# EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)

ANNUAL REPORT

AND

AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

# EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank) ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB – formerly PTA Bank) CORPORATE INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2019

## **BOARD OF GOVERNORS**

Republic of Mozambique

Republic of Madagascar

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

MEMBER STATES	NON-REGIONAL MEMBERS		
Republic of Rwanda	People's Republic of China (represented by the People's Bank of China)		
United Republic of Tanzania	Republic of Belarus – Development Bank of Belarus		
Republic of Zambia	INSTITUTIONS		
Republic of Mauritius	INSTITUTIONS		
Republic of Seychelles	African Development Bank		
Republic of Uganda	National Pension Fund-Mauritius		
Republic of Burundi	Mauritian Eagle Insurance Company Limited		
Union of the Comoros	Rwanda Social Security Board		
Arab Republic of Egypt	Banco Nacional de Investimento		
State of Eritrea	Seychelles Pension Fund		
Republic of Kenya	Africa Reinsurance Corporation		
Republic of Malawi	ZEP-RE (PTA Reinsurance Company)		
Republic of Zimbabwe	National Social Security Fund – Uganda		
Republic of Djibouti	SACOS Group Limited		
Republic of Sudan	OPEC Fund for International Development		
Federal Democratic Republic of Ethiopia	TDB Staff Provident Fund		
Democratic Republic of Congo	TDB Directors and Select Stakeholders Provident Fund		
Federal Republic of Somalia	Arab Bank for Economic Development in Africa (BADEA)		
Republic of South Sudan	Investment Fund for Developing Countries (IFU)		
Kingdom of eSwatini	African Economic Research Consortium (AERC)		

# EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB – formerly PTA Bank) CORPORATE INFORMATION (Continued) FOR THE YEAR ENDED 31 DECEMBER 2019

### **DIRECTORS**

Mr. Ayman Al Adl

Mr. Juste Rwamabuga Non-Executive Independent Director and Chairman, Board of Directors Non-Executive Director for Zimbabwe, Mauritius, Rwanda, Eritrea and Mr. Gerard Bussier South Sudan Mr. Christian Rwakunda Non-Executive Director for All Other Shareholders Non-Executive Director for Seychelles, Ethiopia, Burundi, Malawi and Mr. Peter Simbani Madagascar Ms. Busisiwe Alice Dlamini-Nsibande Non-Executive Director for Egypt, Tanzania, Djibouti and eSwatini Mr. Said Mhamadi Non-Executive Director for Uganda, Sudan, DR Congo and Comoros Ms. Isabel Sumar Non-Executive Director for Kenya, Zambia, Mozambique and Somalia Mr. Liu Mingzhi Non-Executive Director for Non-African States Mr. Mohamed Kalif Non-Executive Director for African Institutions Dr. Abdel-Rahman Taha Non-Executive Independent Director Mr. Admassu Tadesse President and Chief Executive Non-Executive Alternate Director for African Institutions Non-Executive Alternate Director for Zimbabwe, Mauritius, Rwanda, Eritrea and South Sudan Non-Executive Alternate Director for Seychelles, Ethiopia, Burundi. Malawi and Madagascar Non-Executive Alternate Director for Kenya, Zambia, Mozambique and Somalia Non-Executive Alternate Director for Uganda, Sudan, DR Congo and Ms. Marie Gisele Masawa Comoros Non-Executive Alternate Director for Egypt, Tanzania, Djibouti and Dr. Natu Mwamba Mr. Veenay Rambarassah Non-Executive Alternate Director for All Other Shareholders Mr. Liu Wenzhong Non-Executive Alternate Director for Non-African States Ms. Lynda Kahari Alternate Independent Non-Executive Director

Alternate Independent Non-Executive Director

# EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank) CORPORATE INFORMATION (Continued) FOR THE YEAR ENDED 31 DECEMBER 2019

**AUDITORS** 

Deloitte & Touche

Certified Public Accountants (Kenya) Deloitte Place, Waiyaki Way, Muthangari

P. O. Box 40092, 00100

Nairobi, Kenya

**HEADQUARTERS** 

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EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank) REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2019

The directors have pleasure in presenting their report and the audited financial statements of the Eastern and Southern African Trade and Development Bank (TDB - formerly PTA Bank) for the year ended 31 December 2019.

### 1. PRINCIPAL ACTIVITIES

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

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

### 2. RESULTS

The results for the period are set out on page 11 and 12.

### 3. DIVIDEND

The Board has recommended a dividend of USD 342.01 (2018: USD 315.93) per share subject to the approval of the shareholders at the Annual General Meeting.

### BOARD OF GOVERNORS

The current shareholders are shown on page 1.

In accordance with the Bank's Charter, each member shall appoint one governor.

### 5. DIRECTORS

The current members of the Board of Directors are shown on page 2.

In accordance with the Bank's Charter, and subject to re-appointment by the Board of Governors, the directors hold office for a term of three years and are, therefore, not subject to retirement by rotation annually.

### 6. AUDITORS

The Bank's auditors, Deloitte & Touche were appointed for a three-year term with effect from July 2018. They have expressed their willingness to continue in office in accordance with Article 26 (2) (e) of the Charter of the Bank.

BY ORDER OF THE BOARD

Chairman

26 MARCH 2020

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank) STATEMENT OF DIRECTORS' RESPONSIBILITIES
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

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

Director

26 MARCH 2020

26 MARCH 2020

Director



Deloitte & Touche Certified Public Accountants (Kenya) Deloitte Place Waiyaki Way, Muthangari P.O. Box 40092 - GPO 00100 Nairobi Kenya

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)

### Report on the Audit of the Financial Statements

### Opinion

We have audited the consolidated and separate financial statements of Eastern and Southern African Trade and Development Bank (the "Bank") and its subsidiary (together the "Group") set out on pages 11 to 123, which comprise the consolidated and Bank statements of financial position at 31 December 2019, and the consolidated and Bank statements of profit or loss and other comprehensive income, consolidated and Bank statements of changes in equity and consolidated and Bank statements of cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of the Group and Bank as at 31 December 2019 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Bank's Charter.

### **Basis for Opinion**

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

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

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

## **Key Audit Matter**

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

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

### Report on the Audit of the Financial Statements (Continued)

### **Key Audit Matter**

### Impairment of loans and advances

The measurement of impairment of loans at the end of the year involves significant judgements and estimates by Management and the Directors, which could have material impact on the Group financial position and the results of the Group and Bank.

At 31 December 2019, the Bank reported total gross trade finance loans of USD 2.94 billion (2018: USD 2.81 billion) and USD 70.48 million (2018: USD 79.95 million) of expected credit loss (ECL) provisions, and total gross project finance loans of USD 2.15 billion (2018: USD 1.46 billion) and USD 40.66 million (2018: USD 30.36 million) of ECL provisions. These are disclosed in Note 16 and Note 17 in the consolidated and separate financial statements.

IFRS 9 requires impairment losses to be evaluated on an ECL basis. The determination of impairment provisions for expected losses requires significant judgement, and we have therefore identified the audit of ECL impairment provisions to be a key audit matter.

The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the determination of impairment provisions for expected losses are:

### Accuracy of ECL models

The ECL model applies to financial assets measured at amortised cost and certain loan commitments, as well as financial guarantee contracts.

Under IFRS 9 credit loss allowances are measured on either of the following bases:

- (i) 12 month ECLs that result from possible default events within the 12 months after the reporting date; or
- (ii) Lifetime ECLs that result from ECLs from all possible default events over the expected life of a financial instrument.

The Bank is required to recognise an allowance for either 12 month or lifetime ECLs, depending on whether there has been a significant increase in credit risk ("SICR") since initial recognition.

The measurement of ECLs reflects a probability-weighted outcome, the time value of money and the Bank's best available forward-looking information.

### How the matter was addressed in the audit

We tested the design and implementation of key controls related to the processes relevant to the ECL.

We challenged the criteria used to allocate an asset to stage 1, 2 or 3 and verified that they were allocated to the appropriate stages.

With the support of our credit specialists, we:

- (i) Assessed the reliability of historical macroeconomic and forward-looking information/assumptions used in the model. As the loans are disbursed in different countries, we assessed the reasonableness of the Bank's internal macro-economic tool used to develop each country's ratings. We considered trends in the different economies and industries to which the Bank is exposed.
- (ii) Tested the assumptions, inputs and formulas used in the ECL models. This included assessing the appropriateness of model design and formulas used, considering alternative modelling techniques and recalculating the Probability of Default, Loss Given Default and Exposure at Default.
- (iii) Reviewed the appropriateness of thresholds used to determine "SICR". The Bank bases this on both quantitative and qualitative indicators which was the basis of our review of the staging for a sample of the loans.
- (iv) Assessed the discount rate used in the ECL calculation to and ensured that the discounting was done using the appropriate effective interest rate (EIR).
- (v) Evaluated the sufficiency and accuracy of the disclosures in the notes of the consolidated and separate financial statements.

### Report on the Audit of the Financial Statements (Continued)

## **Key Audit Matter**

### How the matter was addressed in the audit

## Impairment of loans and advances

Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive).

The assessment of the ECL of a financial asset or a portfolio of financial assets entails estimations of the likelihood of defaults occurring and of the default correlations between counterparties. The Bank measures ECL using probability of default (PD), exposure at default (EAD) and loss given default (LGD). These three components are multiplied together. The calculated ECL is then discounted using the original effective interest rate of the financial asset.

The Bank has performed historical analyses and identified the key economic variables impacting credit risk and ECL for each portfolio. These economic variables and their associated impact of the PD.

Refer to Note 3 (j) for the accounting policy on financial instruments; Note 3 (t) for the critical judgements used in determining the impairment losses; and Note 16, 17 and 18 for the disclosure on trade finance loans, project finance loans and impairment allowance respectively.

We found that the models used for the measurement of ECL to be appropriate and reasonable. In addition, the disclosures in the financial statements pertaining to the ECL measurement were found to be appropriate.

### Other Information

The directors are responsible for the other information which comprises the Corporate Information, the Report of the directors and Statement of Director's Responsibilities, which we obtained prior to this auditor's report and the Annual Report, and the Chairperson's Statement, President's Statement, Statement on Corporate Governance, Sustainability Reporting Statement and Information on Economic Environment, Financial Management and Operations, which are expected to be made available to us after that date. The other information does not include the consolidated and separate 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 conclusion thereon.

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

### Report on the Audit of the Financial Statements (Continued)

### Responsibilities of the directors for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements,
  whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit
  evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material
  misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,
  forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Bank to cease to continue as going concerns.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities
  within the Group to express an opinion on the consolidated financial statements. We are responsible for the
  direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

### Report on the audit of the Financial Statements

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

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

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

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

Certified Public Accountants (Kenya) Nairobi, Kenya

**CPA Fredrick Okwiri, Practising certificate No. 1699**Signing partner responsible for the independent audit

# EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 USD	2018 USD
INCOME			
Interest income	4	405,726,034	361,587,896
Interest expense	5	(221,574,428)	(100 460 003)
Other borrowing costs	6	(5,062,817)	(198,468,902) (6,723,839)
Other borrowing costs	O	(3,002,817)	(0,723,639)
Interest and similar expense		(226,637,245)	(205,192,741)
Net interest income		179,088,789	156,395,155
Fee and commission income	7(a)	72,390,670	44,192,454
Gains on financial assets designated at fair value through profit or loss -			,
derivatives	15	16,006,006	23,974,890
Net trading income		267,485,465	224,562,499
Risk mitigation costs	7(b)	(35,979,543)	(34,541,104)
Other income	8	6,282,770	7,482,851
OPERATING INCOME		237,788,692	197,504,246
EXPENDITURE			
Operating expenses	9	(41,084,135)	(40 707 702)
Impairment on other financial assets	11	(3,755)	(40,707,782) (3,226,125)
Impairment allowance on loans	18	(41,485,622)	(23,156,955)
Net foreign exchange loss		(3,682,121)	(1,087,992)
TOTAL EXPENDITURE		(86,255,633)	(68,178,854)
PROFIT BEFORE TAXATION		151,533,059	129,325,392
Taxation charge	12 (a)	(3,494)	123,323,332
Tuxudon charge	12 (a)	(3,434)	
PROFIT FOR THE YEAR		151,529,565	129,325,392
OTHER COMPREHENSIVE INCOME			
Items that will not be subsequently reclassified to profit and loss:			
Fair value (loss)/gain on fair value through other comprehensive income - Equity			
investments	19	(465,000)	450,000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY			
HOLDERS		151,064,565	129,775,392
		========	=========
Profit for the year is attributable to:			
Owners of the Bank		151,417,188	129,325,392
Non-controlling interest		112,377	-
		151,529,565	129,325,392
Total comprehensive income is attributable to:		========	
Owners of the Bank		150,952,188	129,775,392
Non-controlling interest		112,377	-
		151,064,565	129,775,392
		=========	=========

# EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank) SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 USD	2018 USD
INCOME			
Interest income	4	405,726,034	361,587,896
Interest expense Other borrowing costs	5 6	(221,574,428) (5,062,817)	(198,468,902) (6,723,839)
Interest and similar expense		(226,637,245)	(205,192,741)
Net interest income Fee and commission income Gains on financial assets designated at fair value through profit	7(a)	179,088,789 72,390,670	156,395,155 44,192,454
or loss – derivatives	15	16,006,006	23,974,890
Net trading income		267,485,465	224,562,499
Risk mitigation costs Other income	7(b) 8	(35,979,543) 6,009,802	(34,541,104) 7,482,851
OPERATING INCOME		237,515,724	197,504,246
EXPENDITURE			
Operating expenses Impairment on other financial assets Impairment allowance on loans Net foreign exchange loss	9 11 18	(41,039,418) (3,755) (41,485,622) (3,682,116)	(40,707,782) (3,226,125) (23,156,955) (1,087,992)
TOTAL EXPENDITURE		(86,210,911)	(68,178,854)
PROFIT FOR THE YEAR		151,304,813	129,325,392
OTHER COMPREHENSIVE INCOME			
Items that will not be subsequently reclassified to profit and loss:			
Fair value (loss)/gain on fair value through other comprehensive income - Equity investments	19	(465,000)	450,000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS		150,839,813	129,775,392
EARNINGS PER SHARE:			
Basic	13	1,448	1,283
Diluted	13	1,374 =======	1,270

# EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank) CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019	2018
ASSETS		USD	USD
Cash and balances held with other banks	14	1,382,403,564	1,145,918,378
Derivative financial instruments	15	40,049,341	54,042,940
Trade finance loans	16	2,865,166,921	2,733,444,885
Project loans	17	2,106,337,583	1,429,558,794
Investment in Government securities	22	44,897,636	1,423,338,734
Investment in Trade Fund	23	49,997,089	
Other receivables	24	120,523,438	117,136,030
Equity investments at fair value through other	24	120,323,436	117,130,030
comprehensive income	19	51,135,850	51,521,730
Investment in joint venture	20	317,010	386,994
Property and equipment	25		
Right-of-use asset	26	24,683,063	23,710,110
		3,912,012	1 052 744
Intangible assets	27	1,998,002	1,853,744
TOTAL ASSETS		6,691,421,509	5,557,573,605
			===========
LIABILITIES AND EQUITY			
LIABILITIES			
Collection account deposits	28	95,822,611	119,576,580
Lease liability	29	1,520,467	_
Short term borrowings	30	2,465,247,997	2,383,253,601
Provision for service and leave pay	33	8,551,510	7,828,640
Other payables	32	138,732,787	72,858,965
Long term borrowings	31	2,591,528,898	1,782,030,068
Current tax payable	12(c)	3,494	-
TOTAL MADULTITE			
TOTAL LIABILITIES		5,301,407,764	4,365,547,854
EQUITY			
Share capital	34	499,107,472	461,742,558
Share premium	34	101,867,839	60,500,611
Retained earnings		722,081,828	607,076,151
Proposed dividend		36,313,155	31,684,721
Fair value reserve		10,713,799	11,178,799
Management reserve	35	19,842,911	19,842,911
Equity attributable to owners of the Bank		1,389,927,004	1,192,025,751
Non-controlling interest		86,741	-
TOTAL EQUITY		1,390,013,745	1,192,025,751
TOTAL LIABILITIES AND EQUITY		6,691,421,509	5,557,573,605

The notes on pages 19 to 123 are an integral part of these financial statements.

signed on its behalf by:///

President

1/10-2/

Director

# EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank) SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019	2018
A 005TO		USD	USD
ASSETS	4.4	4 202 440 504	4.445.040.070
Cash and balances held with other banks	14	1,382,110,581	1,145,918,378
Derivative financial instruments	15	40,049,341	54,042,940
Trade finance loans	16	2,865,166,921	2,733,444,885
Project loans	17	2,106,337,583	1,429,558,794
Investment in Government securities	22	44,897,636	-
Investment in Trade Fund	23	49,996,989	-
Other receivables	24	120,416,110	117,136,030
Equity investments at fair value through other			
comprehensive income	19	51,135,850	51,521,730
Investment in joint venture	20	317,010	386,994
Investment in subsidiary	21	69,984	-
Property and equipment	25	24,683,063	23,710,110
Right-of-use asset	26	3,912,012	
Intangible assets	27	1,998,002	1,853,744
TOTAL ASSETS		6,691,091,082	5,557,573,605
		=========	=======================================
LIABILITIES AND EQUITY			
LIABILITIES			
Collection account deposits	28	95,822,611	119,576,580
Lease liability	29	1,520,467	-
Short term borrowings	30	2,465,247,997	2,383,253,601
Provision for service and leave pay	33	8,551,510	7,828,640
Other payables	32	138,604,970	72,858,965
Long term borrowings	31	2,591,528,898	1,782,030,068
TOTAL LIABILITIES		5,301,276,453	4,365,547,854
T-0.1157			
EQUITY			
Share capital	34	499,107,472	461,742,558
Share premium	34	101,867,839	60,500,611
Retained earnings		721,969,453	607,076,151
Proposed dividend		36,313,155	31,684,721
Fair value reserve	25	10,713,799	11,178,799
Management reserve	35	19,842,911	19,842,911
TOTAL EQUITY		1,389,814,629	1,192,025,751
TOTAL HADILITIES AND FOLLITY		6 601 001 023	F FF7 F72 COF
TOTAL LIABILITIES AND EQUITY		6,691,091,082	5,557,573,605
		=======================================	=========

The notes on pages 19 to 123 are an integral part of these financial statements.

The financial statements were approved by the board of directors on ....261 signed on its behalf by:

Hadreur

... 2020 and were

President

Director

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB – formerly PTA Bank) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

- C	9	2	3		(6	€	0	1	2	🗆	1	2)	. 5	4	2)	8	1	(6	5)	<u>(</u>	ī)	ן עַר וו
Total USD	1,051,607,876	30,517,132	7,532,133		(25,049,089)	(2,357,693)	450,000		129,325,392	1,192,025,751	1,192,025,751	(98,356)	1,191,927,395	37,364,914	(25,636)	41,367,228		(20,208,849)	(11,475,872)	(465,000)	151,529,565	1,390,013,745
Non-controlling interest USD	1	•	ı	ı	•	•	1		1		ı	1	1	ı	(25,636)	•	1	ı	ı	•	112,377	86,741
Total USD	1,051,607,876	30,517,132	7,532,133	I	(25,049,089)	(2,357,693)	450,000	•	129,325,392	1,192,025,751	1,192,025,751	(98,356)	1,191,927,395	37,364,914	ı	41,367,228	t	(20,208,849)	(11,475,872)	(465,000)	151,417,188	1,389,927,004
Management Reserve* USD	1	1	1	1	ī	t	•	19,842,911	t	19,842,911	19,842,911	ı	19,842,911	ī	ī	1	ī	T	•	1	1	19,842,911
Fair value I Reserve USD	10,728,799	1	1	•	ı	ı	450,000	·	t	11,178,799	11,178,799	,	11,178,799	ī	1	•	1	•	ı	(465,000)		10,713,799
Proposed dividend USD	27,406,782	1	1	31,684,721	(25,049,089)	(2,357,693)	1		1	31,684,721	31,684,721	ı	31,684,721	ī	•	1	36,313,155	(20,208,849)	(11,475,872)	•	1	36,313,155
Retained earnings USD	529,278,391	1	ı	(31,684,721)	ı	1	ı	(19,842,911)	129,325,392	607,076,151	607,076,151	(98,356)	607,977,795	1	t	1	(36,313,155)	ı	ı	1	151,417,188	722,081,828
Share premium USD	52,968,478	1	7,532,133	1	1	1	1	1	ı	60,500,611	60,500,611	ı	60,500,611	ı	•	41,367,228	ı	1	1	1	I	101,867,839
Share Capital USD	431,225,426	30,517,132	1	1	T	II	ı	ı	ī	461,742,558	461,742,558	F	461,742,558	37,364,914	•	1	1	1	1	1	T	499,107,472
Note		34	34	34	34	32	19	35				2(a)		34	21	34	34	34	32	19		
	At 1 January 2018	Capital subscriptions	Share Premium	Proposed dividend	Dividend declared and paid	Dividend declared and payable	Equity Investments Reserve	Appropriation to the Management Reserve	Total comprehensive income for the year	At 31 December 2018	At 1 January 2019 – as previously reported Effect of change of accounting	policy for IFRS 16	At 1 January 2019 – restated	Capital subscriptions	Acquisition of control	Share Premium	Proposed dividend	Dividend declared and paid	Dividend declared and payable	Equity Investments Reserve	Total comprehensive income for the year	At 31 December 2019

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB – formerly PTA Bank) SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Share Capital USD	Share premium USD	Retained earnings USD	Proposed dividend USD	Fair value Reserve USD	Management Reserve* USD	Total equity USD
At 1 January 2018		431,225,426	52,968,478	529,278,391	27,406,782	10,728,799	ı	1,051,607,876
Capital subscriptions	34	30,517,132	t	1	•			30,517,132
Share Premium	34	1	7,532,133	t	I	1	ı	7,532,133
Proposed dividend	34	ı	ı	(31,684,721)	31,684,721	ı	1	п
Dividend declared and paid	34	ı	ı	1	(25,049,089)	•	,	(25,049,089)
Dividend declared and payable	32	1	I	ı	(2,357,693)	•	1	(2,357,693)
Equity Investments Reserve	19	1	ī	1	1	450,000	1	450,000
Appropriation to the Management Reserve	35		•	(19,842,911)	,	•	19,842,911	1
Total comprehensive income for the year		ı	1	129,325,392	ı	1	•	129,325,392
At 31 December 2018		461,742,558	60,500,611	607,076,151	31,684,721	11,178,799	19,842,911	1,192,025,751
At 1 January 2019 – as previously reported		461,742,558	60,500,611	607,076,151	31,684,721	11,178,799	19,842,911	1,192,025,751
Effect of change of accounting policy for IFRS 16	2(a)	1	•	(98'326)	1	(	ı	(98,356)
At 1 January 2019 – restated		461,742,558	60,500,611	607,977,795	31,684,721	11,178,799	19,842,911	1,191,927,395
Capital subscriptions	34	37,364,914	I	ı	ı	I	ı	37,364,914
Share Premium	34	1	41,367,228	1	1	ı	1	41,367,228
Proposed dividend	34	1	1	(36,313,155)	36,313,155	ı	1	ī
Dividend declared and paid	34		ı	1	(20,208,849)	•	1	(20,208,849)
Dividend declared and payable	32	1	ı	ī	(11,475,872)	1	ı	(11,475,872)
Equity Investments Reserve	19	ı	1	ı	ı	(465,000)	•	(465,000)
Total comprehensive income for the year		•		151,304,813	t	•	I	151,304,813
At 31 December 2019		499,107,472	101,867,839	721,969,453	36,313,155	10,713,799	19,842,911	1,389,814,629

# EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank) CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 USD	2018 USD
OPERATING ACTIVITIES		Q3D	030
Net cash generated from/(used in) operations	36(a)	273,403,562	(167,618,832)
INVESTING ACTIVITIES			
Purchase of property and equipment Purchase of intangible assets Acquisition of equity investments Acquisition of interest in joint venture Proceeds from redemption of government securities Investment in government securities Investment in Trade Fund	25 27 19 20 22 22 22	(4,323,518) (737,437) (79,120) - - (44,897,636) (49,996,989)	(4,979,569) (937,627) (84,974) (17,501) 57,275,058
Net cash (used in)/generated from investing activities		(100,034,700)	51,255,387
FINANCING ACTIVITIES			
Proceeds from capital subscriptions Proceeds from share premium Payment of dividends Payment of lease liabilities	34 34 34 29	37,364,914 41,367,228 (20,208,849) (585,250)	30,517,132 7,532,133 (25,049,089)
Net cash generated from financing activities		57,938,043	13,000,176
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		231,306,905	(103,363,269)
Foreign exchange gain on cash and cash equivalents		5,178,281	16,301,220
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,145,918,378	1,232,980,427
CASH AND CASH EQUIVALENTS AT END OF YEAR	36(c)	1,382,403,564 =======	1,145,918,378
FACILITIES AVAILABLE FOR LENDING	36(d)	1,712,525,076	1,776,325,472

# EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank) SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 USD	2018 USD
OPERATING ACTIVITIES		030	030
Net cash generated from/(used in) operations	36(a)	273,110,579	(167,618,832)
INVESTING ACTIVITIES			
Purchase of property and equipment Purchase of intangible assets Acquisition of equity investments Acquisition of interest in joint venture Proceeds from redemption of government securities	25 27 19 20 22	(4,323,518) (737,437) (79,120)	(4,979,569) (937,627) (84,974) (17,501) 57,275,058
Investment in government securities Investment in Trade Fund	22	(44,897,636) (49,996,989)	-
investment in ridge Fund	23		
Net cash (used in)/generated from investing activities		(100,034,700)	51,255,387
FINANCING ACTIVITIES			
Proceeds from capital subscriptions Proceeds from share premium Payment of dividends Payment of lease liabilities	34 34 34 29	37,364,914 41,367,228 (20,208,849) (585,250)	30,517,132 7,532,133 (25,049,089)
Net cash generated from financing activities		57,938,043	13,000,176
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		231,013,922	(103,363,269)
Foreign exchange gain on cash and cash equivalents		5,178,281	16,301,220
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	ø	1,145,918,378	1,232,980,427
CASH AND CASH EQUIVALENTS AT END OF YEAR	36(c)	1,382,110,581	1,145,918,378 =======
FACILITIES AVAILABLE FOR LENDING	36(d)	1,712,525,076	1,776,325,472

### CORPORATE INFORMATION

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

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

### 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS -IFRS

The accounting policies adopted are consistent with those followed in the preparation of the consolidated and separate annual financial statements for the year ended 31 December 2018, except for new standards, amendments and interpretations effective 1 January 2019. The nature and impact of each new standard/amendment are described below:

The Group only considered those that are relevant to its operations. Consequently, all amendments not listed in this note do not impact the Group.

### New pronouncements issued as at 31 December 2019

## a) Impact of application of IFRS 16 -Leases

In the current year, the Group has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Group is 1 January 2019.

The Group has applied IFRS 16 using the modified retrospective approach, with the cumulative effect of applying IFRS 16 being recognized in equity on the date of initial application.

## Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019. In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS -IFRS (Continued)

### New pronouncements issued as at 31 December 2019 (Continued)

a) Impact of application of IFRS 16 - Leases (Continued)

## Impact on Lessee Accounting

### (i) Former operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:

- Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
- Separates the total amount of cash paid into a principal portion (presented within financing activities)
  and interest (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other expenses' in profit or loss.

## (ii) Former finance leases

The main differences between IFRS 16 and IAS 17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Group recognizes as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have an effect on the Group's consolidated and separate financial statements.

### Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sub-lease as two separate contracts. The intermediate lessor is required to classify the sub-lease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

This change did not have any effect on the Group's consolidated and separate financial statements as the Group did not operate any properties as a lessor.

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS -IFRS (Continued)

### New pronouncements issued as at 31 December 2019 (Continued)

a) Impact of application of IFRS 16 - Leases (Continued)

### Financial impact of the initial application of IFRS 16

Impact on profit or loss			2019 USD
Depreciation of right-of-use asset Finance cost lease liability Expenses relating to low value leases – other expendence in rent expense	enses		389,764 83,031 60,405 (585,250)
Increase in profit for the year			(52,050)
Impact on assets, liabilities and equity as at 1 Janu	uary 2019		
	As previously reported USD	IFRS 16 adjustments USD	After IFRS 16 adjustment USD
Right-of-use assets (Note 26) Lease Liabilities (Note 29)	-	1,924,330 2,022,686	1,924,330 2,022,686
Retained earnings	607,076,151	(98,356)	606,977,795

The application of IFRS 16 has an impact on the consolidated statement of cash flows of the Group. Under IFRS 16, lessees must present:

- Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities;
- Cash paid for the interest portion of a lease liability as either operating activities or financing activities, as permitted by IAS 7 (the Group has opted to include interest paid as part of financing activities); and
- Cash payments for the principal portion for a lease liability, as part of financing activities.

Under IAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities. Consequently, the net cash generated by operating activities has decreased by USD 585,250 (2018: USD Nil), being the lease payments net of depreciation charges, and net cash used in financing activities has increased by USD 83,031 (2018: USD Nil),

The application of IFRS 16 did not have an impact on the basic and diluted earnings per share.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS -IFRS (Continued)

### New pronouncements issued as at 31 December 2019 (Continued)

b) Amendments to IFRS 9 Prepayment Features with Negative Compensation

The Group has adopted the amendments to IFRS 9 for the first time in the current year. The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

c) Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

The Group has adopted the amendments to IAS 28 for the first time in the current year. The amendment clarifies that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The Group applies IFRS 9 to such long-term interests before it applies IAS 28. In applying IFRS 9, the Group does not take account of any adjustments to the carrying amount of longterm interests required by IAS 28 (i.e., adjustments to the carrying amount of longterm interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

### IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

### IFRS 11 Joint Arrangements

The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Group does not remeasure its PHI in the joint operation.

Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement

The Group has adopted the amendments of IAS 19 for the first time in the current year. The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income. The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. The Group will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19:99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset).

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS -IFRS (Continued)

### New pronouncements issued as at 31 December 2019 (Continued)

Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement (Continued)

The Group has adopted the amendments of IAS 19 for the first time in the current year. The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income. The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. The Group will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19:99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

### New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, The Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

Standard Amendments to IAS 10 and IAS 28 Sale or Contribution of Assets between an investor and its Associate or Joint	Effective Date
Venture	Yet to be set, however earlier application permitted
Amendments to IFRS 3 Definition of a business	1 January 2020, with earlier application permitted
Amendments to IAS 1 and IAS 8- Definition of material	1 January 2020, with earlier application permitted
Conceptual Framework: Amendments to References to the Conceptual Framework in IFRS standards	1 January 2020, with earlier application permitted

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

# IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS -IFRS (Continued)

New pronouncements issued as at 31 December 2019 (Continued)

New and revised IFRS Standards in issue but not yet effective (Continued)

IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Continued)

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Group anticipate that the application of these amendments may have an impact on the Group's consolidated and separate financial statements in future periods should such transactions arise.

### Amendments to IFRS 3 Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted

### Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the *Conceptual Framework* that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

### Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised *Conceptual Framework*, which became effective upon publication on 29 March 2018, the IASB has also issued *Amendments to References to the* Conceptual Framework in *IFRS Standards*. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS -IFRS (Continued)
 New pronouncements issued as at 31 December 2019 (Continued)

New and revised IFRS Standards in issue but not yet effective (Continued)

### Amendments to References to the Conceptual Framework in IFRS Standards (Continued)

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised *Conceptual Framework*. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC *Framework* adopted by the IASB in 2001, the IASB *Framework* of 2010, or the new revised *Framework* of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised *Conceptual Framework*.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

The Group did not early-adopt any new or amended standards in 2019. The Group does not anticipate that the application of the amendments will have a material impact on the financial statements of the Group.

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been applied consistently.

### 3. SIGNIFICANT ACCOUNTING POLICIES

Except for changes explained in Note 2 (b), the Group has consistently applied the following accounting policies to all periods presented in these financial statements.

### a) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the Bank's Charter. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The Group's functional and reporting currency is the United States Dollars (USD).

### Statement of compliance

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

### Presentation of financial statements

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

### b) Basis of consolidation

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

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### b) Basis of consolidation (Continued)

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

- the size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- potential voting rights held by the Bank, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Bank and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### c) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a service to a customer.

### i. Interest income from loans and investments

Interest income is recognised on an accrual basis using the effective interest rate method.

### Effective interest rate

Income from loans and Investments is recognised in profit or loss using the effective interest rate method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not the expected credit loss (ECL). For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

# 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### c) Revenue recognition (continued)

### i. Interest income from loans and investments (continued)

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability. Interest on arrears of payable capital is taken to revenue when received.

### Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any ECL (or impairment allowance before 1 January 2019).

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

#### Calculation of interest income

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

For financial assets that were credit-impaired on initial recognition, purchased originated credit impaired (POCI) assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

### ii. Fees and commissions

Fees and commissions are generally recognised over time when a financing facility is provided over a period of time. These fees include Letter of Credit fees, confirmation fees, guarantee fees, commitment and other fees.

Other fees and commission income include one-off fees arising from the provision of financing facilities to the Group's clients, like facility fees, drawdown fees, restructuring fees, that do not form an integral part of effective interest rate of the facilities are recognised on completion of the underlying transaction. Other fees are recognised at the point when the service is completed or significant act performed.

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

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

# SIGNIFICANT ACCOUNTING POLICIES (Continued)

## d) Borrowing and financing costs

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

### e) Foreign currencies

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

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to profit or loss. All differences arising on non-trading activities are taken to other operating income in profit or loss.

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

## f) Property and equipment

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

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

Depreciation on other assets is calculated at rates which are estimated to write off the cost of property and equipment to their estimated residual values in equal annual instalments over their expected useful lives. The expected useful life of each class of asset is up to the following:

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

Freehold land and buildings are not depreciated.

Leasehold land is depreciated over the unexpired term of the lease on the straight-line basis.

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

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

# SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

Initial Recognition and Measurement (continued)

**Business Model Assessment** 

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated e.g. whether compensation is based on the fair value
  of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations
  about future sales activity. However, information about sales activity is not considered in isolation, but
  as part of an overall assessment of how the Group's stated objective for managing the financial assets is
  achieved and how cash flows are realised.

Financial assets that are held for trading and those that are managed and whose performance is evaluated on a fair value basis will be measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

### Derecognition and Modification

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

However, when the modification of a financial instrument not measured at FVTPL does not result in derecognition, the Group will recalculate the gross carrying amount of the financial asset (or the amortised cost of the financial liability) by discounting the modified contractual cash flows at the original effective interest rate and recognise any resulting adjustment as a modification gain or loss in profit or loss.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them.

If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

Initial Recognition and Measurement (continued)

Financial Liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, although under IAS 39 fair value changes of liabilities designated under the fair value option were recognised in profit and loss, under IFRS 9, fair value changes are generally presented as follows:

- (a) the amount of the change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability should be presented in other comprehensive income; and
- (b) the remainder of the change in the fair value of the liability should be presented in profit or loss unless the treatment of the effects of changes in the liability's credit risk described in (a) would create or enlarge an accounting mismatch in profit or loss (in which case all gains or losses are recognised in profit or loss).

Initial Measurement of Financial Liabilities

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

Subsequent Measurement

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

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

### Derecognition

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

## Reclassification

The Group only reclassifies financial assets when management changes the business model for managing the financial assets. In that instance all affected financial assets are reclassified. Such changes are expected to be very infrequent, and are determined by the Group's senior management as a result of external or internal changes.

An entity shall not reclassify any financial liability.

### Write-off

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

### Offsetting

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

Impairment – Trade finance and Project finance loans, Investments, Other receivables, Loan Commitments and Financial Guarantee Contracts

IFRS 9 replaced the previous 'Incurred Loss' model in IAS 39 with a forward-looking 'Expected Credit Loss (ECL)' model.

The new impairment model applies to the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- Trade and other receivables; and
- loan commitments and financial guarantee contracts issued (previously, impairment was measured under IAS 37 Provisions, Contingent Liabilities and Contingent Assets).

No impairment loss is recognised on equity investments.

The Group recognises loss allowance at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months (or a shorter period if the expected life of a financial instrument is less than 12 months), weighted by the probability of that default occurring. The Group recognises loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:

- debt investment securities that are determined to have low credit risk at the reporting date. The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade'; and
- other financial instruments (other than trade and lease receivables) for which credit risk has not increased significantly since initial recognition.

Impairment – Trade finance and Project finance loans, Investments, Other receivables, Loan Commitments and Financial Guarantee Contracts (Continued)

Loss allowances for trade receivables will always be measured at an amount equal to lifetime ECLs. The impairment requirements of IFRS 9 are complex and require management judgements, estimates and assumptions, particularly in the following areas, which are discussed in detail below:

- · assessing whether the credit risk of an instrument has increased significantly since initial recognition; and
- incorporating forward-looking information into the measurement of ECLs.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

Measurement of ECLs

ECLs are an unbiased and probability-weighted estimate of credit losses and will be measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls
   i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive;
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: the present value of the difference between the contractual cash flows that
  are due to the Group if the commitment is drawn down and the cash flows that the Group expects to
  receive; and
- financial guarantee contracts: the present value of the expected payments to reimburse the holder less any amounts that the Group expects to recover

An asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset. The following are examples of such events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract e.g. a default or past-due event;
- a lender having granted a concession to the borrower for economic or contractual reasons relating to the borrower's financial difficulty that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses

### Hedge Accounting

IFRS 9 introduces a new general hedge accounting model that better aligns hedge accounting with risk management activities. However, the current hedge accounting requirements under IAS 39 may continue to be applied until the IASB finalizes its macro hedge accounting project. As permitted, the Group elected not to adopt the IFRS 9 hedge accounting requirements and instead will continue applying the IAS 39 hedge accounting requirements. The Group has, however, complied with the revised hedge accounting disclosures required by the consequential amendments made to IFRS 7.

The Group makes use of derivative instruments to manage exposures to interest rate and foreign currency risks. In order to manage these risks, the Group applies hedge accounting for transactions which meet specified criteria. At inception of the hedge relationship, the Group formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the objective and strategy for undertaking the hedge and the method that is used to assess the effectiveness of the hedging relationship.

# 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (j) Financial instruments (Continued)

### Hedge Accounting (Continued)

Also at the inception of the hedge relationship, a formal assessment is undertaken to ensure the hedging instrument is expected to be highly effective in offsetting the designated risk in the hedged item. Hedges are formally assessed each quarter. A hedge is expected to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated are expected to offset in a range of 80% to 125%. For situations where that hedged item is a forecast transaction, the Group assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

### Fair Value Hedges

For designated and qualifying fair value hedges, the change in the fair value of a hedging derivative is recognised in profit or loss in 'other income'. Meanwhile, the change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in profit or loss in 'other income'.

If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. For hedged items recorded at amortised cost, the difference between the carrying value of the hedged item on termination and the face value is amortised over the remaining term of the original hedge using the Effective Interest Rate (EIR). If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in profit or loss.

### Cash Flow Hedges

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in other comprehensive income. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net trading income in profit or loss. When the hedged transaction affects profit or loss, the gain or loss on the hedging instrument is recorded in the corresponding income or expense line in profit or loss. When a hedging instrument expires, or is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the hedged forecast transaction is ultimately recognised in profit or loss. When a forecast is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to profit or loss.

### (k) Employee entitlements

Employee entitlements to service pay and annual leave are recognised when they accrue to employees.A provision is made for the estimated liability of service pay as a result of services rendered by employees up to the year end. Employees are entitled to a full month pay for every year of service completed. A provision is made for the estimated liability of annual leave for services rendered by employees up to the year end.

### (I) Retirement benefit costs

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (m) Contingent liabilities

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

### (n) Cash and cash equivalents

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

### (o) Leases

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed.

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

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

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

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### o) Leases (Continued)

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

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

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

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

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

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the statement of the profit or loss.

#### (p) Provisions for other liabilities

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

#### (q) Collection accounts deposits

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

### (r) Investment in Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Bank's investment in its joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Bank's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (r) Investment in Joint Venture (Continued)

The statement of profit or loss and other comprehensive income reflects the Bank's share of the results of operations of the joint venture. Any change in OCI of the investee is presented as part of the Bank's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Bank recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Bank and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Bank's share of profit or loss 2019 NIL (2018: NIL) of joint venture is shown on the face of the statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax of the joint venture. The financial statements of the joint venture are prepared for the same reporting period as the Bank. When necessary, adjustments are made to bring the accounting policies in line with those of the Bank.

After application of the equity method, the Bank determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Bank determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Bank calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying amount, and then recognises the loss as 'Share of profit of a joint venture' in the statement of profit or loss and other comprehensive income.

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

In the process of applying the Group's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosure of contingent liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances of assets and liabilities within the next financial year.

#### (i) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for 'longer–dated' derivatives and discount rates, prepayment rates and default rate assumptions for 'asset-backed' securities. The Group measures financial instruments, such as, derivatives, and non-financial assets, at fair value at each reporting date.

The fair value of financial instruments is disclosed in more detail in Note 37.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (s) Critical judgments in applying the Group's accounting policies (continued)
  - (i) Fair value of financial instruments (continued)

In the process of applying the Group's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosure of contingent liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances of assets and liabilities within the next financial year.

#### (ii) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for 'longer-dated' derivatives and discount rates, prepayment rates and default rate assumptions for 'asset-backed' securities. The Group measures financial instruments, such as, derivatives, and non-financial assets, at fair value at each reporting date.

The fair value of financial instruments is disclosed in more detail in Note 37.

## (iii) Impairment losses on loans - Trade and Project Finance

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

Assets accounted for at amortised cost and fair value through other comprehensive income are evaluated for impairment on a basis described in accounting policy 3(j).

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

For credit exposures where there have not been significant increases in credit risk since initial recognition, the Group provides for 12-month ECLs. These are classified as Stage 1 assets.

For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis, a loss allowance is required for lifetime ECLs. These are classified as Stage 2 assets.

For credit exposures that are credit impaired and in default, similar to stage 2 assets, a loss allowance is required for lifetime ECLs however the probability of default for these assets is presumed to be 100% less any determined recovery and cure rate.

The impairment loss on loans is disclosed in more detail in notes 16, 17 and 18.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (s) Critical judgments in applying the Group's accounting policies (Continued)
  - (iv) Classification and measurement of financial assets

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

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

(v) Significant increase of credit risk

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

Refer to note 2 for more details.

(vi) Application of IFRS 16-Leases

Judgement is made in the application of IFRS 16 and included:

- identifying whether a contract includes a lease;
- Determining whether it is reasonably certain that an extension or termination option will be exercised.
- (t) Key sources of estimation uncertainty
  - i. Establishing the number and relative weightings of forward-looking scenarios for each type of product and determining the forward-looking information relevant to each scenario:

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

ii. Probability of default:

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

## (t) Key sources of estimation uncertainty (Continued)

#### iii. Loss Given Default:

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

#### iv. Property and equipment

Critical estimates are made by the directors in determining depreciation rates for property and equipment.

## v. Fair value measurement and valuation process

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

#### vi. Application of IFRS 16 - Leases

Key sources of estimation uncertainty in the application of IFRS 16 included the following:

- Estimation of the lease term;
- Determination of the appropriate rate to discount the lease payments;
- Assessment of whether a right-of-use asset is impaired.

## (u) Models and assumptions used

The Group uses various models and assumptions 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. Refer to note 2 for more details on ECL measurement.

## (v) Management Reserve

The Board of Directors approved creation of a management reserve in the year ended 31 December 2018. When the Group adopted at 1 January 2018 IFRS 9- Financial Instruments accounting standard's Expected Loss (ECL) Model it showed that the Group's credit policy was more conservative and resulted in USD 19.84 million excess impairment provision.

The board therefore approved the creation of the management reserve to cushion the Group against credit risk and other incidents of significant loss. The USD 19.84 million excess impairment provision was transferred to the management reserve as at 31 December 2019. Transfers into and out of this management reserve will be approved by the Board of Directors.

		GROUI	P AND BANK
4.	INTEREST INCOME	2019 USD	2018 USD
٦.		035	030
	On loans and facilities: Project finance loans Trade finance loans	162,719,962 209,703,194	125,422,165 204,323,254
	O contract to	372,423,156	329,745,419
	On placements: Deposits/Held at amortised cost	33,302,878	31,842,477
		405,726,034 ======	361,587,896
5.	INTEREST EXPENSE		
	Interest payable on funds borrowed from:		
	Banks and financial institutions	128,757,528	109,789,083
	Regional and International Bond Markets Other Institutions	60,100,100 32,716,800	51,544,521 37,135,298
		221,574,428	198,468,902
6.	OTHER BORROWING COSTS	========	==========
	Facility and management fees Guarantee fees	1,588,874	3,556,994 437,562
	Commitment fees	2,409,744	2,068,253
	Agency fees	84,934	270,784
	Other costs	862,040	271,745
	Bank commission	117,225	118,501
		F 062 917	6 722 920
		5,062,817 ========	6,723,839
7	(a) FEE AND COMMISSION INCOME		
	Upfront fees in trade finance	15,946,793	20,130,054
	Letter of credit fees in trade finance	7,272,026	4,364,683
	Management fees in trade finance	11,547,500	5,847,001
	Facility fees in project finance	31,113,074	9,347,577
	Drawdown fees in trade finance	745,362	683,225
	Commitment fees in project finance	2,922,739	505,739
	Drawdown fees in project finance	20,751	306,718
	Other fees in trade finance	984,673	(87,999)
	Restructuring fees in project finance	43,950	1,914,115
	Appraisal fees in project finance	396,850	207,704
	Management fees in project finance Letter of credit fees in project finance	345,748 69,272	380,105 116,762
	Document handling fees in trade finance	472,132	269,453
	Other project fees	509,800	207,317
		72,390,670	44,192,454
		=======	========

		GRC	DUP AND BANK
7	(b) RISK MITIGATION COSTS	2019	2018
		USD	USD
	Insurance cover costs*	34,017,764	32,139,864
	Risk down-selling costs**	1,961,779	2,401,240
		35,979,543	34,541,104

<sup>\*</sup>These are premiums on insurance cover taken on loans made to various borrowers. As at 31 December 2019, the insurance cover was USD 1.91 billion (2018: USD 1.45 billion). The cover was taken with African Trade Insurance Agency Ltd, Islamic Corporation for the Insurance of Investments and Export Credit (ICIEC), Mar Risk Services Limited and Lloyds of London, all of which are Investment-grade companies.

<sup>\*\*</sup>These costs represent Risk down-selling costs relating to fees paid to acquirers of loan assets distributed via the secondary market. This is in line with the Group's secondary loan trading and asset distribution activities under which, the loan assets are selectively traded to manage obligor, sector and geographic prudential limits and to provide room for booking of new assets and generating incremental fee income. During the year ended 31 December 2019, the Group had down sold/distributed an aggregate of USD 413 million (2018 – USD 704 million).

8.	OTHER INCOME		GROUP		BANK
		2019	2018	2019	2018
		USD	USD	USD	USD
	Impaired assets recovered *	5,359,063	4,356,719	5,359,063	4,356,719
	Dividend income	479,833	918,154	479,833	918,154
	Miscellaneous income	135,107	94,663	135,107	94,663
	Interest on capital arrears	-	2,073,647	-	2,073,647
	Interest on staff loans	35,481	39,668	35,481	39,668
	Management fee	272,968	-	-	-
	Gain on disposal of property and equipment	318	-	318	-
		6,282,770	7,482,851	6,009,802	7,482,851
				=======================================	=========

<sup>\*</sup>Impaired assets recovered relate to previously written off loans that were recovered during the year.

			GROUP	1	BANK
9.	OPERATING EXPENSES	2019	2018	2019	2018
		USD	USD	USD	USD
	Staff costs (Note 10)	28,220,483	26,960,147	28,220,483	26,960,147
	Consultants and advisors	3,798,576	5,951,626	3,798,576	5,951,626
	Depreciation of property and equipment	973,437	898,757	973,437	898,757
	Depreciation of right-of-use asset	389,764	-	389,764	-
	Official missions	2,423,127	2,028,531	2,423,127	2,028,531
	Office running expenses	1,466,386	1,313,868	1,429,718	1,313,868
	Board of Directors meetings	808,860	814,697	808,860	814,697
	Board of Governors meeting	519,185	308,324	519,185	308,324
	Business promotion	1,592,659	1,334,185	1,592,659	1,334,185
	Rent	151,398	619,082	151,398	619,082
	Amortisation of intangible assets	593,179	421,913	593,180	421,913
	Interest expense on lease liability (note 27)	83,031	-	83,031	-
	Audit fees	64,050	54,000	56,000	54,000
	Loss on disposal of property and equipment		2,652		2,652
		41,084,135	40,707,782	41,039,418	40,707,782
		=======	========	=======	=======

		GROUP	AND BANK
		2019	2018
10.	STAFF COSTS	USD	USD
	Salaries and wages Other costs* Staff Provident fund contributions –defined contribution plan Service and leave pay expenses Staff reward and recognition scheme	9,468,266 4,541,871 2,486,596 1,452,987 10,270,763	15,331,421 4,041,442 2,340,775 1,644,260 3,602,249
	oran remarka and recognition contents		
		28,220,483	26,960,147
	*Other staff costs mainly relate to school fees, medical expenses and training costs.		=======
11.	IMPAIRMENT ON OTHER FINANCIAL ASSETS – GROUP AND BANK		
	Other receivables (Note 24)	3,755 ======	3,226,125 =======

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

## 12. TAXATION

## (a) Taxation charge

	(	GROUP		BANK	
	2019	2018	2019	2018	
	USD	USD	USD	USD	
Current taxation based on the					
adjusted profit at 15%	3,494	-	-	-	
	=======	=======	=======	=======	
(b) Reconciliation of expected tax based accounting profit to tax charge	on				
Accounting profit before taxation	151,533,059	129,325,392	151,304,813	129,325,392	
	========	========	========	=======	
Tax at the applicable					
rate of 15%	22,729,959	19,398,809	22,729,959	19,398,809	
Tax effect of expenses not					
deductible for tax purposes*	266	-	-	-	
Tax effect of tax losses utilised	(31,009)	-	=	-	
Tax effect of income not	(00.005.700)	(40.000.000)	(00 505 700)	(40,000,000)	
Taxable**	(22,695,722)	(19,398,809)	(22,695,722)	(19,398,809)	
	3,494	-	=	-	
	========	========	========	========	

<sup>\*</sup> Expenses not deductible for tax purposes relate to items of capital nature in the subsidiary.

<sup>\*\*</sup>Income not taxable relates to the Bank which is exempt from corporate tax as per the Bank's charter.

## 12. TAXATION (Continued)

	G	ROUP	1	BANK
	2019	2018	2019	2018
	USD	USD	USD	USD
(c) Taxation payable				
At 1 January	-	-	-	-
Charge for the year	3,494)	-	-	-
	3,494	-	-	-
	=========	========	========	========

#### 13. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

		GROUP		BANK
	2019	2018	2019	2018
EARNINGS:	USD	USD	USD	USD
Earnings for the purpose of the basic earnings per share being net profit attributable to				
shareholders	151,529,565	129,325,392	151,304,813	129,325,392
	========	========	========	=======
Earnings for the purpose of the diluted				
earnings per share	151,529,565	129,325,392	151,304,813	129,325,392
	========	========	========	========

There were no earnings with a potential dilutive effect during the period (December 2018: NIL).

## NUMBER OF SHARES:

Weighted average number of shares for the purpose of basic earnings per share:

Class A	79,115	78,643	79,115	78,643
Class B	25,366	22,151	25,366	22,151
				-
	104,481	100,794	104,481	100,794
	======	======	======	======
Weighted average number of shares for the				
purpose of diluted earnings per share:	110,096	101,853	110,096	101,853
	======	=====	======	=====

The weighted average number of shares in issue is calculated based on the capital instalments due at the end of the period.

Diluted earnings per share takes into account the dilutive effect of the Class A shares issued but not paid up. Class B shares are all paid up on issue and therefore have no dilutive effect.

#### 14. CASH AND BALANCES HELD WITH OTHER **BANKS GROUP BANK** 2019 2018 2019 2018 USD **USD** USD USD Current accounts - Note 14 (i) 139,901,609 531,494,818 531,201,835 139,901,609 Call and term deposits with banks - Note 14 (ii) 850,908,746 1,006,016,769 850,908,746 1,006,016,769 1,382,403,564 1,145,918,378 1,382,110,581 1,145,918,378 =====**=**=== ========= ========= ========= (i) Current accounts: Amounts maintained in United States Dollars (USD) 329,789,005 7,915,526 329,496,022 7,915,526 Amounts maintained in other currencies: Euro 129,319,511 129,319,511 18,937,550 18,937,550 Malawi Kwacha 59,262,988 85,631,536 59,262,988 85,631,536 United Arab Emirates Dirham 124 18,456,873 124 18,456,873 Tanzania Shillings 6,282,295 2,805,352 6,282,295 2,805,352 Zambia Kwacha 4,093,616 5,660,730 4,093,616 5,660,730 Ethiopian Birr 341,662 408,055 341,662 408,055 Zimbabwean Dollar 193,950 193,950 Japanese Yen 33,945 33,614 33,945 33,614 **British Pounds** 16,750 17,258 16,750 17,258 **Ugandan Shilling** 7,026 4,772 4,772 7,026 Mauritian Rupee 43,724 5,200 43,724 5,200 Kenyan Shilling 1,491,533 5,038 1,491,533 5,038 South African Rand 12,220 8,279 12,220 8,279 **Burundi Francs** 608,723 9,572 608,723 9,572 201,705,813 131,986,083 201,705,813 131,986,083 531,494,818 139,901,609 531,201,835 139,901,609 ======== ========= ======== ======== (ii) Call and term deposits with banks: United States Dollars (USD) 967,299,667 811,445,668 967,299,667 811,445,668 Amounts maintained in other currencies: Sudanese Pounds 34,098,184 34,091,883 34,098,184 34,091,883 **Ugandan Shillings** 5,364,894 4,625,219 5,364,894 4,625,219 39,463,078 38,717,102 39,463,078 38,717,102 Total call and term deposits 850,908,746 850,908,746 1,006,016,769 1,006,016,769 \_\_\_\_\_ ========= ======= =========

#### 15. DERIVATIVE FINANCIAL INSTRUMENTS

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

Interest rate swaps relate to contracts taken out by the Group with other financial institutions in which the Group either receives or pays a floating rate of interest in return for paying or receiving, a fixed rate of interest. The payment flows are usually netted off against each other, with the difference being paid by one party to the other.

The Group hedges its exposure to adverse movements on currency exchange rates on its Euro disbursements by entering into currency forward exchange contracts. Currency forward exchange contracts are hedges, since the Group is protecting is the USD parity of the Euro, thus hedging the value of the assets from fluctuations.

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

	GROUP AND BANK		
	2019	2018	
	USD	USD	
Currency forward exchange contracts			
Net opening balance at start of year	54,042,940	(4,797,549)	
Contracts entered into during period-Net	(67,548,060)	2,690,421	
Net amounts settled	37,548,455	32,175,178	
Fair value gains through profit or loss	16,006,006	23,974,890	
Net closing balance as at end of year	40,049,341	54,042,940	
	=========	========	

As at 31 December 2019, the Group only had currency forward exchange contracts in its derivative financial instruments.

		GROUP AND BANK		
		2019	2018	
16.	TRADE FINANCE LOANS	USD	USD	
	Principal loans	2,621,167,722	2,686,114,042	
	Interest receivable	314,478,574	127,283,804	
	Gross loans	2,935,646,296	2,813,397,846	
	Impairment on trade finance loans (note 18)	(70,479,375)	(79,952,961)	
	Net loans	2,865,166,921	2,733,444,885	
		=========	==========	
	Analysis of gross loans by maturity:			
	Maturing:			
	Within one year	1,573,903,790	1,102,563,832	
	One to three years	1,305,713,451	1,487,909,814	
	Over three years	56,029,055	222,924,200	
		 2,935,646,296	2,813,397,846	
		=========		

## 16. TRADE FINANCE LOANS (Continued)

The gross non-performing trade finance loans was USD 70,115,394 (2018: USD 76,467,029). The specific impairment provisions related to these loans amounted to USD 64,231,748 (2018: 75,208,488) hence the carrying value of the loans amount was USD 5,883,646 (2018: 1,258,541). General provisions for trade finance loans amounted to USD 6,247,627 (2018: USD 4,744,473).

17.	PROJECT LOANS – GROUP AND BANK	GROU	GROUP AND BANK		
		2019 USD	2018 USD		
	Loans disbursed Interest capitalised* Loans repaid	3,484,215,531 116,695,511 (1,508,489,914)	2,720,138,793 56,582,529 (1,350,947,319)		
	Principal Ioan balances Interest receivable	2,092,421,128 54,574,428	1,425,774,003 34,144,315		
	Gross loans Impairment on project loans (Note 18)	2,146,995,556 (40,657,973)	1,459,918,318 (30,359,524)		
	Net loans	2,106,337,583	1,429,558,794		
	*Interest capitalized relates to interest in arrears on loans which were restructured now capitalized.				
	Analysis of gross loans by maturity	2019 USD	2018 USD		
	Maturing:				
	Within one year One year to three years Three to five years Over five years	424,572,300 648,868,236 476,764,089 596,790,931	221,675,395 526,726,621 349,469,998 361,589,304		
		2,146,995,556	1,459,918,318 ====================================		

The aggregate non-performing project loans was USD 48,362,733 (December 2018 - USD 24,147,841). The specific impairment provisions related to these loans amounted to USD 27,397,275 (December 2018 - USD 24,147,841) hence the carrying value of the loans amounted to USD 20,965,458 (December 2018- NIL). General provisions for project finance loans amounted to USD 13,260,702 (December 2018 - USD 6,211,683)