Allowance Scheme	113,840	122,652	106,435	114,051	114,051	114,051	114,051	114,051	114,051
Gratuity Scheme	533,643	584,833	489,580	489,788	583,357	528,781	538,560	552,275	518,855
Total Scheme	4,219,298	4,630,017	3,869,856	3,943,670	4,537,490	4,189,423	4,253,454	4,219,101	4,229,189
Percent Change		9,73%	-8,28%	-6,53%	7,54%	-0,71%	0,81%	0,00%	0,23%

22. Borrowings

	2023	2022
	UA	UA
1. India Exim Bank line of credit $1000 Millions	217,204,822	211,182,942
2. India Exim Bank commercial credit line	855,706	1,093,024
3. Indian Exim Bank line of Credit 100m Private	74,533,976	75,140,513
4. Debenture stock 2017 - 2027	16,277,523	19,772,342
5. Debenture stock 2019 - 2026	28,172,635	36,502,786
6. Debenture stock 2021 - 2028	56,345,271	60,837,976
7. Debenture stock 2022 - 2029	150,254,056	146,011,143
8. Afrieximbank 2018 - 2024	45,868,152	9,680,953
9. BADEA line of credit	36,994,141	9,355,209
10. Standard Chartered Bank London Line of Credit	9,035,766	7,262,219
11. Agence Française de Développement	40,428,564	39,286,932
12. SID 2018 – 2023	7,584,025	10,771,034
13. Cargill loan	58,881,841	46,587,118
14. Bank of Africa loan	50,346,958	-
15. Africa Finance Corporation (AFC) loan	40,380,285	39,240,016
16. Mashreq loan	14,906,795	22,542,154
17. Commerzbank Frankfurt line of credit	-	1,626,317
18. Africa Agriculture and Trade Investment Fund (AATIF)	16,255,589	19,122,150
19. ODDO BHF line of credit	1,321,874	-
Accrued interest on borrowings	10,792,328	8,793,730
Total	876,440,307	764,808,558

22.1 Movement on borrowings

	2023	2022
	UA	UA
Balance at 1 January	764,808,558	488,217,898
Additional borrowings received	276,283,055	397,814,663
Principal repayments	(174,145,073)	(120,658,533)
Revaluation (loss)/gain	11,492,365	(4,972,941)
Net accrued interest	(1,998,598)	4,407,471
Closing balance	876,440,307	764,808,558

Terms and conditions on borrowings

1. **India Exim line of Credit**

- **India Exim line of Credit 2006 - 2026**

  The Bank signed a 180,788,673 UA (250,000,000 USD) line of credit with the Indian Exim Bank in 2006 at an annual interest rate of 1.75% for a period of twenty (20) years. The purpose of the borrowing is to finance the Bank's operations. Related transaction costs have been capitalised and amortised over the life of the loan;

- **India Exim line of Credit 2010 – 2030**

  The Bank signed a 72,315,469 UA (100,000,000 USD) line of credit with the Indian Exim Bank in 2010 at an annual interest rate of 1.75 % for a period of twenty (20) years. The purpose of the borrowing is to finance the Bank's operations. Related transaction costs have been capitalised and amortised over the life of the loan;

- **India Eximbank line of Credit 2011 - 2031**

  The Bank signed a 108,473,204 UA (150,000,000 USD) line of credit with the Indian Exim Bank in 2011 at an annual interest rate of 1.75% for a period of 20 years, including moratorium period of 5 years. The purpose of the borrowing is to finance the bank's operations. Related transaction costs have been capitalised and amortised over the life of the loan;

- **India Eximbank line of Credit 2018 - 2043**

  The Bank signed a 359,507,906 UA (500,000,000 USD) line of credit with the Indian Exim Bank in 2018 at an annual interest rate of 1.50% for a period of 25 years, including moratorium period of 5 years. The purpose of the borrowing is to finance the Bank's operations. Related transaction costs have been capitalised and amortised over the life of the loan;

- **India Eximbank line of Credit 2020 - 2025**

  The Bank signed a 2,777,257 UA (4,000,000 USD) line of credit with the Indian Exim Bank in 2020. The tenor is 5 years, including one year of moratorium. The rate of interest is SOFR plus 340 bps p.a., payable half yearly;

- **India Exim line of Credit 2022 - 2034**

  The Bank signed a UA 75,025,509 (100,000,000 USD) line of credit with the Indian Exim Bank in March 2022. The term is 12 years from the date of the first drawdown under the credit facility. The interest rate is SOFR plus 390 basis points per annual, payable half-yearly.

2. **Debenture stock 2017 - 2027**

   The Bank issued a 32,071,677 UA (26,000,000,000 FCFA) debenture in 2017 at an annual interest rate of 6.10% for a period of seven (7) years. The purpose of the debt issued is to finance the Bank's operations. Related transaction costs have been capitalised and amortised over the life of the debt issued.

3. **Debenture stock 2019 - 2026**

   The Bank issued a 55,508,672 UA (45,000,000,000 FCFA) debenture in 2019 at an annual interest rate of 6.40% for a period of seven (7) years. The purpose of the debt issued is to finance the Bank's operations. Related transaction costs have been capitalised and amortised over the life of the debt issued.

4. **Debenture stock 2021 - 2028**

   The Bank issued a 64 510 662 UA (50,000,000,000 FCFA) debenture in 2021 at an annual interest rate of 6.50% for a period of seven (7) years. The purpose of the debt issued is to finance the Bank's operations. Related transaction costs have been capitalised and amortised over the life of the debt issued.

5. **Debenture stock 2022 - 2029**

   The Bank issued a 144 346 374 UA (120,000,000,000 FCFA) debenture in 2022 at annual interest rate of 5.90% for a period of 7 years. The purpose of the borrowing is to finance the Bank's operations. Related transaction costs has been capitalised and amortised over the life of the debt issued.

6. **Afrexim Bank**

- **AFREXIM BANK 2018 - 2024**

  The Bank signed a (31,274,396 UA) 38,651,400 USD loan agreement with Afrexim Bank in 2018 at an annual interest rate of SOFR +6.5% for a period of six (6) years. The purpose of the borrowing is to finance the Bank's operations. Related transaction costs have been capitalised and amortised over the life of the loan.

- **AFREXIM BANK 2023 - 2028**

  The Bank signed a 50,000,000.00 EUR loan agreement with Afrexim Bank in 2023 at an annual interest rate of EURIBOR +2.00% for a period of four 4 years. The purpose of the borrowing is to finance the Bank's operations.

7. **Badea Line of Credit**

   The Bank signed a 40,000,000 USD line of credit with Badea in 2023 for a period of three years. The purpose of the borrowing is to finance the Bank's operations. Related transaction costs have been capitalized and amortized over the life of the loan.

8. **Standard Chartered Bank line of credit**

   The Bank signed a line of credit with Standard Chartered Bank London in 2020. The purpose of the borrowing is to finance the Bank's operations. Related transaction costs have been capitalised and amortised over the life of the loan.

9. AfDB Lines of Credit

The Bank signed with African Development Bank (AfDB) a multicurrency line of credit of USD 50,000,000.00 and EUR 50,000,000. Another line of credit of USD 30,000,000 with AfDB acting in its capacity as administrator of the Arica Growing Together Fund (AGTF). For both line of credit, the interest of the USD Tranche is 6-month daily compounded SOFR + 370bps (3.70%). For the EURO Tranche, the interest rate is Euribor 6-month + 325bps (3.25%)/The term of the two (2) lines of credit is 3.5 years. The purpose of lines of credit involves is for the provision of a Trade Finance Line of Credit facility with 3 components: (i) USD 50 million and (ii) EUR 50 million and (iii) USD 30 million from the Africa Growing Together Fund (AGTF) to support the Bank's trade finance activities and its participation in the agricultural value chain in West Africa.

10. Islamic Development Bank (SID) 2018 – 2023

In 2018, the Bank signed a UA 20,228,501 (€25,000,000) Murabaha loan agreement with the Islamic Development Bank at a fixed interest rate of Euribor +3% over a period of five (5). The borrowing is intended to finance the Bank's operations. The related transaction costs have been capitalised and amortised over the term of the loan.

11. French Development Agency 2020 – 2030

The Bank signed a 50,000,000 Euro loan agreement with French Development Agency in 2020, for a period of 10 years. Each disbursement corresponds to a fixed interest rate. The purpose of the borrowing is to finance the Bank's operations.

12. Cargill

The Bank signed a 62,000,000-dollar US loan agreement with Cargill, for a period of 2 years at an annual interest rate of 3.75%+ Libor. The purpose of the borrowing is to finance the Bank's operations.

The Bank signed a 17,200,000-dollar US loan agreement with Cargill, for a period of 2 years 2023-2025, at an annual interest rate of SOFR+ 4.80%. The purpose of the borrowing is to finance the Bank's operations.

The Bank signed a 15,100,000-dollar US loan agreement with Cargill, for a period of 2 years 2023-2025, at an annual interest rate of SOFR+ 4.80%. The purpose of the borrowing is to finance the Bank's operations.

The Bank signed a 11,700,000-dollar US loan agreement with Cargill, for a period of 2 years 2023-2025, at an annual interest rate of SOFR+ 4.80%. The purpose of the borrowing is to finance the Bank's operations.

13. Mashreqbank 2022-2026

The Bank signed in 2022 a 30,000,000 USD loan agreement with Mashreq bank, for a period of 12 months renewable 4 times at an annual interest rate of SOFR plus 3% bps. The purpose of the borrowing is to finance the Bank's operations.

14. AATIF 2022-2029

The Bank signed in 2022 a 25,000,000 EUR loan agreement with AATIF, for a period of 7 years at an annual interest rate of EURIBOR 3 M + 3.70%. The purpose of the loan is to finance the Bank's operations.

15. AFRICA FINANCE CORPORATION (AFC) 2022-2027

The Bank signed in 2022 a 49 164 208,46 EURO loan agreement with AFC, for a period of 5 years at an annual floating rate. The purpose of the loan is to finance the Bank's operations.

16. COMMERZBANK FRANKFURT 2022-2023

The Bank signed in 2022 a 10, 000, 0000 USD loan agreement with COMMERZBANK, for a period of one year at an annual interest rate of Euribor 3M + 3.61%. The purpose of the loan is to finance the Bank's operations.

23. Stated capital

The authorised capital of EBID is UA 2,500,000,000 of which the regional members have subscribed 70% and the balance is to be subscribed by the non-regional members. This 70% which is UA 1,750,000 ,000 is completely subscribed. As at the reporting date 40% of the UA 1,750,000,000 is called up. Details of the stated capital as at 31 December 2023 is disclosed below:

Stated capital	December 2023	December 2022
	UA	UA
Authorised:		
2,500,000 ordinary shares of UA 1,000 each	**2,500,000,000**	1,000,000,000
Unsubscribed capital	**(750,000,000)**	(300,000,000)
Subscribed capital	**1,750,000,000**	700,000,000
Callable capital	**(1,050,000,000)**	(307,258,669)
Call-up capital	**700,000,000**	392,741,331
Call in arrears	**(326,115,653)**	(35,087,921)
At 31 December 2023	**373,884,347**	357,653,410

Call in arrears

	2023	2022
	UA	UA
Benin	**8,778,882**	-
Burkina	**7,608,365**	-
Cabo Verde	**4,381,213**	1,454,920
Côte d'Ivoire	**45,383,134**	26,675
The Gambia	**12,265,880**	4,657,515
Guinea	**8,486,252**	-
Ghana	**33,467,724**	-
Guinea-Bissau	**8,849,198**	4,459,756
Liberia	**32,446,208**	13,879,840
Mali	**5,559,960**	-
Niger	**6,145,218**	-
Nigeria	**95,982,440**	-
Senegal	**23,311,356**	194,731
Sierra Leone	**22,915,166**	10,414,484
Togo	**10,534,657**	-
	326,115,653	35,087,921

Movement on Capital

	2023	2022
	UA	UA
Balance at 1 January	**357,653,410**	345, 018,167
Additional capital contributions	**16,230,937**	12,635,243
Balance at 31 December	**373,884,347**	357,653,410

Capital structure by country shareholders

Member country	Subscribed capital by allocated voting rights	Called-up capital allocated	Paid up capital beginning balance	Additional contribution	Paid up capital-ending balance
	UA	UA	UA	UA	UA
Benin	50,017,733	20,007,093	11,228,211	-	11,228,211
Burkina Faso	43,356,870	17,342,748	9,734,383	-	9,734,383
Cabo Verde	16,652,158	6,660,863	2,279,650	-	2,279,650
Côte d'Ivoire	258,318,805	103,327,522	57,944,388	-	57,944,388
Gambie	43,356,870	17,342,748	5,076,868	-	5,076,868
Ghana	274,975,023	109,990,009	61,706,160	14,816,125	76,522,285
Guinea	48,321,890	19,328,756	10,842,504	-	10,842,504
Guinea-Bissau	25,008,870	10,003,548	1,154,350	-	1,154,350
Liberia	111,661,348	44,664,539	11,178,531	1,039,800	12 218 331
Mali	31,669,735	12,667,894	7,107,934	-	7,107,934
Niger	35,000,165	14,000,066	7,854,848	-	7,854,848
Nigeria	546,680,868	218,672,347	122,689,907	-	122,689,907
Senegal	131,639,883	52,655,953	29,344,597	-	29,344,597
Sierra Leone	73,330,760	29,332,304	6,042,126	375,012	6,417,138
Togo	60,009,025	24,003,610	13,468,953	-	13,468,953
	1,750,000,000	700,000,000	357,653,410	16,230,937	373,884,347

24. Retained earnings

This represents the residual of cumulative annual profits. Details of Retained Earnings are shown in the Statement of Changes in Equity.

25. 25. Revaluation reserve

The revaluation reserve relates to the revaluation of the Bank's Head Office Building at Lone Togo. Movement on revaluation reserve isshown in the Statement of changes in equity.

	2023	2022
	UA	UA
As at 1 January	6,942,832	6,942,832
Revaluation of property and equipment	12,450,788	-
At 31 December	19,393,620	6,942,832

26. Other reserves

Other reserves are made up of fair value changes from the equity investments that are classified at fair value through other comprehensive income. Movement on other reserves are shown in the Statement of changes in equity.

	2023	2022
	UA	UA
As at 1 January	3,429,862	(1,028,708)
Fair value gain on Unquoted instruments	3,076,485	4,458,570
At 31 December	6,506,347	3,429,862

27. Personnel expenses

	2023	2022
	UA	UA
Salaries professional staff	3,540,436	2,950,947
End of year Gratuity	3,032,903	2,201,398
Tuition fees	1,681,357	1,575,559
Defined benefit obligation	800,000	1,300,000
Post adjustment for professional staff	768,871	645,612
Clothing allowance	665,126	558,762
Employers contribution Professional staff	635,114	538,855
Housing allowance / professional staff	547,033	480,707
Medical bills	588,575	417,396
Expatriation allowance	496,806	408,046
Transport allowance professional staff	304,294	254,878
Responsibility allowance	288,446	246,653
Family allowance/ professional staff	168,210	140,588
Staff insurance	151,528	125,168
Tax releave	142,531	118,032
Leave allowance staff	161,386	116,530
Staff Fair value adjustment	196,283	101,804
Recruitment cost	46,152	715
Social contributions	40,879	59,768
Installation allowance	40,743	2,494
Out of Station Allowance (Fees)	34,333	3,825
Long service award	29,284	16,710
Entertainment allowance	27,876	27,876
Staff training	22,348	30,496
Honorary in house doctor	13,401	13,242
Perdiem and other Trainings	12,664	-
Overtime	12,229	9,105
Duty allowance	10,518	9,226
Transport and other trainings/travels	5,261	593
Salaries temporary staff	3,741	3,568
Total	14,468,328	12,358,553

28. Related party transactions

Transactions with Directors and Key Management Personnel

Directors and key management personnel refer to those personnel with authority and responsibility for planning, directing and controlling the business activities of the Bank. These personnel are the Executive Management of the Bank.

Interest income from loans granted to staff are included in the interest income calculated using effective interest rate.

The Bank made provision for impairment in respect of loans to Directors and key management members during the period under review.

Advances to related parties

	2023	2022
	UA	UA
As at 1 January	771,720	1,041,110
Loans and advanced during the year	750,256	1,974,389
Loan repayments received	(189,900)	(2,243,779)
At 31 December	1,332,076	771,720

Key management compensation

IAS 24 "Related party disclosures" requires the following information for key management compensation. Key management comprises members of the Executive Management, which includes all executive directors.

	2023	2022
	UA	UA
Salaries	371,908	340,101
Other allowances	1,283,756	1,011,010
Total	1,655,664	1,351,111

Other allowances	2023	2022
	UA	UA
Gratuity	643,820	422,064
Clothing allowances	94,065	86,357
Other salary allowances	545,871	502,589
Total	1 283,756	1,011,010

Transactions with Directors, Officers, and other employees

During the year, the Bank granted loans and advances to the key management personnel. The following are loan Balances due from key related parties:

	2023	2022
	UA	UA
Executives	349,065	563,144
Officers and other employees	6,543,240	6,427,646
Total	6,892,305	6,990,790

Terms and conditions

The loan and advances from directors, officers and employees relate to salary advances, personal loans, vehicle loan and mortgage loans. These loans attract annual interest rates at 0%, 3.2%, 2% and 2.8% and are payable within 12 month, 4 years, 5 years and 15 years respectfully.

Amounts due from related parties (Excluding Loans)

	2023	2022
	UA	UA
Executive	279,412	16,429
Officers and other employees	55,245	(7,707)
Total	334,657	8,722

These are accountable imprest given to staff for various assignment on behalf of the Bank. The staff is required to retire the imprest after the assignments.

29. Events after the reporting reporting

There are no events after the reporting date that require disclosure in these financial statements.

Project Financed by EBID

Trains Electriques Régionales, Senegal

Projects Financed by EBID

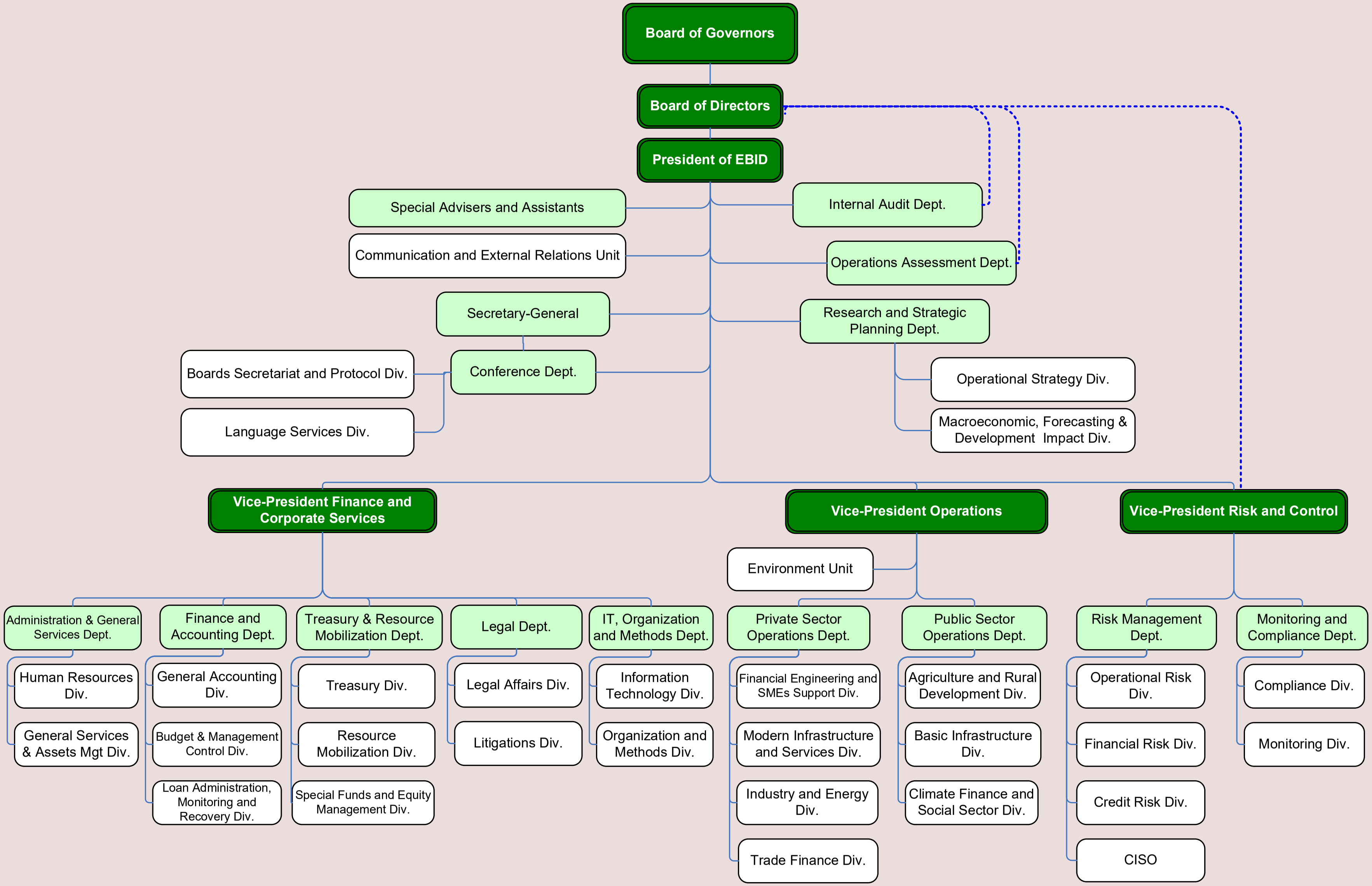
Tiébissou-Didiévi-Bocanda Road, Côte d'Ivoire

Projects Financed by EBID

Toguna Fertilizer Processing Plant, Mali

Annexes

Annex 1: EBID Organisation Chart



Annex 2: List of projects appraised in 2023

	Period	No.	Project	Country	Sector	Instrument	Amount (in UA)
Public	1st Quarter	1	Second phase of the investment and development programme for irrigation in the Bani Basin and Sélingué (PDI-BS)	Mali	Rural Development	Loan	32,420,304
	3rd Quarter	2	Project to bring general referral hospitals up to standard	Côte d'Ivoire	Social (Health)	Loan	49,792,214
		3	Project to install a vegetable storage, processing and packaging plant in the Bélier agro-industrial cluster (2PAI-BELIER)	Côte d'Ivoire	Agro-industry	Loan	17,254,728
		4	Project for the integrated development of roads and other networks in Arrondissement IV of the Diamniadio Urban Pole	Senegal	Infrastructure	Loan	61,594,069
		5	Additional financing for the Dakar - Tivaouane - Saint Louis Motorway Construction Project: Tivaouane - Mékhé Section	Senegal	Infrastructure	Loan	18,478,221
		Total Public Appraised					**179,539,536**
Private	1st Quarter	1	Petroleum products import and supply project (NDC)	Mali	Energy	Trade Finance	8,170,535
		2	Import and supply of petroleum products project (BARAKA II)	Mali	Energy	Trade Finance	8,170,535
	2nd Quarter	3	Project for the acquisition of goods transport equipment by SYLLA HOLDING SA	Mali	Transport	Loan	8,597,326
		4	Project for the granting of a line of credit to support SMEs in favour of VISTA BANK GROUP	Burkina Faso	Finance	Loan	40,365,550
		5	Project for the import and supply of petroleum products by ILDO OIL	Burkina Faso	Energy	Trade Finance	7,459,551
	3rd Quarter	6	Line of credit project in favor of Wema Bank PLC	Nigeria	Finance	Loan	37,557,839
		7	Project to supply 1,350,000 electronic tablets to high schools and technical and vocational education and training establishments (KA TECHNOLOGIES)	Ghana	Social Services / Education	Loan	18,109,818
		8	Construction project for the Adjamé Habitat modern market, by Koira BTP SA	Côte d'Ivoire	Social Services / Building Infrastructure	Loan	6,181,886

	Period	No.	Project	Country	Sector	Instrument	Amount (in UA)
Private	4th Quarter	9	Project to grant a line of credit to BCI	Mali	Finance	Loan	20,223,963
		10	Project to grant a line of credit to Mansa Bank	Côte d'Ivoire	Finance	Loan	24,357,569
		11	Project for the import and supply of petroleum products to intended customers by LAH et FILS	Mali	Energy	Trade finance	12,134,378
		12	Project to grant a line of credit to FCMB	Nigeria	Finance	Loan	37,410,869
		13	Project to grant a line of credit to CORIS HOLDING	Burkina Faso	Finance	Loan	52,157,845
		Total Private Appraised					**280,897,664**
		TOTAL PROJECTS APPRAISED					**460,437,200**

Annex 3: List of supervised projects in 2023

	N°	Projets	Pays membres	Secteurs	Nature
Private	1	Project for the construction of a palm oil refinery by NADA Oil West Africa, Bonoua, in the Republic of Côte d'Ivoire	Côte d'Ivoire	Industry	Loan
	2	Project for the construction and operation of a RADISSON BLU hotel by Koira Hotel Investment (KHI. SA) in Abidjan	Côte d'Ivoire	Service / Hotel	Loan
	3	Project for the construction of the Adjamé Habitat modern market, by Koira BTP	Côte d'Ivoire	Social services / Building infrastructure	Loan
	4	Project to build a cashew nut processing unit with a capacity of 30,000 tonnes/year in Tiébissou (CAPRO Industries SA), in the Republic of Côte d'Ivoire	Côte d'Ivoire	Industry	Loan
	5	Line of credit to GLOFERT Limited to finance the import and delivery of fertilisers to agricultural companies and producers.	Ghana	Service / Finance	Trade Finance / Loan
	6	Partial financing of the project to grant a line of credit to Vista Bank, in the Republic of Guinea	Guinea	Service / Finance	Loan
	7	Road construction project by East International Group, Inc.	Liberia	Infrastructure	Trade Finance / Loan
	8	Project to grant a line of credit to Banque Malienne de Solidarité (BMS Mali SA) IV and V	Mali	Service / Finance	Loan
	9	Project to grant a line of credit to Sterling Bank to finance SMEs in Nigeria	Nigeria	Service / Finance	Loan
	10	Project to grant a line of credit to Banque Nationale pour le Développement Economique (BNDE) SA	Senegal	Service / Finance	Loan
	11	Partial financing of the emergency programme for the integrated development of roads and other networks in the Diamniadio urban centre	Senegal	Infrastructure	Loan
	12	Additional financing for the project to extend ZENER's liquefied petroleum gas import terminal	Togo	Energy	Loan

	N°	Projets	Pays membres	Secteurs	Nature
Public	1	Project to equip and rehabilitate health facilities (PERFS-B)	Benin	Social (Health)	Loan
	2	Project to build and rehabilitate 19 village water supply systems	Benin	Rural development	Loan
	3	Project to electrify 100 rural localities by connecting them to SBEE's conventional grid	Benin	Infrastructure / Energy	Loan
	4	Project to electrify 750 community facilities using photovoltaic solar systems	Benin	Infrastructure / Energy	Loan
	5	Donsin-Ouagadougou airport construction project	Burkina Faso	Infrastructure / Airport	Loan
	6	Project to build twenty-seven (27) new drinking water supply systems (AEP) in the Boucle du Mouhoun and Haut Bassin regions	Burkina Faso	Rural development	Loan
	7	Project to equip and rehabilitate health facilities (PERSCI)	Côte d'Ivoire	Social (Health)	Loan
	8	Project to strengthen drinking water supply systems in Guéyo and surrounding villages	Côte d'Ivoire	Rural development	Loan
	9	SME Development Support Project : SME Start-up Project in the Republic of Côte d'Ivoire	Côte d'Ivoire	Rural development	Loan
	10	Partial financing of the industrial component of the agro-industrial cluster project in the North (2PAI-NORD)	Côte d'Ivoire	Industry	Loan
	11	Partial financing of the agricultural component of the agro-industrial cluster project in the North (2PAI-NORD)	Côte d'Ivoire	Agriculture and rural development	Loan
	12	Project to install 1,000 solar pumping and water treatment units in the Republic of Côte d'Ivoire	Côte d'Ivoire	Water supply	Loan
	13	Project to finance the reinforcement and upgrading of the Kanawolo-Korhogo road in Côte d'Ivoire	Côte d'Ivoire	Infrastructure / Road	Loan
	14	Project to build eleven (11) metal points	Côte d'Ivoire	Infrastructure / Bridges	Loan
	15	Partial financing of the project to bring operating theatres, neonatal intensive care units and the imaging department of reference hospitals in Côte d'Ivoire up to standard	Côte d'Ivoire	Social / Health	Loan
	16	Project to build a water retention dam, develop the downstream perimeter and install a solar field for pumping and irrigating rice-growing plots at the Sangola site in M'Bengué.	Côte d'Ivoire	Agriculture and rural development	Loan
	17	Autonomous electrification project [SHEP-4] in the Ashanti and Brong Ahafo regions	Ghana	Infrastructure / Energy	Loan
	18	Guinea-Mali 225 kV electricity interconnection project (Phase I)	Guinea	Infrastructure / Energy	Loan
	19	Barclayville - Klowne - Sasstown road construction project	Liberia	Infrastructure / Road	Loan

	N°	Projets	Pays membres	Secteurs	Nature
Public	20	Sikasso-Bamako 225 kV link construction project	Mali	Infrastructure / Energy	Loan
	21	Partial financing of the Bani basin and Selingue irrigation development project (PDI-BS)	Mali	Rural Development	Loan
	22	Partial financing of the Kandadji dam construction project	Niger	Infrastructure / Energy	Loan
	23	Project to extend and strengthen drinking water supply systems in three regional capitals (Maradi, Dosso and Diffa Maradi);	Niger	Rural Development / Water	Loan
	24	Partial financing of the rural electrification project using solar photovoltaic systems in 250 localities;	Niger	Infrastructure / Energy	Loan
	25	Partial financing of a rural electrification project using solar photovoltaic systems in 50 villages in the Dosso, Tahoua and Tillabéry regions of Niger.	Niger	Infrastructure / Energy	Loan
	26	Construction project for the bridge linking the AIBD TER station and Blaise Diagne International Airport (AIBD); Liberia: Construction project for the Barclayville - Klowne - Sasstown road	Senegal	Infrastructure / Road	Loan
	27	Project to rehabilitate the Dakar - Bamako corridor, national road No. 7 (Mako - Kedogou - Moussala section)	Senegal	Infrastructure / Road	Loan
	28	Additional financing project for the rehabilitation of the Dakar - Bamako corridor, National Road N°7 (Section: Mako-Kédougou-Moussala)	Senegal	Infrastructure / Road	EPC + Finance / Loan
	29	Project for the construction of a Youth and Citizenship Centre in thirty-eight (38) departments in the Republic of Senegal	Senegal	Social / Education	Loan
	30	Dakar-Saint-Louis motorway construction project: Tivaouane-Mékhé section	Senegal	Infrastructure / Road	Loan
	31	Integrated development programme for roads and other networks (VRD) at the Diamniadio urban centre	Senegal	Infrastructure / Road	Loan
	32	Annual road maintenance programme (PERA) 2021 by the independent road maintenance fund FERA	Senegal	Infrastructure / Road	Loan
	33	Koidu City University of Science and Technology construction project Kono district project	Sierra Leone	Education	Loan
	34	Project to upgrade and asphalt the Katchamba-Sadori section of national road no. 17 (60km), in the Togolese Republic	Togo	Infrastructure / Road	Loan
	35	Project to strengthen electricity distribution capacity in the country's major inland towns (CEET) - Phase II	Togo	Infrastructure / Energy	Loan

Annex 4: List of projects approved in 2023

	Period	No.	Project	Country	Sector	Instrument	Amount (in UA)
Public	**2nd Quarter**	1	Second phase of the investment and irrigation development programme in the Bani Basin and Sélingué (PDI-BS)	Mali	Rural development / Agriculture	Loan	32,420,304
	4th Quarter	2	Project for the integrated development of roads and other networks in Arrondissement IV of the Diamniadio Urban Pole	Senegal	Infrastructure	Loan	61,594,069
		3	Additional funding for the Dakar - Tivaouane - Saint Louis motorway construction project: Tivaouane - Mékhé section	Senegal	Infrastructure	Loan	18,478,221
		4	Project to set up a vegetable storage, processing and packaging plant in the Bélier agro-industrial cluster (2PAI-BELIER)	Côte d'Ivoire	Rural development / Agriculture / Agro-industry	Loan	17,254,728
			Total Public Approved				**129,747,321**
Private	**2nd Quarter**	1	Project for the construction of 10 service stations and the acquisition of tankers for the transport and distribution of hydrocarbons for ACCESS OIL	Burkina Faso	Infrastructure / Transport Energy	Loan	7,394,883
		2	Project to import and supply petroleum products to NDC	Mali	Infrastructure / Energy	Trade Finance	8,170,535
		3	Project for the import and supply of petroleum products to BARAKA II	Mali	Infrastructure / Energy	Trade Finance	8,170,535
	3rd Quarter	4	Project for a line of credit to Vista Bank Group	Burkina Faso	Finance	Trade Finance	40,365,550
		5	Proposed Euros 5 million short-term revolving credit facility for the purchase and sale of petroleum products to Sonabhy by Ildo Oil SA	Burkina Faso	Infrastructure / Transport Energy	Trade Finance	7,459,551
		6	Project for a line of credit in favour of Wema Bank PLC	Nigeria	Finance	Loan	37,557,839
		7	Project for the acquisition of goods transport equipment by SYLLA HOLDING SA	Mali	Infrastructure / Transport	Loan	8,597,326
		8	Project for the construction and operation of a cocoa processing plant in San Pedro by Atlantic Cocoa Corporation CI SA	Côte d'Ivoire	Industry	Loan	53,442,870
		9	Project to supply 1,350,000 electronic tablets to secondary schools and technical and vocational education and training establishments	Ghana	Social Services / Education	Loan	18,109,818
		10	Construction project for the Adjamé Habitat modern market, by Koira BTP	Côte d'Ivoire	Social Services / Construction Infrastructure	Loan	6,181,886

Period	No.	Project	Country	Sector	Instrument	Amount (in UA)
4th Quarter	11	Line of credit project in favour of BCI	Mali	Finance	Loan	20,223,963
	12	Line of credit in favour of Mansa Bank	Côte d'Ivoire	Finance	Loan	24,357,569
	13	Line of credit in favour of FCMB	Nigeria	Finance	Loan	37,410,869
	14	Line of credit in favour of CORIS HOLDING	Burkina Faso	Finance	Loan	52,157,845
		Total Private Approved				**329,601,039**
		TOTAL PROJECTS APPROVED				**459,348,361**

Project Financed by EBID

A 120MW Thermal Power Station in Maria Gléta, Benin

Annex 5: List of signed projects in 2023

	No.	Project	Country	Sector	Instrument	Date of Signature	Amount (in UA)
Public	1	Partial financing of the second phase of the Bani Basin and Sélingué Irrigation Development project (PDI-BS II) in the Republic of Mali	Mali	Rural Development / Agriculture	Loan	22/06/2023	32,420,304
	2	Part-financing of the project for the integrated development of roads and other networks in Arrondissement IV of the Diamniadio Urban Pole	Senegal	Infrastructure / Road	Loan	31/10/2023	61,594,069
	3	Additional funding for the Dakar - Tivaouane - Saint Louis motorway construction project: Tivaouane - Mékhé section	Senegal	Infrastructure / Road	Loan	31/10/2023	18,478,221
		Sous - Public					**112,492,594**
Private	1	Partial financing of the project to import and supply petroleum products to NDC	Mali	Infrastructure / Energy	Trade Finance	20/06/2023	8,170,535
	2	Partial financing of the import and supply of petroleum products project in favour of BARAKA II	Mali	Infrastructure / Energy	Trade Finance	20/06/2023	8,170,535
	3	Partial financing of the line of credit project in favour of ACCESS Bank for the financing of SMEs in Ghana (Access Bank Ghana Pc)	Ghana	Finance	Loan	20/06/2023	22,419,849
	4	Partial financing of the ZENER II liquefied petroleum gas import terminal extension project	Togo	Infrastructure / Energy	Loan	08/08/2023	6,071,533
	5	Partial financing of the project to supply 1,350,000 electronic tablets to secondary schools and technical and vocational education and training establishments	Ghana	Social Services / Education	Loan	11/09/2023	18,109,818
	6	Partial financing of the Adjamé Habitat modern market construction project by Koira BTP	Côte d'Ivoire	Social Services / Construction infrastructure	Loan	11/09/2023	6,181,886
	7	Partial financing of the project for the acquisition of goods transport equipment by SYLLA HOLDING SA	Mali	Infrastructure / Transport	Loan	29/09/2023	8,597,326
	8	Draft line of credit in favour of VISTA BANK GROUP	Burkina Faso	Finance	Loan	12/10/2023	40,365,550
	9	Draft line of credit in favour of WEMA BANK	Nigeria	Finance	Loan	20/11/2023	37,557,839
	10	Draft line of credit in favour of MANSA BANK	Côte d'Ivoire	Finance	Loan	07/12/2023	24,357,569
	11	Draft line of credit in favour of FCMB	Nigeria	Finance	Loan	19/12/2023	37,410,869
	12	Draft line of credit in favour of CORIS HOLDING	Burkina Faso	Finance	Loan	22/12/2023	52,157,845
		Sous - Private					**269,571,155**
		TOTAL AGREEMENTS SIGNED					**382,063,749**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