

**ARAB BANK FOR ECONOMIC
DEVELOPMENT IN AFRICA (“BADEA”)**

Financial statements and Independent Auditor’s Report

For the year ended 31 December 2024

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

**Financial statements and independent auditor's report
For the year ended 31 December 2024**

Contents	Pages
Independent auditor's report	1 - 4
Statement of financial position	5
Statement of income and expenditure	6
Statement of changes in member countries' equity	7
Statement of cash flows	8
Notes to the financial statements	9 - 43



Independent auditor's report to the Board of Governors of Arab Bank for Economic Development in Africa ("BADEA")

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements of Arab Bank for Economic Development in Africa ("BADEA" or the "Bank") are prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the financial statements as approved by the Board of Directors.

What we have audited

The Bank's financial statements comprise:

- the statement of financial position as at 31 December 2024;
 - the statement of income and expenditure for the year then ended;
 - the statement of changes in member countries' equity for the year then ended;
 - the statement of cash flows for the year then ended; and
 - the notes to the financial statements, comprising the notes to the financial statements, which include significant accounting policy and other explanatory information.
-

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

Independence

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Emphasis of matter

We draw attention to Note 2 to the financial statements, which describes the basis of accounting approved by the Board of Directors that has been adopted in the preparation of these financial statements. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our audit approach

Overview

Key audit matters ▪ Impairment of net loans and net trade finance

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.



Independent auditor’s report to the Board of Governors of Arab Bank for Economic Development in Africa (“BADEA”) (Continued)

Report on the audit of the financial statements (Continued)

Our audit approach (Continued)

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Bank, the accounting processes and controls, and the industry in which the Bank operates.

Key audit matters

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

Key audit matters	How our audit addressed the key audit matter
<p><i>Impairment of loans and net trade finance</i></p> <p>As disclosed in Notes 5 and 6 to the financial statements, net trade finance and net loans amount to USD 634,199 thousands and USD 3,044,029 thousands respectively, as of 31 December 2024. Impairment of trade finance and loans is determined based on provision policies approved by the Board of Directors. The policy distinguishes between loans granted to the public sector and those granted to the private sector.</p> <p>According to these policies, the Bank periodically classifies all outstanding trade finance and loans based on an internal credit rating for both categories; public and private borrowers. The internal credit rating considers both quantitative and qualitative factors. Quantitative factors predominantly entail the number of days past due. The accounting policy states that quantitative factors prevail over qualitative factors.</p> <p>We considered this to be a key audit matter in view of the significance of the balance and the inherent subjectivity in evaluating qualitative factors, which influence the probability of borrower default and, consequently, the calculation of impairment.</p> <p>Refer to note 2.8 for the accounting policy, note 5 for net trade finance details and note 6 for net loans details.</p>	<p>We conducted the following audit procedures on impairment of loans and trade finance:</p> <ul style="list-style-type: none"> ▪ We obtained an understanding of the lending process, credit risk management process and the approved accounting policies for impairment of loans and trade finance exposures. ▪ We assessed and evaluated the manual controls addressing approval, accuracy and completeness of provision for impairment. ▪ We obtained and reviewed the impairment assessment prepared by management. ▪ We tested, on a sample basis, the accuracy of inputs used in management’s assessment. ▪ We verified, on a sample basis, the accuracy of past due days used in the impairment assessment. ▪ We reconciled, on a sample basis, the balances used in management’s assessment with those tested through confirmation procedures. ▪ We discussed with management the qualitative factors considered in the assessment. ▪ We recalculated provision based on the past due days; taking into account the qualitative factors considered by management. ▪ We reconciled the net trade finance and loan balances as per the accounting records with the disclosures in the financial statements.



Independent auditor's report to the Board of Governors of Arab Bank for Economic Development in Africa ("BADEA") (Continued)

Report on the audit of the financial statements (Continued)

Other information

Management is responsible for the other information. The other information comprises the annual report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of these financial statements in accordance with the basis of preparation specified in note 2 as approved by the Board of Directors, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

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

Independent auditor's report to the Board of Governors of Arab Bank for Economic Development in Africa ("BADEA") (Continued)

Report on the audit of the financial statements (Continued)

Auditor's responsibilities for the audit of the financial statements

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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.

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



Khalid Ebrahim Al-Shatti
License No. 175
PricewaterhouseCoopers (Al-Shatti and Co.)

6 April 2025
Kuwait

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Statement of financial position

(All amounts in USD thousands unless otherwise stated)

	Notes	As at 31 December	
		2024	2023
Assets			
Cash and cash equivalents	3	687,598	288,028
Investments	4	1,986,684	2,266,032
Net trade finance	5	634,199	437,942
Net accrued interest on trade finance		6,277	5,017
Net loans	6	3,044,029	2,781,506
Net accrued interest on loans	7	61,699	62,534
Equity participation in financial institutions	8	113,972	108,895
Fixed assets		1,589	5,848
Other assets		16,978	12,678
Total assets		6,553,025	5,968,480
Liabilities			
Deposits from another financial institution	9	103,550	110,465
Borrowings from another financial institution	10	-	149,128
Debt securities in issue	11	517,750	-
Other liabilities		135,810	94,763
Provision for end of service benefits		15,588	13,862
Total liabilities		772,698	368,218
Net assets		5,780,327	5,600,262
Member countries' equity			
Share capital	12	5,000,000	5,000,000
General reserve	13	571,061	308,244
Net income for the year		209,266	292,018
Total member countries' equity		5,780,327	5,600,262

The accompanying notes set out on pages 9 to 43 form an integral part of these financial statements.

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA**Statement of income and expenditure***(All amounts in USD thousands unless otherwise stated)*

	Notes	Year ended 31 December	
		2024	2023
Operating income			
Net income from investments	14	144,444	241,613
Income from loans and trade finance	15	116,094	90,283
Interest expenses		(30,454)	(4,529)
Profit on exchange and derivatives valuation		1,148	1,920
Interest income on call accounts and term deposits		30,804	8,605
Other income		5,491	3,821
Net operating income		267,527	341,713
Expenses			
Grants disbursed to beneficiary countries		(9,045)	(9,654)
Loss from impairment of fixed and other assets	16	(5,317)	(8,109)
Provisions for loans	6	(371)	(261)
General and administrative expenses	17	(43,528)	(31,671)
Total expenditure		(58,261)	(49,695)
Net income for the year		209,266	292,018

The accompanying notes set out on pages 9 to 43 form an integral part of these financial statements.

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Statement of changes in member countries' equity

(All amounts in USD thousands unless otherwise stated)

	Notes	Share capital	General reserve	Net income for the year	Total
Balance at 1 January 2023		5,000,000	496,160	(187,916)	5,308,244
Transfer to general reserve	13	-	(187,916)	187,916	-
Net income for the year		-	-	292,018	292,018
Balance at 31 December 2023		5,000,000	308,244	292,018	5,600,262
Balance at 1 January 2024		5,000,000	308,244	292,018	5,600,262
Appropriations		-	-	(29,201)	(29,201)
Transfer to general reserve	13	-	262,817	(262,817)	-
Net income for the year		-	-	209,266	209,266
Balance at 31 December 2024		5,000,000	571,061	209,266	5,780,327

The accompanying notes set out on pages 9 to 43 form an integral part of these financial statements.

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Statement of cash flows

(All amounts in USD thousands unless otherwise stated)

	Notes	Year ended 31 December	
		2024	2023
Cash flows from operating activities:			
Net income for the year		209,266	292,018
Adjustments to:			
Dividend income		(12,597)	(15,355)
Unrealized loss / (gain) on investments	14	9,697	(112,085)
Interest expense		30,454	4,529
Depreciation of fixed assets	17	677	757
Loss from impairment of fixed and other assets		5,317	8,030
Net change in provisions for loans	6	371	261
Provision charge for end of service benefits		2,673	1,625
		245,858	179,780
Net change in operating assets and liabilities:			
Investments		269,651	106,674
Net trade finance		(196,257)	29,111
Net accrued interest on trade finance		(1,260)	281
Net loans		(262,894)	(385,716)
Net accrued interest on loans		835	(773)
Other assets		(3,529)	(6,831)
Deposits from another financial institution		(6,915)	110,465
Interest expense paid		(13,753)	(1,941)
Other liabilities, net of appropriation		(4,855)	(10,459)
End of service benefits paid		(1,724)	(2)
Dividends received		7,607	12,151
Net cash generated from operating activities		32,764	32,740
Cash flows from investing activities:			
Equity participation in financial institutions		(81)	(2,501)
Additions to fixed assets		(1,735)	(225)
Net cash used in investing activities		(1,816)	(2,726)
Cash flows from financing activities:			
Net proceeds from debt securities in issue		517,750	-
Borrowings from another financial institution		(149,128)	149,128
Net cash generated from financing activities		368,622	149,128
Net increase in cash and cash equivalents		399,570	179,142
Cash and cash equivalents at the beginning of the year		288,028	108,886
Cash and cash equivalents at the end of the year	3	687,598	288,028

The accompanying notes set out on pages 9 to 43 form an integral part of these financial statements.

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

1 ESTABLISHMENT AND OBJECTIVES

Arab Bank for Economic Development in Africa (“BADEA” or the “Bank”) was established in accordance with the resolution of the Sixth Arab Summit conference held on 28 November 1973 following the recommendations of the Economic Council of the League of Arab States. BADEA was established with a capital of USD 231 million and was subsequently increased in accordance with resolutions issued by the Board of Governors until it reached USD 5 billion as at 31 December 2022.

BADEA is an independent international financial institution domiciled in Khartoum, Sudan. It has international legal status, enjoys full legal personality and full autonomy in administrative and financial areas. BADEA is governed by the articles of its Establishment Agreement and by the principles of International Law.

BADEA’s carries out its activities from its offices located in Al-Amiriya Tower, Al-Olaya District, King Fahd Road, Building Number 7922, Postal Code 12333- Riyadh, Kingdom of Saudi Arabia.

BADEA aims at consolidating economic, financial and technical cooperation between African countries and Arab countries. In order to achieve its objectives, BADEA undertakes the following functions:

- Participation in the financing of economic development in Africa.
- Stimulate the participation of Arab capital to African development.
- Support in Provision of technical assistance required for African development.
- Support the development of private sector institutions in African countries.
- Financing Arab African trade and Intra-African trade.

As per BADEA’s agreement of establishment, the parties that may benefit from the Bank’s operations are as follows:

- a) The Governments of the African countries, including any province, agency or organisation thereof.
- b) Public or private companies, organisations and projects carrying out their business in African countries and in which capital the governments or citizens of those countries have a majority holding.
- c) Mixed, African or Arab-African companies whose purpose is economic development and that need financing for a specific project.

The financial statements for the year ended 31 December 2024 were authorised for issuance by the Board of Directors on 6 March 2025 subject to approval of the Board of Governors.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements for the year ended 31 December 2024 have been prepared in accordance with the accounting policies prescribed in the Bank’s manual of accounting approved by the Board of Directors and set out in Note 2.2 through Note 2.19. These accounting policies have been consistently applied in prior years.

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for investments in bonds and equity securities and all financial derivatives contracts that are measured at fair value.

2.3 Presentation currency

The currency used in BADEA's operation and preparation of the financial statements is the United States Dollar ("USD"). The financial statements are expressed in USD and are rounded off to the nearest thousands.

2.4 Accrual basis

The Bank prepares its financial statements using the accrual basis. All regular purchases and sales of financial assets are recognized on the trade date.

2.5 Use of estimates

The preparation of financial statements approved by the Bank requires the use of estimates and assumptions that may affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date, in addition to the amounts of income and expenditure for the year then ended. Such estimates are continually reviewed, based on past experience and other factors. The significant items in which these estimates are used comprise the following:

Provision for impairment of loans and trade finance

BADEA's method for determining the provision for impairment of loans is described in note 2.8 "net loans balances".

Impairment of investments carried at cost

Financial assets that are not listed are carried at cost less impairment. At the end of each reporting period, management assesses whether any impairment indicators exist considering different factors stated in the Bank's accounting policies. If such an indicator is identified, an impairment assessment is carried out whereby the fair value of the investment is compared to its carrying amount. Fair value for the purpose of the impairment assessment is determined using either Income approach or market approach.

2.6 Investments

Investment in bonds and equity securities

Investments in bonds and equity securities are classified as investments held for trading; and are initially recognized at the fair value of the consideration given. Such investments are revaluated at fair value that is the quoted market prices at the date of the statement of financial position. Changes in the fair value are recognized in the statement of income and expenditure.

Investment in managed funds

Investments in managed funds that are not listed in the financial markets, are recorded at cost less provision for impairment, if any.

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Investments (Continued)

Sukuk

Sukuk are financial assets which are acquired to be held to maturity. Sukuk are stated at cost less provision for impairment, if any.

2.7 Equity participations in financial institutions

Equity participations in financial institutions represents participations in regional and international development organizations are carried at cost.

2.8 Net loan and trade finance balances

Financial assets of fixed or determined payments that are not traded in an active market are classified as loans presented at amounts disbursed after deduction of repaid amounts and provision for loans.

All loans granted by BADEA are recognized as assets when disbursed in cash and are recorded at the value of amounts disbursed.

Impairment of loans is performed based on provision policies approved by the Board of Directors. According to these policies, the Bank regularly performs a classification of loans based on past due date and other qualitative indicators and an internal rating is assigned to each counterparty. At each reporting period:

- Provision for loans to the public sector is calculated as a percentage of the past due instalments and a percentage of the balance of the outstanding loans less past due instalments; provision percentage is determined based on the counterparty internal rating.
- Provision for loans to the private sector and trade finance is calculated as a percentage of the outstanding balances of loans and trade finance; Provision percentage is determined based on the counterparty internal rating.

Loans and trade finance are presented in the statement of financial position net of provision for loans.

Loans and trade finance under renegotiated repayment arrangements, or instalment rescheduling as well as loans under the Initiative of Highly Indebted Poor Countries (HIPC) are classified as performing loans and treated as new loans under the new arrangements.

2.9 Impairment of financial assets

An assessment is made at each date of statement of financial position to determine whether there is objective evidence that a financial asset or a group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount and any impairment loss for changes in its carrying amount is determined for that asset and recognized in the statement of income and expenditure.

2.10 Income recognition

Income from interest on bank deposits, fixed income securities, sukuk, net trade finance and net loans is recognized on an accrual basis.

BADEA excludes from its income any interest on the principal of public sector loans when the payment of interest is delayed for a period of more than 180 days. BADEA also excludes from its income any interest on the principal of the private sector and trade finance loans when the payment of interest is delayed for a period of more than 90 days.

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Income recognition (continued)

Interest excluded during prior years are reviewed on a case-by-case basis by the management to assess the amount of interest to be reversed prospectively to the statement of income and expenditure. The criteria considered by the management when performing such review are the absence of arrears and the regular repayment of instalments on due dates during an appropriate period so that the management will have no doubt that the amount of interest is not recoverable.

Dividend income is recognized when it is declared.

2.11 Grants

Cost of study, preparation, and technical assistance of the projects are classified as grants and charged to the statement of income and expenditure when disbursed.

2.12 Fixed assets

Fixed assets are stated at cost net of accumulated depreciation. The cost of fixed assets is depreciated using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives for the current and comparative year are as follows:

Buildings	30 years
Building renovations	4 years
Furniture and fixtures	5 years
Vehicles	5 years

The Bank assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Bank estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.13 Provisions

Provisions are recognized when the Bank has a present obligation, legal or constructive, arising from past events and it is probable an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be estimated reliably.

2.14 Derivative financial instruments and hedging

Derivative financial instruments, including forward contracts and futures, are initially measured at cost; and are subsequently re-measured at fair value. Fair values are generally determined by reference to quoted market prices, discounted cash flow models and pricing models as appropriate.

Any changes in the fair values of derivatives that are held for trading purposes are directly included in the statement of income and expenditure.

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Foreign currency translation

Transactions denominated in currencies other than United States Dollars are translated into United States Dollars at the exchange rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into United States Dollars at exchange rates prevailing at the date of the statement of financial position. Foreign exchange adjustments are included in the statement of income and expenditure.

2.16 Provision for end of service benefits

Provision for end of service benefits for the president of the Bank are computed in accordance with Article No. 6 of the Resolution of the Ministerial Committee selected to review the salaries and benefits of the Presidents and Directors General of Arab Financial Institutions.

Provision for end of service benefits for employees is calculated in accordance with Article No. (13/1) of BADEA's Employees Regulations as amended by the Board of Directors' resolutions.

2.17 Cash and cash equivalents

Cash and cash equivalents include cash on hand and with banks; call accounts and time deposits maturing within three months or less from the date of acquisition and excluding any cash within externally managed investment portfolios.

2.18 Deposits and borrowings from other financial institutions

Deposits and borrowings from other financial institutions are interest bearing instruments maturing within one year and can be renewed for additional periods. These are recognised initially at fair value of amounts received less transaction costs.

2.19 Debt securities in issue

Debt securities in issue are initially measured at fair value and subsequently measured at amortized cost. The premium or discount and issuance cost is amortized over the life of the debt security using the straight line method.

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

3 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2024	2023
Cash on hand	13	-
Bank balances	491,958	134,520
Term deposits*	195,627	153,508
Total	687,598	288,028

*Represents deposits held at regional and international financial institutions with original maturity of less than three months. These deposits are denominated in USD and Euro under commercial terms.

4 INVESTMENTS

These consist of investments in externally managed equity and debt portfolios held for trading as well as directly managed sukuk, as follows:

	As at 31 December	
	2024	2023
<i>Investments in managed portfolios</i>		
Bonds	1,282,794	1,438,753
Bonds – emerging markets	124	180,209
Equity securities	354,824	461,223
Cash and deposits within managed portfolios	34,086	46,944
Fair value of derivative instruments	21,423	(20,536)
Accrued interest and other payable balances	(99,572)	(81,508)
	1,593,679	2,025,085
<i>Direct investments</i>		
Sukuk	326,664	180,703
Investment in managed funds	63,512	58,674
Fair value of derivative instruments	2,829	1,570
	393,005	240,947
Total investments	1,986,684	2,266,032

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

5 NET TRADE FINANCE

Net trade finance represents credit facilities granted to finance Arab- Africa trade and trade between African countries. The balances as at 31 December 2024 and 31 December 2023 are as follows:

	As at 31 December	
	2024	2023
Approved loans	4,295,395	2,991,262
Revolving loans	38,004	-
Less: unsigned loans	(1,779,718)	(1,044,593)
Total approved and signed loans	2,553,681	1,946,669
Less: ineffective loans	(126,952)	(260,000)
Total effective loans	2,426,729	1,686,669
Less: undisbursed loans	(552,480)	(279,706)
Total disbursements from loans	1,874,249	1,406,963
Less: loan instalments repaid	(1,240,050)	(969,021)
Net balance at reporting date	634,199	437,942

Ineffective loans represent loans signed, but their terms of effectiveness have not been fulfilled yet.

The movement on net trade finance during the year is as follows:

	Year ended 31 December	
	2024	2023
Opening balance	437,942	467,053
Disbursements during the year	472,959	339,105
Repayments during the year	(275,690)	(368,863)
Effect of foreign currency translation	(1,012)	647
Net balance at reporting date	634,199	437,942

6 NET LOANS

	As at 31 December	
	2024	2023
Project loans	2,976,475	2,680,311
SAFAA Loans	14,974	16,121
Total bilateral loans (a)	2,991,449	2,696,432
Participation in syndicated loans (b)	52,580	85,074
Net balance as at reporting date	3,044,029	2,781,506

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

6 NET LOANS (CONTINUED)

a) Bilateral loans

The details of bilateral loan balances as at 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024				31 December 2023
	Project Loans			Total	
	Public Sector	Private Sector	SAFAA Loans		
Approved loans	7,049,317	1,669,416	214,244	8,932,977	7,904,052
Less: unsigned loans	(901,700)	(675,505)	-	(1,577,205)	(765,086)
Total approved and signed loans	6,147,617	993,911	214,244	7,355,772	7,138,966
Less: ineffective loans	(387,100)	(30,178)	-	(417,278)	(514,500)
Total effective loans	5,760,517	963,733	214,244	6,938,494	6,624,466
Less: undrawn loans	(1,685,206)	(49,655)	-	(1,734,861)	(1,942,377)
Total disbursements from loans	4,075,311	914,078	214,244	5,203,633	4,682,089
Less: loan instalments repaid	(1,737,257)	(271,361)	(193,777)	(2,202,395)	(1,973,364)
Balance as at reporting date	2,338,054	642,717	20,467	3,001,238	2,708,725
Fair value of forward contracts	-	(207)	-	(207)	(3,082)
Less: loans provisions	(4,089)	-	(5,493)	(9,582)	(9,211)
Net balance at reporting date	2,333,965	642,510	14,974	2,991,449	2,696,432

Ineffective loans represent loans signed, but their terms of effectiveness have not been fulfilled yet.

SAFAA (the "Fund") loans represent amounts granted by the Fund to non-Arab African countries prior to the merging of its loans in BADEA's capital in 1977.

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

6 NET LOANS (CONTINUED)

a) Bilateral loans (Continued)

The movement of net bilateral loan balances during the year is as follows:

	Year ended 31 December				2023
	2024				
	Project Loans		SAFAA Loans	Total	
	Public Sector	Private Sector			
Opening balance	2,089,318	597,944	21,463	2,708,725	2,285,391
Disbursements during the year	326,128	205,176	-	531,304	547,661
Repayments during the year	(77,392)	(154,036)	(996)	(232,424)	(130,429)
Effect of foreign currency translation	-	(6,367)	-	(6,367)	6,102
Balance as at reporting date	2,338,054	642,717	20,467	3,001,238	2,708,725
Fair value of forward contracts	-	(207)	-	(207)	(3,082)
Less: loans provision	(4,089)	-	(5,493)	(9,582)	(9,211)
Net balance as at reporting date	2,333,965	642,510	14,974	2,991,449	2,696,432

Loans provisions

Details of the movement on provision for bilateral loans during the year is as follows:

	Year ended 31 December				2023
	2024				
	Project Loans		SAFAA Loans	Total	
	Public Sector	Private Sector			
Opening balance	3,869	-	5,342	9,211	8,950
Charge during the year	327	-	151	478	261
Reversal during the year	(107)	-	-	(107)	-
Balance as at reporting date	4,089	-	5,493	9,582	9,211

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

6 NET LOANS (CONTINUED)

b) Syndicated loans

Participation in syndicated loans represents BADEA's share in loans extended jointly by multiple lenders that are arranged and administered by other financial institutions. As at 31 December 2024, BADEA has USD 52.580 million of participation in syndicated loans (31 December 2023: USD 85.074 million). The balance includes fair value of forward contracts of USD 1.244 million (31 December 2023: USD 8 million).

7 NET ACCRUED INTEREST ON LOANS

	As at 31 December				2023
	2024		Syndicated loans	Total	
	Project loans	Private Sector			
	Public Sector	Private Sector		Total	
Accrued interest on loans	62,223	8,125	1,149	71,497	72,240
Excluded interest on loans*	(9,798)	-	-	(9,798)	(9,706)
Net balance as at reporting date	52,425	8,125	1,149	61,699	62,534

*BADEA excludes from its revenues any interest on public sector loans when the payment of these interest is past due for more than 180 days. BADEA also excludes from its revenues any interest on private sector loans when the payment of these interest is past due for a period of more than 90 days.

Details of movement on excluded interest from loans during the year is as follows:

	Year ended 31 December	
	2024	2023
Opening balance	9,706	9,706
Charge during the year	92	-
Net balance as at reporting date	9,798	9,706

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

8 EQUITY PARTICIPATION IN FINANCIAL INSTITUTIONS

These represent participation in the equity of international and regional financial institutions as follows:

	As at 31 December	
	2024	2023
African Export & Import Bank	63,458	58,872
Arab Investment & Export Credit Guarantee Corporation	25,950	25,950
Trade and Development Bank	11,813	11,403
Africa Finance Corporation	12,500	12,500
Development Bank of the Central African States	251	170
	113,972	108,895

9 DEPOSITS FROM ANOTHER FINANCIAL INSTITUTION

Deposits from another financial institution are denominated in Euro under commercial terms. The movement on deposits from another financial institution during the year is as follows:

	Year ended 31 December	
	2024	2023
Opening balance	110,465	-
Placements during the year	-	106,250
Effect of foreign currency translation	(6,915)	4,215
Closing balance as at reporting date	103,550	110,465

10 BORROWINGS FROM ANOTHER FINANCIAL INSTITUTION

Borrowings from another financial institution are unsecured, denominated in EURO under commercial terms. The movement on borrowings during the year is as follows:

	Year ended 31 December	
	2024	2023
Opening balance	149,128	-
Borrowings obtained during the year	-	144,583
Repayments during the year	(149,650)	-
Effect of foreign currency translation	522	4,545
Closing balance as at reporting date	-	149,128

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

11 DEBT SECURITIES IN ISSUE

On 29 November 2023, BADEA established a Euro Medium Term note (“EMTN”) Programme with the underlying notes to be listed in London stock exchange. On 25 January 2024, the bank has issued 3 years Euro 500,000,000 social bonds with a fixed interest rate of 3.75% payable annually on 28 January of each year. The bonds have a par value of Euro 100,000 per unit and were issued at a discount of 0.156%.

Details of the movement of debt securities in issue during the year ended 31 December 2024 is as follows:

	<u>31 December 2024</u>
Opening balance	-
Withdrawals during the year	543,125
Effect of foreign currency translation	(25,375)
Closing balance as at reporting date	<u>517,750</u>

12 SHARE CAPITAL

- As at 31 December 2024, the authorised capital amounted to USD 20 billion (31 December 2023: USD 20 billion).
- As of 31 December 2024, the subscribed capital amounted to USD 10 billion (31 December 2023: USD 10 billion).
- As at 31 December 2024, the paid-up capital amounted to USD 5 billion (31 December 2023: USD 5 billion).

The contribution of each member country in the paid-up capital as at reporting date is as follows:

Country	<u>As at 31 December</u>	
	<u>2024</u>	<u>2023</u>
Hashemite Kingdom of Jordan	10,704	10,704
State of United Arab Emirates	535,217	535,217
Kingdom of Bahrain	10,704	10,704
Republic of Tunisia	44,601	44,601
People’s Democratic Republic of Algeria	214,087	214,087
Kingdom of Saudi Arabia	1,284,520	1,284,520
Republic of Sudan	10,704	10,704
Arab Republic of Syria	5,947	5,947
Republic of Iraq	749,304	749,304
Sultanate of Oman	64,226	64,226
State of Palestine	10,704	10,704
State of Qatar	428,174	428,174
State of Kuwait	784,985	784,985
Republic of Lebanon	35,681	35,681
State of Libya	713,622	713,622
Arab Republic of Egypt	10,704	10,704
Kingdom of Morocco	78,498	78,498
Islamic Republic of Mauritania	7,618	7,618
Total	<u>5,000,000</u>	<u>5,000,000</u>

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

13 GENERAL RESERVE

In accordance with Article 36 of the Establishment Agreement and based on recommendation of the Board of Directors; the Board of Governors shall annually determine the portion of net income that should be transferred to the general reserve, to the share capital, or any other transfers in line with the objectives of BADEA.

Pursuant to resolution No.1 of 2024 of the Board of Governors, 10% of the net profit for the year ended 31 December 2023 was appropriated and transferred to other liabilities and the remaining amount of USD 262.817 million was transferred to the general reserve (31 December 2023: USD 187.916 million transferred from general reserve).

14 NET INCOME FROM INVESTMENTS

	Year ended 31 December	
	2024	2023
Interest income	60,589	51,868
Dividends income	7,248	11,782
Net realized gain	123,871	56,725
Net unrealized (loss) / gain	(9,697)	112,085
Foreign currency exchange (loss) / gain	(32,619)	14,252
Investment expenses	(4,948)	(5,099)
	144,444	241,613

15 INCOME FROM NET LOANS AND NET TRADE FINANCE

	Year ended 31 December	
	2024	2023
Public sector loans	22,360	19,215
Private sector loans	49,488	32,636
SAAFA loans	10	71
Syndicated loans	6,173	8,533
Income from net loans	78,031	60,455
Income from net trade finance	38,063	29,828
	116,094	90,283

16 LOSS FROM IMPAIRMENT OF FIXED AND OTHER ASSETS

	Year ended 31 December	
	2024	2023
Loss from impairment of cash	-	79
Loss from impairment of fixed assets- building	5,317	5,923
Loss from impairment of fixed assets- furniture and fixtures	-	356
Loss from impairment of fixed assets- vehicles	-	158
Loss from impairment of other assets	-	1,593
	5,317	8,109

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

16 LOSS FROM IMPAIRMENT OF FIXED AND OTHER ASSETS (CONTINUED)

As a result of the continued deterioration of security conditions in the host country and the lack of any information regarding the condition of the buildings, along with the increasing likelihood that the buildings are partially or completely destroyed, the possibility of utilizing them in the future has become very weak. The management considered these factors as an impairment indicator and recorded an additional impairment provision of USD 5,317 during the year ended 31 December 2024 (31 December 2023: USD 8,109). As a result, the total impairment provisions now equal 100% of the total assets located in the Republic of Sudan. The additional provisions were approved by the Board of Directors in its meeting held on December 19, 2024.

17 GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2024	2023
Board of Governors expenses	161	123
Board of Directors expense	2,291	1,767
Salaries and employee benefits	24,116	19,274
Travel and services	6,454	4,306
Utilities	1,992	1,226
Depreciation of fixed assets	677	757
Audit fees and other related charges	135	170
Others*	7,702	4,048
	43,528	31,671

*Other expenses include relocation costs to BADEA's new offices in Riyadh, Kingdom of Saudi Arabia.

18 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in a current transaction between knowledgeable and willing parties in an arm's length transaction conducted with other parties. Then, differences between the carrying value and fair value are generated. The carrying value of investments in equity and bonds approximates their fair value as at the date of the statement of financial position.

BADEA doesn't currently sell its loans, trade finance exposures nor equity participation in financial institutions. Accordingly, it is impractical to determine reliable fair value of these instruments.

19 DERIVATIVES

BADEA's investment guidelines in securities' portfolios allows utilisation of forward and future derivative instruments to mitigate the foreign exchange, interest rate and market risks.

The table below summarises the positive and negative fair values of derivative financial instruments, and analysis of the nominal amounts for the remaining maturity term. The nominal amounts, which provide an indication of the volumes of the transactions outstanding at the year end, do not necessarily reflect the amounts of the related future cash flows. Thus, such nominal values do not reflect BADEA's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, nor to market risk.

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

19 DERIVATIVES (CONTINUED)

	Positive fair value	Negative fair value	Total nominal amount	Nominal amount by term to maturity			
				Within 3 months	3-12 months	1-5 years	Over 5 years
31 December 2024							
Forward contracts – Note 4	29,136	4,884	1,231,099	1,183,830	26,435	20,834	-
Forward contracts - Note 6	9,035	7,998	52,759	10,702	14,910	27,147	-
Total	38,171	12,882	1,283,858	1,194,532	41,345	47,981	-
31 December 2023							
Forward contracts – Note 4	4,258	23,224	1,176,408	1,143,533	991	31,884	-
Forward contracts - Note 6	620	3,710	87,942	8,579	21,270	56,415	1,678
Total	4,878	26,934	1,264,350	1,152,112	22,261	88,299	1,678

20 RISK MANAGEMENT

BADEA is exposed to risks that are considered inherent in its activities. These risks are managed in a structured, systematic manner through the internal risk management policies and guidelines which embeds comprehensive risk management into organisational structure, risk measurement and monitoring processes. The Board of Directors supported by the risk committee are responsible for the direction and oversight of BADEA's risk management. BADEA's broad two activities are investment and lending.

The investment policy adopted by BADEA, considers BADEA a specialized development institution, whose investment objective is to preserve capital and increase resources without exposing its assets to significant risks. Therefore, the nature of BADEA necessitates the adoption of a conservative investment policy that mitigates investment risk, in the same manner as adopted by similar development financial institutions. Therefore, BADEA's investment policy is based on a combination of investment in short-term deposits, sukuk and securities portfolios, and changing the proportions of resources employed in these categories of investments in the light of the prevailing and expected developments in the financial markets. Taking into consideration the nature of operations, BADEA is exposed to credit risk, market risk (price risk, interest rate risk and foreign currency risk) as well as liquidity risk.

20.1 Credit risk

'Credit risk' is the risk of financial loss to BADEA if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the net loans, net trade finance, and investment debt securities. While cash and cash equivalents are also subject to credit risk, the assessment credit risk is immaterial.

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

20 RISK MANAGEMENT (CONTINUED)

20.1 Credit risk (continued)

Credit risk associated with investment activities

In respect of investment portfolios held for trading and available for sale; credit risk is managed by establishing certain limits for credit and investment guidelines based on the credit ratings; financial adequacy of the counterparty, the country or the currency. BADEA's management and the Investment Committee monitor such limits and guidelines regularly. The details of concentration of BADEA investments in fixed income, emerging market securities and sukuk are as follows:

According to the sector distribution:

	As at 31 December			
	2024		2023	
	Amount	Percentage	Amount	Percentage
Governments	896,378	56%	1,092,804	61%
Corporate	229,496	14%	341,294	19%
Government authorities	146,436	9%	166,692	9%
Government institutions	289,459	18%	184,778	10%
Other	51,043	3%	14,097	1%
Total	1,612,812	100%	1,799,665	100%

According to the geographical distribution:

	As at 31 December			
	2024		2023	
	Amount	Percentage	Amount	Percentage
United States and Canada	661,627	41%	792,991	44%
Europe	322,502	20%	329,712	18%
Japan	55,471	3%	151,501	8%
South East Asia	26,677	2%	42,887	2%
Other	546,535	34%	482,574	28%
Total	1,612,812	100%	1,799,665	100%

According to the credit ratings of counterparties as per Standard and Poor's agency rating:

	As at 31 December			
	2024		2023	
	Amount	Percentage	Amount	Percentage
AAA	370,928	23%	259,546	14%
AA	737,788	46%	880,170	49%
A	167,283	10%	147,662	8%
BBB	164,814	10%	245,316	14%
Other	171,999	11%	266,971	15%
Total	1,612,812	100%	1,799,665	100%

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

20 RISK MANAGEMENT (CONTINUED)

20.1 Credit risk (Continued)

Credit risk associated with lending activities

BADEA's lending program aims at supporting development programs in non-Arab African countries. Loan approvals are subject to a study by BADEA. The lending program of BADEA includes provision of loans to or guaranteed by governments. The outstanding loans are considered as sovereign debts. BADEA monitors regular payments of loan instalments by the borrowing country, and new loans are suspended for countries that fall in arrears. Periodic reports are also developed on the repayment position of all loans.

The lending program also includes financing the private sector, and Arab-Africa trade.

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

20 RISK MANAGEMENT (CONTINUED)

20.1 Credit risk (Continued)

Credit risk associated with lending activities (continued)

(a) Net trade finance

Institution	As at 31 December 2024							As at 31 December 2023			
	No. of loans	Total loan amount	Unsigned loans	Ineffective loans	Undisbursed loans	Repaid loans	Balance	% of outstanding loans	No. of loans	Balance	% of outstanding loans
Government of Kenya (under MRPA with TDB)	1	200,000	-	-	-	-	200,000	31.54	1	200,000	45.67
Cocoa Board (Ghana)	3	252,483	-	-	-	252,483	-	-	3	60,650	13.85
Ethiopian Banks (under MRPA with TDB)	7	1,030,215	500,000	-	47,453	356,252	126,510	19.95	6	35,220	8.04
Mali Solidarity Bank (BMS)	1	31,065	-	-	-	23,299	7,766	1.22	1	16,569	3.78
Government of Burundi	1	3,000	-	-	-	3,000	-	-	1	300	0.07
National Oil Company of Malawi	3	250,000	100,000	-	510	99,490	50,000	7.88	2	50,000	11.42
Government of Guinea	1	55,000	-	-	22,924	8,019	24,057	3.79	1	32,076	7.32
Development Bank of the Central African States (BDEAC)	1	20,710	-	-	10,356	5,177	5,177	0.82	1	11,047	2.52
Uganda Development Bank Limited (UDBL)	2	20,000	-	-	-	20,000	-	-	2	5,000	1.14
African Export & Import Bank	2	125,000	-	-	-	125,000	-	-	2	-	-
Reserve Bank of Malawi	1	30,000	-	-	-	30,000	-	-	1	-	-

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

20 RISK MANAGEMENT (CONTINUED)

20.1 Credit risk (Continued)

Credit risk associated with lending activities (continued)

(a) Net trade finance (continued)

Institution	As at 31 December 2024							As at 31 December 2023			
	No. of loans	Total loan amount	Unsigned loans	Ineffective loans	Undisbursed loans	Repaid loans	Balance	% of outstanding loans	No. of loans	Balance	% of outstanding loans
African Refining Company Senegal (SAR)	1	155,325	155,325	-	-	-	-	-	1	-	-
AFRILAND-Cameroon	1	100,000	-	-	100,000	-	-	-	1	-	-
Atlantic Bank Cameroun (BACM)	1	69,069	-	-	31,065	38,004	-	-	1	-	-
Bank Misr – Egypt	2	75,000	60,000	-	-	15,000	-	-	2	-	-
Regional Markets Bank (BRM)	1	20,000	-	20,000	-	-	-	-	1	-	-
BSIC	1	15,000	-	-	15,000	-	-	-	1	-	-
Coris Bank (Burkina Faso)	1	31,065	31,065	-	-	-	-	-	1	-	-
CORIS BANK (Ivory Coast)	1	90,000	-	-	90,000	-	-	-	1	-	-
Cotton Development Company Cameroon (SODECOTON)	1	17,630	-	-	-	17,630	-	-	1	-	-
CRDB – Tanzania	1	50,000	50,000	-	-	-	-	-	1	-	-
Development Bank of Mali (BDM)	1	8,000	-	-	-	8,000	-	-	1	-	-
ECOAS Bank for Investment and Development (EBID-BIDC)	1	10,459	-	-	-	10,459	-	-	1	-	-
GEPPA – Ivory Coast	1	5,000	-	-	-	5,000	-	-	1	-	-
Government of Gambia	1	50,000	-	-	15,000	20,000	15,000	2.37	1	-	-
Government of South Sudan	1	25,000	25,000	-	-	-	-	-	1	-	-

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

20 RISK MANAGEMENT (CONTINUED)

20.1 Credit risk (Continued)

Credit risk associated with lending activities (continued)

(a) Net trade finance (continued)

Institution	As at 31 December 2024							As at 31 December 2023			
	No. of loans	Total loan amount	Unsigned loans	Ineffective loans	Undisbursed loans	Repaid loans	Balance	% of outstanding loans	No. of loans	Balance	% of outstanding loans
International Bank for Trade and Industry - Gabon (BICIG)	1	56,952	-	56,952	-	-	-	-	1	-	-
Liberian Bank for Development and Investment (LBDI)	1	10,000	-	-	2,000	8,000	-	-	1	-	-
Mudarabah transaction with ITFC in favor of Burkina Faso	2	25,370	-	-	-	25,370	-	-	2	-	-
National Bank for Economic Development - Senegal (BNDE)	1	31,065	-	-	31,065	-	-	-	1	-	-
SONABHY- Burkina Faso	1	50,000	-	-	50,000	-	-	-	1	-	-
Sterling Bank	1	50,000	-	50,000	-	-	-	-	1	-	-
West African Development Bank (BOAD)	2	80,000	-	-	-	80,000	-	-	2	-	-
Central Bank of Burundi	1	50,000	-	-	-	-	50,000	7.88	-	-	-
Government of Angola	1	100,000	50,000	-	33,557	-	16,443	2.59	-	-	-
Trade and Development Bank	1	60,000	-	-	-	-	60,000	9.46	-	-	-
Government of Ivory Coast	1	103,550	-	-	103,550	-	-	-	-	-	-
Government of Sao Tomé and Príncipe	1	25,887	25,887	-	-	-	-	-	-	-	-
Government of Sierra Leone	1	60,000	60,000	-	-	-	-	-	-	-	-
Government of Togo	1	103,550	103,550	-	-	-	-	-	-	-	-

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

20 RISK MANAGEMENT (CONTINUED)

20.1 Credit risk (Continued)

Credit risk associated with lending activities (continued)

(a) Net trade finance (continued)

Institution	As at 31 December 2024							As at 31 December 2023			
	No. of loans	Total loan amount	Unsigned loans	Ineffective loans	Undisbursed loans	Repaid loans	Balance	% of outstanding loans	No. of loans	Balance	% of outstanding loans
Bank of Africa - Cote d'Ivoire	1	72,485	72,485	-	-	-	-	-	-	-	-
Community Credit of Africa (CCA)- Cameroon	1	25,887	25,887	-	-	-	-	-	-	-	-
National Bank of Investment (BNI)- Ivory cost	1	82,840	82,840	-	-	-	-	-	-	-	-
Various banks	1	500,000	437,679	-	-	-	62,321	9.83	-	-	-
African Export & Import Bank	1	16,000	-	-	-	16,000	-	-	1	-	-
SONANGOL-Angola	2	50,000	-	-	-	33,075	16,925	2.67	2	27,080	6.19
SENELEC-Senegal	1	15,966	-	-	-	15,966	-	-	1	-	-
The General Authority for Supply Commodities-Egypt (GASC)	2	14,826	-	-	-	14,826	-	-	2	-	-
Government of Pakistan-Ministry of Finance	1	10,000	-	-	-	10,000	-	-	1	-	-
Net trade finance	66	4,333,399	1,779,718	126,952	552,480	1,240,050	634,199	100	53	437,942	100

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

20 RISK MANAGEMENT (CONTINUED)

20.1 Credit risk (Continued)

Credit risk associated with lending activities (continued)

(b) Bilateral loans – Public sector

The following table illustrates details of BADEA's loans extended to countries as at 31 December 2024:

Country	As at 31 December 2024								As at 31 December 2023		
	No. of loans	Total loan amount	Unsigned loans	Ineffective loans	Undisbursed loans	Repaid loans	Balance	% of outstanding loans	No. of loans	Balance	% of outstanding loans
Angola	5	43,339	19,950	-	-	23,389	-	-	5	-	-
Benin	34	329,324	6,100	50,000	103,829	73,368	96,027	4.07	33	70,293	3.33
Botswana	16	86,431	-	-	1,160	74,948	10,323	0.44	16	12,103	0.57
Burundi	18	210,843	60,000	-	49,642	30,897	70,304	2.98	17	65,987	3.13
Burkina Faso	41	392,969	6,100	50,000	90,409	111,976	134,484	5.70	40	138,090	6.54
Central Africa	11	61,229	16,300	-	20,180	10,692	14,057	0.60	9	11,735	0.56
Republic of Chad	28	236,247	26,200	6,300	48,838	55,457	99,452	4.22	26	96,404	4.57
Cameroon	20	214,519	50,000	-	46,592	62,117	55,810	2.37	18	55,920	2.65
Congo Brazzaville	9	118,264	14,000	-	65,977	23,497	14,790	0.63	8	15,227	0.72
Democratic Republic of Congo	11	138,259	-	-	68,464	19,754	50,041	2.12	11	50,641	2.40
Comoros	4	18,496	-	-	-	1,021	17,475	0.74	4	17,475	0.83
Cape Verde	23	155,907	2,300	-	48,092	66,628	38,887	1.65	22	39,875	1.89
Equatorial Guinea	6	28,167	15,000	-	2,000	9,167	2,000	0.08	6	2,000	0.09
Eritrea	5	75,161	-	-	19,419	15,674	40,068	1.70	5	14,989	0.71
Ethiopia	23	272,898	49,550	-	69,323	56,145	97,880	4.15	23	98,892	4.69
Gabon	4	66,908	7,700	-	25,000	9,208	25,000	1.06	3	-	-
Ghana	24	161,873	14,500	-	15,821	91,264	40,288	1.71	24	39,300	1.86
Gambia	25	153,238	2,100	-	22,594	44,968	83,576	3.54	24	75,241	3.56
Guinea Bissau	7	120,834	56,000	-	54,000	6,456	4,378	0.19	6	4,565	0.22
Guinea	32	274,026	14,000	-	55,177	94,063	110,786	4.70	31	106,794	5.06

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

20 RISK MANAGEMENT (CONTINUED)

20.1 Credit risk (Continued)

Credit risk associated with lending activities (continued)

(b) Bilateral loans – Public sector (continued)

Country	As at 31 December 2024								As at 31 December 2023		
	No. of loans	Total loan amount	Unsigned loans	Ineffective loans	Undisbursed loans	Repaid loans	Balance	% of outstanding loans	No. of loans	Balance	% of outstanding loans
Ivory Coast	21	398,773	87,700	75,000	100,817	32,643	102,613	4.35	19	82,558	3.91
Kenya	20	142,164	-	-	37,837	50,860	53,467	2.27	20	53,854	2.55
Liberia	6	32,611	-	-	5,475	3,627	23,509	1.00	6	22,192	1.05
Lesotho	19	117,663	3,500	-	26,014	50,083	38,066	1.61	18	38,213	1.81
Madagascar	26	200,255	-	28,000	48,171	74,247	49,837	2.11	26	49,017	2.32
Malawi	13	112,254	16,000	-	1,229	24,183	70,842	3.00	13	72,015	3.41
Mauritius	14	138,342	-	50,000	16,256	62,842	9,244	0.39	14	7,446	0.35
Mali	36	341,512	57,900	-	97,753	102,759	83,100	3.52	34	60,392	2.86
Mozambique	37	299,218	20,000	20,000	26,058	126,040	107,120	4.54	36	107,776	5.11
Namibia	5	24,912	-	-	6,700	14,166	4,046	0.17	5	4,641	0.22
Nigeria	2	58,000	50,000	-	2,118	1,101	4,781	0.20	1	5,152	0.24
Niger	26	270,692	57,900	50,000	38,362	42,565	81,865	3.47	25	79,928	3.79
Rwanda	25	209,918	22,000	-	51,674	38,695	97,549	4.14	24	86,859	4.12
Senegal	52	589,168	58,800	-	186,732	136,508	207,128	8.78	50	149,500	7.08
Seychelles	12	45,963	-	-	1,795	27,742	16,426	0.70	12	17,574	0.83
Sierra Leone	19	210,493	59,700	-	59,210	17,396	74,187	3.15	17	60,549	2.87
Sao Tome and Principe	9	37,663	-	7,800	1,291	12,498	16,074	0.68	9	14,538	0.69
Swaziland	9	72,980	-	-	16,991	27,247	28,742	1.22	9	28,577	1.35
Tanzania	24	190,452	-	-	46,627	30,035	113,790	4.82	24	106,791	5.06
Togo	11	118,462	6,400	-	45,822	12,925	53,315	2.26	10	31,185	1.48

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

20 RISK MANAGEMENT (CONTINUED)

20.1 Credit risk (Continued)

Credit risk associated with lending activities (continued)

(b) Bilateral loans – Public sector (continued)

Country	As at 31 December 2024								As at 31 December 2023		
	No. of loans	Total loan amount	Unsigned loans	Ineffective loans	Undisbursed loans	Repaid loans	Balance	% of outstanding loans	No. of loans	Balance	% of outstanding loans
Uganda	20	199,333	40,000	-	43,207	42,758	73,368	3.11	19	72,506	3.44
Zambia	12	125,901	-	50,000	7,449	33,196	35,256	1.49	12	33,968	1.61
Zimbabwe	10	64,243	-	-	11,101	45,335	7,807	0.33	10	8,157	0.39
Other	7	103,657	62,000	-	-	40,894	763	0.04	7	1,862	0.08
Total public sector loans	781	7,263,561	901,700	387,100	1,685,206	1,931,034	2,358,521	100	751	2,110,781	100

(c) Bilateral loans – Private sector

Institution	As at 31 December 2024								As at 31 December 2023		
	No. of loans	Total loan amount	Unsigned loans	Ineffective loans	Undisbursed loans	Repaid loans	Balance	% of outstanding loans	No. of loans	Balance	% of outstanding loans
West African Development Bank (BOAD)	2	115,000	-	-	-	15,000	100,000	15.56	2	100,000	16.72
Eco Bank Group	1	40,000	-	-	-	40,000	-	-	1	26,667	4.46
East African Development Bank (EABD)	2	82,000	-	-	25,003	11,953	45,044	7.01	2	23,425	3.92
Development Bank of Rwanda (BRD)	2	55,000	-	-	-	28,750	26,250	4.08	2	36,250	6.06

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

20 RISK MANAGEMENT (CONTINUED)

20.1 Credit risk (Continued)

Credit risk associated with lending activities (continued)

(c) Bilateral loans – Private sector (continued)

Institution	As at 31 December 2024								As at 31 December 2023		
	No. of loans	Total loan amount	Unsigned loans	Ineffective loans	Undisbursed loans	Repaid loans	Balance	% of outstanding loans	No. of loans	Balance	% of outstanding loans
Development Bank of the Central African States (BDEAC)	2	56,420	-	-	-	14,404	42,016	6.54	2	53,829	9.00
The Eastern and Southern African Trade and Development Bank (TDB)	4	184,000	119,000	-	-	17,708	47,292	7.36	3	57,500	9.62
Uganda Development Bank Limited (UDBL)	2	16,000	-	-	-	4,125	11,875	1.85	2	12,625	2.11
ECOAS Bank for Investment and Development (EBID-BIDC)	3	105,000	50,000	-	-	28,571	26,429	4.11	2	48,571	8.12
Liberian Bank for Development and Investment (LBDI)	1	5,000	-	-	10	4,990	-	-	1	899	0.15
Agriculture Bank Senegal (EXCNCAS)	1	10,000	-	-	-	6,670	3,330	0.52	1	4,009	0.67
Mali Solidarity Bank (BMS)	2	66,775	51,774	-	-	13,745	1,256	0.20	1	5,000	0.84
Housing Finance Company (HFC)	1	2,250	-	-	-	2,250	-	-	1	508	0.08
Norsad Finance Limited (NORSAD)	2	55,000	15,000	-	-	4,000	36,000	5.60	2	40,000	6.69
RAW Bank	1	15,000	-	-	-	6,000	9,000	1.40	1	13,500	2.26
Victoria Commercial Bank-Kenya	1	20,000	-	-	-	7,500	12,500	1.94	1	17,500	2.93

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

20 RISK MANAGEMENT (CONTINUED)

20.1 Credit risk (Continued)

Credit risk associated with lending activities (continued)

(c) Bilateral loans – Private sector (continued)

Institution	As at 31 December 2024							As at 31 December 2023			
	No. of loans	Total loan amount	Unsigned loans	Ineffective loans	Undisbursed loans	Repaid loans	Balance	% of outstanding loans	No. of loans	Balance	% of outstanding loans
Dynamic mining project-Guinea	1	25,000	-	-	-	312	24,688	3.84	1	19,335	3.23
Afriland First Bank (AFB)-Cameroon	1	20,710	-	-	-	10,146	10,564	1.64	1	22,093	3.69
Malicounda power plant-Senegal	1	33,269	-	-	2,035	4,308	26,926	4.19	1	29,080	4.86
Cabinda Oil Refinery – Angola	1	45,000	-	-	12,607	-	32,393	5.04	1	18,112	3.03
Postal bank- Congo	1	10,355	-	-	-	3,451	6,904	1.07	1	11,046	1.85
National Bank for Economic Development - Senegal (BNDE)	1	23,299	-	-	-	-	23,299	3.63	1	24,855	4.17
National Bank of Investment (BNI)- Ivory cost	1	31,065	-	-	-	31,065	-	-	1	33,140	5.54
Tanzania Investment Bank (TIB)	1	2,500	-	-	-	2,500	-	-	1	-	-
SONIBANK	1	5,000	5,000	-	-	-	-	-	1	-	-
Development Bank of Mali (BDM)	1	4,000	-	-	-	4,000	-	-	1	-	-
Cotton Development Company Cameroon (SODECOTON)	1	10,000	-	-	10,000	-	-	-	1	-	-
National Oilseed Marketing Company of Senegal (SONACOS)	1	9,913	-	-	-	9,913	-	-	1	-	-
Sterling Bank PLC	1	15,000	-	15,000	-	-	-	-	1	-	-

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

20 RISK MANAGEMENT (CONTINUED)

20.1 Credit risk (Continued)

Credit risk associated with lending activities (continued)

(c) Bilateral loans – Private sector (continued)

As at 31 December 2024

As at 31 December 2023

Institution	No. of loans	Total loan amount	As at 31 December 2024					As at 31 December 2023			
			Unsigned loans	Ineffective loans	Undisbursed loans	Repaid loans	Balance	% of outstanding loans	No. of loans	Balance	% of outstanding loans
BRM	1	10,000	-	10,000	-	-	-	-	1	-	-
Neho- Madagascar	1	40,000	40,000	-	-	-	-	-	1	-	-
First City Monument Bank (FCMB)- Nigeria	1	25,000	25,000	-	-	-	-	-	1	-	-
BGFI Bank- Ivory Coast	1	15,533	15,533	-	-	-	-	-	1	-	-
East African Crude Oil Pipeline (EACOP)	1	100,000	100,000	-	-	-	-	-	1	-	-
Atlantic Bank Cameroun (BACM)	1	5,178	-	-	-	-	5,178	0.81	1	-	-
International Bank for Trade and Industry - Gabon (BICIG)	1	5,178	-	5,178	-	-	-	-	1	-	-
Kigali Innovation City- Rwanda	1	4,760	4,760	-	-	-	-	-	1	-	-
Development Bank of Southern Africa (DBSA)	1	100,000	-	-	-	-	100,000	15.56	1	-	-
International Bank for Industry and Trade- Benin (BIIC)	1	51,775	51,775	-	-	-	-	-	1	-	-
National Development Bank of Botswana (NDB)	1	10,000	10,000	-	-	-	-	-	1	-	-

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

20 RISK MANAGEMENT (CONTINUED)

20.1 Credit risk (Continued)

Credit risk associated with lending activities (continued)

(c) Bilateral loans – Private sector (continued)

Institution	As at 31 December 2024							As at 31 December 2023			
	No. of loans	Total loan amount	Unsigned loans	Ineffective loans	Undisbursed loans	Repaid loans	Balance	% of outstanding loans	No. of loans	Balance	% of outstanding loans
African finance foundation	1	100,000	100,000	-	-	-	-	-	-	-	-
Industry Bank- Nigeria	1	51,773	-	-	-	-	51,773	8.05	-	-	-
Community Credit of Africa (CCA)- Cameroon	1	5,178	5,178	-	-	-	-	-	-	-	-
NSIA Bank -Ivory Coast	1	72,485	72,485	-	-	-	-	-	-	-	-
Altvest Credit Opportunities Fund (ACOF)	1	10,000	10,000	-	-	-	-	-	-	-	-
Total private sector loans	56	1,669,416	675,505	30,178	49,655	271,361	642,717	100	48	597,944	100

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

20 RISK MANAGEMENT (CONTINUED)

20.1 Credit risk (Continued)

Credit risk associated with lending activities (continued)

(d) Syndicated loans

Country/Institution	As at 31 December 2024							As at 31 December 2023			
	No. of loans	Total loan amount	Unsigned loans	Ineffective loans	Undisbursed loans	Repaid loans	Balance	% of outstanding loans	No. of loans	Balance	% of outstanding loans
Benin	1	12,426	-	-	-	5,325	7,101	13.83	1	13,256	15.58
Ivory Coast	2	22,675	-	-	-	8,696	13,979	27.23	2	24,460	28.75
Malawi reserve bank	1	2,000	-	-	-	2,000	-	-	1	2,000	2.35
Tanzania	1	15,000	-	-	-	5,454	9,546	18.60	1	12,273	14.42
The Eastern and Southern African Trade and Development Bank (TDB)	1	11,000	-	-	-	11,000	-	-	1	11,000	12.93
Senegal	1	20,710	-	-	-	-	20,710	40.34	1	22,093	25.97
Total syndicated loans	7	83,811	-	-	-	32,475	51,336	100	7	85,082	100
Total bilateral and syndicated loans	844	9,016,788	1,577,205	417,278	1,734,861	2,234,870	3,052,574		806	2,793,807	
Fair value of forward contracts (bilateral & syndicated)							1,037			(3,090)	
Loans provision							(9,582)			(9,211)	
Total loans after provision							3,044,029			2,781,506	
Total credit exposure from net loans and trade finance							3,678,228			3,219,448	

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

20 RISK MANAGEMENT (CONTINUED)

20.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risk comprises three types of risk: equity price risk, interest rate risk and currency risk.

a) Equity price risk

Equity price risk is the risk of change in the fair values of listed securities that are carried at fair value. BADEA sets suitable instructions for investment in portfolios-equity securities.

The following table discloses the concentration of BADEA's investment in securities - equity securities as at 31 December.

According to sector distribution

	2024		2023	
	Amount	Percentage	Amount	Percentage
Consumable commodities	60,815	17%	83,771	18%
Energy	12,853	4%	22,806	5%
Financial institutions	64,927	18%	76,345	17%
Healthcare	41,819	12%	61,716	13%
Industrial	35,828	10%	49,943	11%
Information technology	91,899	26%	104,325	23%
Production of raw materials	8,053	2%	23,572	5%
Telecommunication services	25,797	7%	27,769	6%
Public utilities	12,833	4%	10,976	2%
Total	354,824	100%	461,223	100%

According to the geographical distribution

	2024		2023	
	Amount	Percentage	Amount	Percentage
United States and Canada	255,319	72%	323,949	70%
Europe	71,349	20%	96,269	21%
Japan	14,091	4%	23,326	5%
South East Asia	10,478	3%	929	-
Others	3,587	1%	16,750	4%
Total	354,824	100%	461,223	100%

The table below summarises the impact of increase in equity prices on the bank's profit for the year. The following analysis is based on the assumption that the equity prices would increase by 5% with all other variables held constant.

	Impact on profit / (loss) for the year ended 31 December	
	2024	2023
Increase in equity prices by 5%	17,741	23,061

Decrease in equity prices by 5% would have an opposite effect on profit for the year.

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

20 RISK MANAGEMENT (CONTINUED)

20.2 Market risk (Continued)

b) Interest rate risk

Interest rate risk is the risk that the financial position and cash flows of BADEA may be affected by future fluctuations in interest rates. Favourable fluctuations may lead to increase in the interest income, while unexpected movements may decrease this income.

In respect of deposits, sukuk and fixed income and emerging market securities, BADEA's main objective is to ensure safety and liquidity of assets. Subject to these factors, BADEA seeks the highest possible return. Performance is monitored regularly and adjustments are made to the portfolios in the light of market developments.

In respect of loans and trade financing, interest rate is determined independently of market forces by the Board of Directors and at levels consistent with BADEA's strategic orientation within the framework of its development objective. Net profit for the year is sensitive to higher/lower interest income/expenses as a result of changes in interest rates of interest-bearing assets and liabilities:

	Impact on profit for the year ended 31 December	
	2024	2023
Increase by 100 basis points	53,831	49,130
Decrease by 100 basis points	(53,831)	(49,130)

c) Foreign exchange risk

Foreign exchange risk is defined as the potential fluctuations in the exchange rates and its effects on BADEA's financial position and cash flows. BADEA has developed certain limits and controls on foreign exchange; as well as their percentage composition, which are monitored regularly by BADEA. BADEA uses the US Dollar in its lending operations and transactions with banks. In respect of the investment portfolios held for trading, transactions of other limited currencies are allowed. Nevertheless, the US Dollar represents the functional currency against which at least 65% of the total portfolio held for trading including derivatives should be maintained. BADEA had the following significant net exposures denominated in foreign currencies:

	As at 31 December	
	2024	2023
Euro	95,134	393,020
GBP	118	121,947
Others	791	382,268
Total	96,043	897,235

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

20 RISK MANAGEMENT (CONTINUED)

20.2 Market risk (continued)

c) Foreign exchange risk (continued)

The table below analyses the effect on profit of an assumed 5% strengthening in value of the currency rate against USD from levels applicable at the year-end, with all other variables held constant. A negative amount in the table reflects a potential net reduction in profit, whereas a positive amount reflects a net potential increase.

	Change in currency rate	Effect on profit for the year and member countries' equity	
		2024	2023
Euro	-5%	(4,757)	(19,651)
GBP	-5%	(6)	(6,097)
Others	-5%	(40)	(19,113)
		(4,803)	(44,861)

20.3 Liquidity risk

Liquidity risk is the risk that BADEA will be unable to meet its financial liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind and monitors liquidity on a daily basis.

The table below summarises the maturity profile of BADEA's assets, liabilities and equity based on contractual cash flows and/or practicability of liquidation. This does not necessarily take account of the effective maturities.

31 December 2024	Up to 3 months	3 to 12 months	Over 1 year	Total
Assets				
Cash and cash equivalents	687,598	-	-	687,598
Investments	1,601,195	5,993	379,496	1,986,684
Net trade finance	73,385	373,927	186,887	634,199
Net accrued interest on trade finance	6,277	-	-	6,277
Net loans	89,118	175,106	2,779,805	3,044,029
Net accrued interest on loans	9,090	52,609	-	61,699
Equity participation in financial institutions	-	-	113,972	113,972
Fixed assets	-	-	1,589	1,589
Other assets	4,350	8,984	3,644	16,978
	2,471,013	616,619	3,465,393	6,553,025
Liabilities				
Deposits from another financial institution	62,130	41,420	-	103,550
Debt securities in issue	-	-	517,750	517,750
Other liabilities	26,354	13,642	95,814	135,810
Provision for end of service benefits	2,379	1,566	11,643	15,588
	90,863	56,628	625,207	772,698

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

20 RISK MANAGEMENT (CONTINUED)

20.3 Liquidity risk (Continued)

	Up to 3 months	3 to 12 months	Over 1 year	Total
31 December 2023				
<i>Assets</i>				
Cash and cash equivalents	288,028	-	-	288,028
Investments	2,028,541	3,456	234,035	2,266,032
Net trade finance	22,667	152,465	262,810	437,942
Net accrued interest on trade finance	5,017	-	-	5,017
Net loans	37,445	210,476	2,533,585	2,781,506
Net accrued interest on loans	-	62,534	-	62,534
Equity participation in financial institutions	-	-	108,895	108,895
Fixed assets	-	-	5,848	5,848
Other assets	6,907	1,955	3,816	12,678
	<u>2,388,605</u>	<u>430,886</u>	<u>3,148,989</u>	<u>5,968,480</u>
<i>Liabilities</i>				
Deposits from another financial institution	55,233	55,232	-	110,465
Borrowings from other financial institutions	-	-	149,128	149,128
Other liabilities	7,834	10,321	76,608	94,763
Provision for end of service benefits	1,050	1,467	11,345	13,862
	<u>64,117</u>	<u>67,020</u>	<u>237,081</u>	<u>368,218</u>

The liquidity profile of financial liabilities of BADEA summarised below reflects the contractual undiscounted cash flows except for other liabilities which are non-interest bearing and are presented in the below schedule net of future interest.

	Up to 3 months	3 to 12 months	Over 1 year	Total
31 December 2024				
<i>Financial liabilities</i>				
Deposits from another financial institution	62,130	41,420	-	103,550
Debt securities in issue	-	-	517,750	517,750
Other liabilities	26,354	13,642	95,814	135,810
	<u>88,484</u>	<u>55,062</u>	<u>613,564</u>	<u>757,110</u>
<i>Financing pledges and other commitments</i>				
Loans and grants commitments	555,600	1,973,081	3,692,005	6,220,686
	<u>555,600</u>	<u>1,973,081</u>	<u>3,692,005</u>	<u>6,220,686</u>
31 December 2023				
<i>Financial liabilities</i>				
Deposits from another financial institution	55,233	55,232	-	110,465
Borrowings from other financial institutions	-	-	156,594	156,594
Other liabilities	7,834	10,321	76,608	94,763
	<u>63,067</u>	<u>65,553</u>	<u>233,202</u>	<u>361,822</u>
<i>Financing pledges and other commitments</i>				
Loans and grants commitments	144,849	815,372	3,880,358	4,840,579
	<u>144,849</u>	<u>815,372</u>	<u>3,880,358</u>	<u>4,840,579</u>

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

20 RISK MANAGEMENT (CONTINUED)

20.4 Capital risk management

BADEA's capital comprises contributions made by member states as set out in Note 12 "Share capital" above.

BADEA's objectives when managing capital is to safeguard its ability to continue as a going concern in order to achieve its objectives prescribed in note 1 and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, BADEA may increase its capital (subject to approval of the Board of Governors).

The Bank monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as due to counterparties (which includes short term borrowings, debt securities in issue and other liabilities) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position, plus net debt.

	As at 31 December	
	2024	2023
Deposits from another financial institution	103,550	110,465
Borrowings from another financial institution	-	149,128
Debt securities in issue	517,750	-
Other liabilities	135,810	94,763
	757,110	354,356
Less: cash and cash equivalents	(687,598)	(288,028)
Net debt	69,512	66,328
Total equity	5,780,327	5,600,262
Total capital	5,849,839	5,666,590
Gearing ratio	1.19%	1.17%

21 TAXATION EXEMPTIONS

In accordance with Article (40) of its Establishment Agreement, BADEA shall be exempted from all taxes and charges in the member countries. BADEA is also exempted from any restrictions as well as custom duties on importing materials necessary for its operations. This may not be applicable to any dues payable for actual services rendered to the Bank from other than member states. BADEA is also released and declared from any responsibility related to collection or payment of any tax or duty.

22 FINANCING PLEDGES AND OTHER COMMITMENTS

(a) Loans and grants commitments

All loans and grants are governed by agreements and memorandums of understanding with sovereign beneficiary countries. Total of these commitments does not necessarily reflect prospective financial needs; as many of these commitments are ineffective due to non-signature or revocation of the related agreements or memorandum of understanding; or incomplete endorsement procedures. Details of these commitments as at 31 December are as follows:

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements

(All amounts in USD thousands unless otherwise stated)

22 FINANCING PLEDGES AND OTHER COMMITMENTS (CONTINUED)

(a) Loans and grants commitments (continued)

	As at 31 December				2023
	2024			Total	
	Public sector	Private sector	Trade finance		Total
Unsigned loans (Notes 5 & 6)	901,700	675,505	1,779,718	3,356,923	1,809,679
Ineffective loans (Notes 5 & 6)	387,100	30,178	126,952	544,230	774,500
Undisbursed loans (Notes 5 & 6)	1,685,206	49,655	552,480	2,287,341	2,222,083
Undisbursed grants	32,192	-	-	32,192	34,317
Total	3,006,198	755,338	2,459,150	6,220,686	4,840,579

(b) Other commitments

As at 31 December 2024, BADEA is committed to settle the residual amount of BADEA's contribution in the capital of African Export & Import Bank, classified within equity participation in financial institutions, with an amount of USD 95.185 million (2023: USD 88.308 million). This amount should be paid on demand of shareholders.

As at 31 December 2024, BADEA is committed to settle the residual amount of BADEA's contribution in the capital of Development Bank of the Central African States, classified within equity participation in financial institutions, with an amount of USD 1.846 million (2023: 1.530 million). This amount should be paid on demand of shareholders.

23 PUBLIC ISSUE OF DEBT SECURITIES

On 13 March 2025, BADEA completed the pricing and settlement of a new Euro 750 million Reg-S only 3-year benchmark bond with a coupon rate of 3%. This represents BADEA's second bond issuance under the EMTN Programme established on 29 November 2023. The first issuance was completed on 24 January 2024 (Note 11). The issued Reg-S bonds are listed in London Stock Exchange.