

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

**INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2020**

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

CONTENTS	PAGES
Corporate Information	1 - 3
Report of the Directors	4
Statement of Directors' Responsibilities	5
Independent Auditors' Report	6
Financial Statements:	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Separate Statement of Profit or Loss and Other Comprehensive Income	8
Consolidated Statement of Financial Position	9
Separate Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11
Separate Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Separate Statement of Cash Flows	14
Notes to the Financial Statements	15 – 118

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB – formerly PTA Bank)
CORPORATE INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

BOARD OF GOVERNORS

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

MEMBER STATES

Republic of Rwanda

United Republic of Tanzania

Republic of Zambia

Republic of Mauritius

Republic of Seychelles

Republic of Uganda

Republic of Burundi

Union of the Comoros

Arab Republic of Egypt

State of Eritrea

Republic of Kenya

Republic of Malawi

Republic of Zimbabwe

Republic of Djibouti

Republic of Sudan

Federal Democratic Republic of Ethiopia

Democratic Republic of Congo

Federal Republic of Somalia

Republic of South Sudan

Kingdom of eSwatini

Republic of Mozambique

Republic of Madagascar

NON-REGIONAL MEMBERS

People's Republic of China (represented by the People's Bank of China)

Republic of Belarus – Development Bank of Belarus

INSTITUTIONS

African Development Bank

National Pension Fund-Mauritius

Mauritian Eagle Insurance Company Limited

Rwanda Social Security Board

Banco Nacional de Investimento

Seychelles Pension Fund

Africa Reinsurance Corporation

ZEP-RE (PTA Reinsurance Company)

National Social Security Fund – Uganda

SACOS Group Limited

OPEC Fund for International Development

TDB Staff Provident Fund

TDB Directors and Select Stakeholders Provident Fund

Arab Bank for Economic Development in Africa (BADEA)

Investment Fund for Developing Countries (IFU)

African Economic Research Consortium (AERC)

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB – formerly PTA Bank)
CORPORATE INFORMATION (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

DIRECTORS

Mr. Juste Rwamabuga	Non-Executive Independent Director and Chairman, Board of Directors
Mr. Gerard Bussier	Non-Executive Director for Zimbabwe, Mauritius, Rwanda, Eritrea and South Sudan
Mr. Veenay Rambarassah	Non-Executive Director for All Other Shareholders
Mr. Peter Simbani	Non-Executive Director for Seychelles, Ethiopia, Burundi, Malawi and 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 Comoros
Dr. Natu Mwamba	Non-Executive Alternate Director for Egypt, Tanzania, Djibouti and eSwatini
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
Mr. Ayman Al Adl	Alternate Independent Non-Executive Director

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB – formerly PTA Bank)
CORPORATE INFORMATION (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

AUDITORS	Deloitte & Touche Certified Public Accountants (Kenya) Deloitte Place, Waiyaki Way, Muthangari P. O. Box 40092, 00100 Nairobi, Kenya	
HEADQUARTERS	TDB Headquarters 2nd Floor, Blue Tower Rue de L'Institute, Ebene P. O. Box 43, Reduit, Mauritius Telephone : +230- 4676021/4676016 Fax : +230-4675971 Email : Official@tdbgroup.org	TDB Headquarters Chaussee, Prince Louis, Rwagasore P. O. Box 1750, Bujumbura, Burundi Telephone : 257 (22) 4966 / 257 (22) 4625 Fax : 257 (22) 4983 Email : Official@tdbgroup.org
OTHER OFFICES	<p>TDB Nairobi Regional Office: East Africa 197 Lenana Place, Lenana Road P. O. Box 48596 – 00100 Nairobi, Kenya Telephone : 254 (20) 2712250 Fax : 254 (20) 2711510 Swift : ESATKENA</p> <p>TDB Harare Regional Office: Southern Africa 70 Enterprise Road Harare, Zimbabwe Telephone : 263(4)788330-3/788336-9/788317 FCT Line : +263-7827884955 Fax : +263-772788345</p> <p>TDB Addis Ababa Regional Office: Horn of Africa and North Africa UNDP Compound Main Bole Rd, Olympia Roundabout, DRC St. Kirkos Subcity, Kebele 01, House No. 119, Addis Ababa, Ethiopia</p> <p>TDB Kinshasa Country Office Crown Tower 2nd Floor Off No 301 Avenue Batetela and Boulevard du 30 Juin, Gombe Commune, Kinshasa, Democratic Republic of Congo Telephone : 243 (0) 99601090 - 104</p>	

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
REPORT OF THE DIRECTORS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

The directors have pleasure in presenting their report and the reviewed financial statements of the Eastern and Southern African Trade and Development Bank (TDB - formerly PTA Bank) for the six-month period ended 30 June 2020.

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 pages 7 and 8.

3. DIVIDEND

The Board does not recommend a dividend in respect of the six-month period ended 30 June 2020 (USD 342.01 per share in respect of the financial year ended 31 December 2019).

4. 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


8/ Oct 2020

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
STATEMENT OF DIRECTORS' RESPONSIBILITIES
ON THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020


The Bank's Charter requires the directors to prepare financial statements for each financial period 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 period and of the operating results of the Group and of the Bank for that period. 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 interim financial statements give a true and fair view of the state of the financial affairs of the Group and of the Bank and their operating results and cash flows. 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 review of the financial statements does not relieve them of their responsibilities.

Director


8/04/2020

Director


8/04/2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)

Report on the Review of the Financial Statements

Introduction

We have reviewed the accompanying interim financial statements of the Eastern and Southern African Trade and Development Bank (TDB - formerly PTA Bank) comprising the consolidated and separate statements of financial position as at 30 June 2020, and consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

The directors are responsible for the preparation and fair presentation of the interim financial statements in accordance with International Financial Reporting Standards and the requirements of the Bank's Charter. Our responsibility is to express a conclusion on the interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements does not present fairly, in all material respects, the consolidated and separate financial position of Eastern and Southern African Trade and Development Bank (TDB - formerly PTA Bank) as at 30 June 2020, its consolidated and separate financial performance and its consolidated and separate cash flows for the six-month period then ended in accordance with International Financial Reporting Standards and the requirements of the Bank's Charter.



Certified Public Accountants (Kenya)
Nairobi, Kenya

8 October 2020

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

	Note	Reviewed Six months to 30 JUNE 2020 USD	Reviewed Six months to 30 JUNE 2019 USD
INCOME			
Interest income	4	221,705,061	182,815,467
Interest expense	5	(102,753,989)	(105,763,943)
Other borrowing costs	6	(5,785,319)	(1,945,748)
Interest and similar expense		(108,539,308)	(107,709,691)
Net interest income		113,165,753	75,105,776
Fee and commission income	7(a)	28,604,433	43,066,580
Gains on financial assets designated at fair value through profit or loss - derivatives	15	4,006,035	11,617,224
Net trading income		145,776,221	129,789,580
Risk mitigation costs	7(b)	(17,610,972)	(16,478,072)
Other income	8	2,631,711	364,554
OPERATING INCOME		130,796,960	113,676,062
EXPENDITURE			
Operating expenses	9	(19,422,707)	(18,284,912)
Impairment on other financial assets	11	(240,835)	-
Impairment allowance on loans	18	(31,834,910)	(18,004,419)
Net foreign exchange loss		(1,132,902)	(8,509,864)
TOTAL EXPENDITURE		(52,631,354)	(44,799,195)
PROFIT FOR THE PERIOD		78,165,606	68,876,867
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be subsequently reclassified to profit and loss:</i>			
Fair value gain on fair value through other comprehensive income – Equity investments	19	2,937,204	-
Fair value gain on fair value through other comprehensive income – Trade Fund	23	1,902,966	-
		4,840,170	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS		83,005,776	68,876,867
Profit for the period is attributable to:			
Owners of the Bank		77,984,429	68,876,867
Non-controlling interest		181,177	-
		78,165,606	68,876,867
Total comprehensive income is attributable to:			
Owners of the Bank		82,824,599	68,876,867
Non-controlling interest		181,177	-
		83,005,776	68,876,867
EARNINGS PER SHARE:			
Basic	13	708	662
Diluted	13	683	646

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

	Note	Reviewed Six months to 30 JUNE 2020 USD	Reviewed Six months to 30 JUNE 2019 USD
INCOME			
Interest income	4	221,705,061	182,815,467
Interest expense	5	(102,753,989)	(105,763,943)
Other borrowing costs	6	(5,785,319)	(1,945,748)
Interest and similar expense		(108,539,308)	(107,709,691)
Net interest income		113,165,753	75,105,776
Fee and commission income	7(a)	28,604,433	43,066,580
Gains on financial assets designated at fair value through profit or loss – derivatives	15	4,006,035	11,617,224
Net trading income		145,776,221	129,789,580
Risk mitigation costs	7(b)	(17,610,972)	(16,478,072)
Other income	8	2,248,119	364,554
OPERATING INCOME		130,413,368	113,676,062
EXPENDITURE			
Operating expenses	9	(19,401,469)	(18,284,912)
Impairment on other financial assets	11	(240,835)	-
Impairment allowance on loans	18	(31,834,910)	(18,004,419)
Net foreign exchange loss		(1,132,902)	(8,509,864)
TOTAL EXPENDITURE		(52,610,116)	(44,799,195)
PROFIT FOR THE PERIOD		77,803,252	68,876,867
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be subsequently reclassified to profit and loss:</i>			
Fair value gain on fair value through other comprehensive income – Equity investments	19	2,937,204	-
Fair value gain on fair value through other comprehensive income – Trade Fund	23	1,902,966	-
		4,840,170	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS		82,643,422	68,876,867

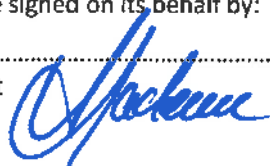
EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

		Reviewed 30 JUNE 2020 USD	Audited 31 DECEMBER 2019 USD
ASSETS	Note		
Cash and balances held with other banks	14	1,179,821,256	1,382,403,564
Derivative financial instruments	15	22,147,980	40,049,341
Trade finance loans	16	2,872,405,806	2,865,166,921
Project loans	17	2,306,642,199	2,106,337,583
Investment in Government securities	22	110,860,603	44,897,636
Investment in Trade Fund	23	51,452,805	49,997,089
Other receivables	24	130,760,117	120,523,438
Equity investments at fair value through other comprehensive income	19	54,114,073	51,135,850
Investment in joint venture	20	317,010	317,010
Property and equipment	25	27,185,408	24,683,063
Right-of-use asset	26	3,622,381	3,912,012
Intangible assets	27	2,259,146	1,998,002
TOTAL ASSETS		6,761,588,784	6,691,421,509
LIABILITIES AND EQUITY			
LIABILITIES			
Collection account deposits	28	54,424,769	95,822,611
Lease liability	29	1,312,220	1,520,467
Short term borrowings	30	2,440,731,041	2,465,247,997
Provision for service and leave pay	33	9,599,735	8,551,510
Other payables	32	130,216,939	138,732,787
Long term borrowings	31	2,656,644,353	2,591,528,898
Current tax payable	12	-	3,494
TOTAL LIABILITIES		5,292,929,057	5,301,407,764
EQUITY			
Share capital	34	499,523,636	499,107,472
Share premium	34	97,091,881	101,867,839
Retained earnings		800,066,257	722,081,828
Proposed dividend		36,313,155	36,313,155
Fair value reserve		15,553,969	10,713,799
Management reserve	35	19,842,911	19,842,911
Equity attributable to owners of the Bank		1,468,391,809	1,389,927,004
Non-controlling interest		267,918	86,741
TOTAL EQUITY		1,468,659,727	1,390,013,745
TOTAL LIABILITIES AND EQUITY		6,761,588,784	6,691,421,509

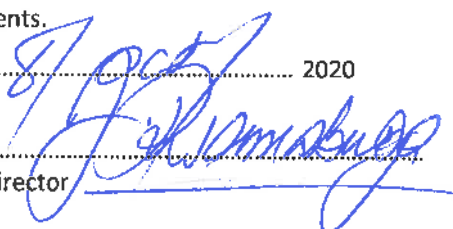
The notes on pages 15 to 118 are an integral part of these financial statements.

The financial statements were approved by the board of directors on 2020
and were signed on its behalf by:

President



Director



EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	Reviewed 30 JUNE 2020 USD	Audited 31 DECEMBER 2019 USD
ASSETS			
Cash and balances held with other banks	14	1,179,306,010	1,382,110,581
Derivative financial instruments	15	22,147,980	40,049,341
Trade finance loans	16	2,872,405,806	2,865,166,921
Project loans	17	2,306,642,199	2,106,337,583
Investment in Government securities	22	110,860,603	44,897,636
Investment in Trade Fund	23	51,452,705	49,996,989
Other receivables	24	130,523,011	120,416,110
Equity investments at fair value through other comprehensive income	19	54,114,073	51,135,850
Investment in joint venture	20	317,010	317,010
Investment in subsidiary	21	69,984	69,984
Property and equipment	25	27,185,408	24,683,063
Right-of-use asset	26	3,622,381	3,912,012
Intangible assets	27	2,259,146	1,998,002
TOTAL ASSETS		6,760,906,316	6,691,091,082
LIABILITIES AND EQUITY			
LIABILITIES			
Collection account deposits	28	54,424,769	95,822,611
Lease liability	29	1,312,220	1,520,467
Short term borrowings	30	2,440,731,041	2,465,247,997
Provision for service and leave pay	33	9,599,735	8,551,510
Other payables	32	130,095,941	138,604,970
Long term borrowings	31	2,656,644,353	2,591,528,898
TOTAL LIABILITIES		5,292,808,059	5,301,276,453
EQUITY			
Share capital	34	499,523,636	499,107,472
Share premium	34	97,091,881	101,867,839
Retained earnings		799,772,705	721,969,453
Proposed dividend		36,313,155	36,313,155
Fair value reserve		15,553,969	10,713,799
Management reserve	35	19,842,911	19,842,911
TOTAL EQUITY		1,468,098,257	1,389,814,629
TOTAL LIABILITIES AND EQUITY		6,760,906,316	6,691,091,082

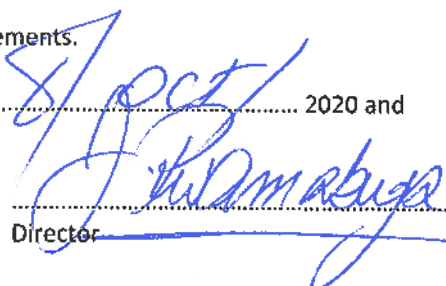
The notes on pages 15 to 118 are an integral part of these financial statements.

The financial statements were approved by the board of directors on 2020 and
were signed on its behalf by:

President



Director



EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB – formerly PTA Bank)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

	Note	Share Capital USD	Share premium USD	Retained earnings USD	Proposed dividend USD	Management Reserve USD	Fair Value Reserve USD	Total USD	Non-controlling interest USD	Total USD
At 1 January 2019 - Audited		461,742,558	60,500,611	607,076,151	31,684,721	19,842,911	11,178,799	1,192,025,751	-	1,192,025,751
Capital subscriptions		14,459,291	-	-	-	-	-	14,459,291	-	14,459,291
Share Premium		-	14,514,763	-	-	-	-	14,514,763	-	14,514,763
Total comprehensive income for the period		-	-	68,876,867	-	-	-	68,876,867	-	68,876,867
At 30 June 2019 - Reviewed		476,201,849	75,015,374	675,953,018	31,684,721	19,842,911	11,178,799	1,289,876,672	-	1,289,876,672
At 1 January 2020 - Audited		499,107,472	101,867,839	722,081,828	36,313,155	19,842,911	10,713,799	1,389,927,004	86,741	1,390,013,745
Capital subscriptions	34	416,164	-	-	-	-	-	416,164	-	416,164
Share Premium	34	-	(4,775,958)	-	-	-	-	(4,775,958)	-	(4,775,958)
Other comprehensive income		-	-	-	-	-	4,840,170	4,840,170	-	4,840,170
Profit for the period		-	-	77,984,429	-	-	-	77,984,429	181,177	78,165,606
At 30 June 2020 - Reviewed		499,523,636	97,091,881	800,066,257	36,313,155	19,842,911	15,553,969	1,468,391,809	267,918	1,468,659,727

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB – formerly PTA Bank)
SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

	Note	Share Capital USD	Share premium USD	Retained earnings USD	Proposed dividend USD	Management Reserve USD	Fair Value Reserve USD	Total equity USD
At 1 January 2019 - Audited		461,742,558	60,500,611	607,076,151	31,684,721	19,842,911	11,178,799	1,192,025,751
Capital subscriptions		14,459,291	-	-	-	-	-	14,459,291
Share Premium		-	14,514,763	-	-	-	-	14,514,763
Total comprehensive income for the period		-	-	68,876,867	-	-	-	68,876,867
At 30 June 2019 - Reviewed		476,201,849	75,015,374	675,953,018	31,684,721	19,842,911	11,178,799	1,289,876,672
At 1 January 2020 - Audited		499,107,472	101,867,839	721,969,453	36,313,155	19,842,911	10,713,799	1,389,814,629
Capital subscriptions	34	416,164	-	-	-	-	-	416,164
Share Premium	34	-	(4,775,958)	-	-	-	-	(4,775,958)
Other comprehensive income		-	-	-	-	-	4,840,170	4,840,170
Profit for the period		-	-	77,803,252	-	-	-	77,803,252
At 30 June 2020 - Reviewed		499,523,636	97,091,881	799,772,705	36,313,155	19,842,911	15,553,969	1,468,098,257

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

	Note	Reviewed Six months to 30 JUNE 2020 USD	Reviewed Six months to 30 JUNE 2019 USD
OPERATING ACTIVITIES			
Net cash used in operations	36(a)	(124,811,204)	(99,291,066)
INVESTING ACTIVITIES			
Purchase of property and equipment	25	(2,978,828)	(1,838,717)
Loss on disposal of property and equipment		644	29,519
Purchase of intangible assets	27	(621,649)	(295,900)
Acquisition of equity investments	19	(41,019)	(15,783)
Acquisition of right-of-use asset	26	(19,220)	-
Investment in government securities	22	(65,962,967)	-
Redemption of Trade Fund	23	447,250	-
Net cash used in investing activities		(69,175,789)	(2,120,881)
FINANCING ACTIVITIES			
Proceeds from capital subscriptions	34	416,164	14,459,291
Proceeds from share premium	34	(4,775,958)	14,514,763
New lease liabilities	29	19,220	-
Payment of lease liabilities	29	(300,365)	(71,797)
Net cash (used in)/generated from financing activities		(4,640,939)	28,902,257
DECREASE IN CASH AND CASH EQUIVALENTS		(198,627,932)	(72,509,690)
Foreign exchange loss on cash and cash equivalents		(3,954,376)	(5,780,912)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,382,403,564	1,145,918,378
CASH AND CASH EQUIVALENTS AT END OF PERIOD	36(c)	1,179,821,256	1,067,627,776
FACILITIES AVAILABLE FOR LENDING	36(d)	2,228,168,345	2,072,093,139

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
 SEPARATE STATEMENT OF CASH FLOWS
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

	Note	Reviewed Six months to 30 JUNE 2020 USD	Reviewed Six months to 30 JUNE 2019 USD
OPERATING ACTIVITIES			
Net cash used in operations	36(a)	(125,033,467)	(99,291,066)
INVESTING ACTIVITIES			
Purchase of property and equipment	25	(2,978,828)	(1,838,717)
Loss on disposal of property and equipment		644	29,519
Purchase of intangible assets	27	(621,649)	(295,900)
Purchase of right of use assets	26	(19,220)	-
Acquisition of equity investments	19	(41,019)	(15,783)
Investment in government securities	22	(65,962,967)	-
Redemption of Trade Fund	23	447,250	-
Net cash used in investing activities		(69,175,789)	(2,120,881)
FINANCING ACTIVITIES			
Proceeds from capital subscriptions	34	416,164	14,459,291
Proceeds from share premium	34	(4,775,958)	14,514,763
New lease liabilities	29	19,220	-
Payment of lease liabilities	29	(300,365)	(71,797)
Net cash (used in)/generated from financing activities		(4,640,939)	28,902,257
DECREASE IN CASH AND CASH EQUIVALENTS		(198,850,195)	(72,509,690)
Foreign exchange loss on cash and cash equivalents		(3,954,376)	(5,780,912)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,382,110,581	1,145,918,378
CASH AND CASH EQUIVALENTS AT END OF PERIOD	36(c)	1,179,306,010	1,067,627,776
FACILITIES AVAILABLE FOR LENDING	36(d)	2,228,168,345	2,072,093,139

**EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - FORMERLY PTA BANK)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

1. 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 and methods of computation are consistent with those followed in the preparation of the consolidated and separate interim financial statements for the year ended 30 June 2019, except for new standards, amendments and interpretations effective for financial periods beginning on or after 1 January 2020. 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 30 June 2020

a) Interest Rate Benchmark Reform – phase 1 (Amendments to IFRS 9, IAS 39 and IFRS 7)

The amendments deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. (IAS 39 is amended as well as IFRS 9 because entities have an accounting policy choice when first applying IFRS 9, which allows them to continue to apply the hedge accounting requirements of IAS 39.) There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform.

The changes in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

- modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform;
- are mandatory for all hedging relationships that are directly affected by the interest rate benchmark reform; are not intended to provide relief from any other consequences arising from interest rate benchmark reform (if a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amendments, discontinuation of hedge accounting is required); and
- require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments.

The amendments are be effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively.

The directors do not expect that the adoption of the standard will have a material impact on the financial statements of the Group.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - FORMERLY PTA BANK)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

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

New pronouncements issued as at 30 June 2020 (continued)

b) 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.

The directors do not expect that the adoption of the standard will have a material impact on the financial statements of the Group.

c) 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.

d) 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.

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 IASB *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.

The Group does not anticipate that the application of the amendments will have a material impact on the financial statements of the Group.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - FORMERLY PTA BANK)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

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

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. 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:

a) Interest Rate Benchmark Reform — Phase 2 (Proposed amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The proposed amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 deal with modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and IFRS 7 disclosure requirements for classification and measurement and hedge accounting.

The amendments are to be effective for annual periods beginning on or after 1 January 2021, with early application permitted. The proposed amendments would be applied retrospectively to items that existed at the beginning of the reporting period in which an entity first applies the proposed amendments. Restatement of prior periods is not required, however, the entity may restate prior periods if, and only if, it is possible without the use of hindsight. Hedge relationships that were discontinued before the entity applies the proposed amendments solely due to changes directly required by the amendment would be reinstated. The proposed amendments would be applied mandatorily.

The directors of the Group anticipate that the application of these amendments may have a material impact on the Group's consolidated and separate financial statements.

b) Covid-19-related Rent Concessions – Amendments to IFRS 16

The amendment to IFRS 16 provides lessees with the following practical expedients:

- a practical expedient that relieves a lessee from assessing whether a COVID-19-related rent concession is a lease modification;
- the practical expedient to account for COVID-19-related rent concessions as if they were not lease modifications; and
- the practical expedient to disclose whether the practical expedient has been applied to all eligible contracts, or, if not, information about the nature of the contracts to which the practical expedient has been applied;

The practical expedients are applied retrospectively, recognizing the cumulative effect of applying the amendment as an adjustment to the opening retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorised for issue at 28 May 2020.

The Group as a lessee has not received any relief in respect of amounts payable in the lease contracts and therefore the directors of the Group anticipate that the application of these amendment does not have an impact on the Group's consolidated and separate financial statements.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - FORMERLY PTA BANK)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

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

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

c) 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.

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.

The principal accounting policies applied in the preparation of the financial statements are set out in Note 3 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 and methods of computation 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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - FORMERLY PTA BANK)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 period 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

i. *Interest income from loans and investments*

Interest income includes interest on financial instruments measured at amortised cost which comprise project finance loans, trade finance loans, placements with banks and government securities.

Interest income is recognised on an accrual basis using the effective interest rate method in line with IFRS 9.

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - FORMERLY PTA BANK)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Revenue recognition (continued)

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

Effective interest rate (continued)

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.

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*

Fee and commission income is earned by the Group by providing services to customers and excludes amounts collected on behalf of third parties.

Fee and commission income is earned on the execution of a significant performance obligation, which may be as the performance obligation is fulfilled (over time) or when the significant performance obligation has been performed (point in time).

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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - FORMERLY PTA BANK)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Revenue recognition (continued)

ii. *Fees and commissions*

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.

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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - FORMERLY PTA BANK)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Property and equipment (Continued)

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.

The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting date, and adjusted prospectively, if appropriate.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

g) Intangible assets

The Group's intangible assets relate to the value of computer software. An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Group. Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

An intangible asset 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.

The intangible assets' useful lives and methods of amortisation are reviewed at each reporting date and adjusted prospectively if appropriate.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - FORMERLY PTA BANK)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Taxation

In accordance with paragraph 6 of Article 43 of its Charter, the Bank is exempt from all forms of tax. However, income earned by the subsidiary company that is registered in Mauritius is subject to tax on its chargeable income at a fixed rate of 15% (2019: 15%).

Taxation current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of prior period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.
- Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.
- Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.
- A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

i) Share capital

In accordance with Article 7 of the Charter, for Class A shares, issue d and called-up shares are paid for in instalments by the members. Payable capital is credited as share capital and instalments not yet due and due but not paid at period-end are deducted there-from. For Class B shares, payment of the amount subscribed by subscribers shall be paid in full within 90 days from the date of subscription.

j) Financial instruments

A financial asset or liability is recognised when the Group becomes party to the contractual provisions of the instrument (i.e. the trade date). This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market-place.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - FORMERLY PTA BANK)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Financial instruments (Continued)

Financial assets

Initial Recognition and Measurement

Except for trade receivables that do not have a significant financing component, at initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Trade receivables that do not have a significant financing component are measured at their transaction price.

The Group classifies its financial assets into three principal classification categories based on the cash flow characteristics of the asset and the business model assessment. Financial instruments are measured at:

- Amortised Cost;
- Fair Value through Other Comprehensive Income (FVOCI); and
- Fair Value through Profit or Loss (FVTPL)

Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

The Group recognises its cash and balances held with banks, investment in government securities, trade finance and project finance loans and other receivables at amortised cost. Project financing is long term in nature, while trade financing is short term in nature. These instruments are subject to impairment.

Fair Value through Other Comprehensive Income (FVOCI) – Equity

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in Other Comprehensive Income (OCI). This election is made on an investment-by investment basis. The Group has elected to classify certain equity investments it holds at FVOCI.

Fair Value through Profit or Loss (FVTPL)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group classifies its derivative financial instruments at FVTPL.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - FORMERLY PTA BANK)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Financial instruments (Continued)

Initial Recognition and Measurement (Continued)

Assessment Whether Contractual Cash Flows are Solely Payments of Principal and Interest

To determine whether a financial asset should be classified as measured at amortised cost or FVOCI, an entity assesses whether the cash flows from the financial asset represent, on specified dates, solely payments of principal and interest on the principal amount outstanding - i.e. the SPPI criterion. A financial asset that does not meet the SPPI criterion is always measured at FVTPL, unless it is an equity instrument for which an entity may apply the OCI election.

For the purposes of this assessment, 'Principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considered the contractual terms of the instrument. This included assessing whether the financial asset contained a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considered:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets – e.g. non-recourse asset arrangements; and
- features that modify consideration for the time value of money – e.g. periodic reset of interest rates.

Interest rates on certain loans made by the Group are based on Standard Variable Rates (SVRs) that are set at the discretion of the Group. SVRs are generally based on a market interbank rate and also include a discretionary spread. In these cases, the Group will assess whether the discretionary feature is consistent with the SPPI criterion by considering a number of factors, including whether:

- the borrowers are able to prepay the loans without significant penalties;
- the market competition ensures that interest rates are consistent between banks; and
- any regulatory or customer protection framework is in place that requires banks to treat customers fairly

Some of the Group's loans contain prepayment features. A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. In addition, a prepayment feature is treated as consistent with this criterion if:

- a financial asset is acquired or originated at a premium or discount to its contractual par amount,
- the prepayment amount substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination), and
- the fair value of the prepayment feature is insignificant on initial recognition.

De Minimis

A contractual cash flow characteristic may not affect the classification of a financial asset if it could have only a de minimis effect on the financial asset's contractual cash flows. To make this determination, the Group considers the possible effect of the contractual cash flow characteristic in each reporting period and cumulatively over the life of the financial asset.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - FORMERLY PTA BANK)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

3. 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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - FORMERLY PTA BANK)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

Initial Recognition and Measurement (continued)

Financial Liabilities

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. The exposures are written off against the respective impairment allowances for losses. This is in compliance with both the provisions of the International Financial Reporting Standards (IFRS) and Bank policy which require the Bank to regularly assess accounts which are significantly impaired and are specifically provided for yet continue to deteriorate.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due. Loans which are written off are therefore not forgiven. Appropriate measures are subsequently undertaken to maximize recovery from these accounts except where the anticipated costs of recovery exceed the amounts expected to be recovered and therefore considered cost ineffective.

The Loan Recovery Unit actively follows up with the customers to recover any residual balance post the realisation of collateral and post write off.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - FORMERLY PTA BANK)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

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

The 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.

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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - FORMERLY PTA BANK)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - FORMERLY PTA BANK)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

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.

(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 period 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 period end.

(l) 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 period to which they relate. The funds of the scheme are held independently of the Group's assets.

(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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - FORMERLY PTA BANK)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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 losses.

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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - FORMERLY PTA BANK)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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 is NIL (2019: 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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - FORMERLY PTA BANK)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 period. 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 period.

(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.

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 period. 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 period.

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.

(ii) 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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - FORMERLY PTA BANK)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(ii) Impairment losses on loans – Trade and Project Finance

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.

(iii) 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.

(iv) 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.

(v) 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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - FORMERLY PTA BANK)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

- 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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - FORMERLY PTA BANK)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

		GROUP AND BANK	
		JUNE 2020 USD	JUNE 2019 USD
4.	INTEREST INCOME		
	On loans and facilities:		
	Project finance loans	90,442,940	72,587,930
	Trade finance loans	96,754,461	96,061,612
		<hr/>	<hr/>
		187,177,401	168,649,542
	On placements:		
	Deposits/Held at amortised cost	34,527,660	14,165,925
		<hr/>	<hr/>
		221,705,061	182,815,467
		=====	=====
5.	INTEREST EXPENSE		
	Interest payable on funds borrowed from:		
	Banks and financial institutions	58,562,888	66,864,965
	Regional and International Bond Markets	33,826,274	21,644,730
	Amortisation of deferred borrowing cost	4,658,131	6,254,369
	Other Institutions	5,706,696	10,999,879
		<hr/>	<hr/>
		102,753,989	105,763,943
		=====	=====
6.	OTHER BORROWING COSTS		
	Facility and management fees	4,560,066	1,198,676
	Other costs	1,014,872	694,380
	Bank commission	210,381	52,692
		<hr/>	<hr/>
		5,785,319	1,945,748
		=====	=====
7	(a) FEE AND COMMISSION INCOME		
	Letter of credit fees in trade finance	1,535,357	4,048,036
	Upfront fees in trade finance	9,047,716	11,822,624
	Management fees in trade finance	6,060,000	-
	Drawdown fees in trade finance	493,118	128,938
	Document handling fees in trade finance	179,756	95,387
	Other trade finance fees	1,516,002	28,874
	Syndication fees in project finance	79,973	80,126
	Restructuring fees in project finance	1,169,234	-
	Letter of credit fees in project finance	(25,671)	14,447
	Facility fees on project finance	5,124,349	24,307,647
	Appraisal fees on project finance	272,000	135,850
	Commitment fees on project finance	2,600,880	2,067,177
	Drawdown project fees	-	20,751
	Management project fees	199,623	230,718
	Guarantee fees in project finance	291,250	-
	Other project fees	60,846	86,005
		<hr/>	<hr/>
		28,604,433	43,066,580
		=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - FORMERLY PTA BANK)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

		GROUP AND BANK	
		JUNE	JUNE
		2020	2019
		USD	USD
7	(b) RISK MITIGATION COSTS		
	Insurance cover costs*	17,225,831	15,461,610
	Risk down-selling costs**	385,141	1,016,462
		<u>17,610,972</u>	<u>16,478,072</u>
		=====	=====

*These are premiums on insurance cover taken on loans made to various borrowers. As at 30 June 2020, the insurance cover was USD 1.87 billion (December 2019: USD 1.02 billion). The cover was taken with African Trade Insurance Agency Limited, 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.

**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 period ended 30 June 2020, the Group had down sold/distributed an aggregate of USD 238 million (December 2019 – USD 702 million).

		GROUP		BANK	
		JUNE		JUNE	
		2020	2019	2020	2019
		USD	USD	USD	USD
8.	OTHER INCOME				
	Impaired assets recovered *	2,143,757	323,098	2,143,757	323,098
	Miscellaneous income	440,648	23,115	57,056	23,115
	Interest on staff loans	47,306	18,341	47,306	18,341
		<u>2,631,711</u>	<u>364,554</u>	<u>2,248,119</u>	<u>364,554</u>
		=====	=====	=====	=====

*Impaired assets recovered relate to previously written off loans that were recovered during the period.

		GROUP		BANK	
		JUNE		JUNE	
		2020	2019	2020	2019
		USD	USD	USD	USD
9.	OPERATING EXPENSES				
	Staff costs (note 10)	15,795,497	13,178,493	15,795,497	13,178,493
	Official missions	326,270	930,405	326,270	930,405
	Consultants and advisers	881,568	1,371,413	881,568	1,371,413
	Depreciation of property and equipment	475,839	491,237	475,839	491,237
	Depreciation of right-of-use leased asset	308,851	65,959	308,851	65,959
	Board of Directors meetings	70,904	373,567	70,904	373,567
	Board of Governors meetings	81,796	45,138	81,796	45,138
	Business promotion	254,650	627,788	254,650	627,788
	Audit fees	39,225	28,000	35,000	28,000
	Amortisation of intangible assets	360,505	280,359	360,505	280,359
	Rent	81,987	267,069	81,987	267,069
	Interest expense on lease liability (note 26)	72,898	16,883	72,898	16,883
	Other operating expenses	672,717	608,601	655,704	608,601
		<u>19,422,707</u>	<u>18,284,912</u>	<u>19,401,469</u>	<u>18,284,912</u>
		=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - FORMERLY PTA BANK)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

		GROUP AND BANK	
		JUNE	JUNE
		2020	2019
		USD	USD
10.	STAFF COSTS		
	Salaries and wages	8,463,532	6,397,407
	Staff reward and recognition scheme	2,740,518	2,765,457
	Staff provident fund contributions-defined contribution plan	1,322,583	1,236,102
	School fees for dependents	980,265	986,740
	Medical costs	743,530	439,002
	Leave pay expense	596,752	261,911
	Service pay provision	572,343	515,346
	Other costs*	375,974	576,528
		<u>15,795,497</u>	<u>13,178,493</u>
		=====	=====

*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)	240,835	-
	=====	=====

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

12. CURRENT TAX PAYABLE

	GROUP		BANK	
	JUNE		JUNE	
	2020	2019	2020	2019
	USD	USD	USD	USD
At 1 January	3,494	-	-	-
Charge for the period	-	-	-	-
Tax reversal*	(3,494)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====

*Trade Development Bank ("TDB") is a multilateral institution fully recognized by the Republic of Mauritius, also the host country of TDBs principal office. Since both the subsidiary (ESATAL) and the Fund are creatures of the TDB Charter which is in force in Mauritius and given that they are owned in majority by TDB, the Company benefits from tax exemption, immunities and privileges under TDB.

For the period from 1 January 2020 to 30 June 2020, the Company had no tax liability (year ended 31 December 2019: USD 3,494 which has since been reversed in 2020).

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

13. EARNINGS PER SHARE

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

EARNINGS:	GROUP JUNE		BANK JUNE	
	2020 USD	2019 USD	2020 USD	2019 USD
Earnings for the purpose of the basic earnings per share being net profit attributable to shareholders	78,165,606 =====	68,876,867 =====	77,803,252 =====	68,876,867 =====
Earnings for the purpose of the diluted earnings per share	78,165,606 =====	68,876,867 =====	77,803,252 =====	68,876,867 =====
There were no earnings with a potential dilutive effect during the period (2019: NIL).				
NUMBER OF SHARES:				
Weighted average number of shares for the purpose of basic earnings per share:				
Class A	82,246	79,567	82,246	79,567
Class B	28,221	24,516	28,221	24,516
	110,467 =====	104,083 =====	110,467 =====	104,083 =====
Basic Earnings Per Share	708 =====	662 =====	704 =====	662 =====
Weighted average number of shares for the purpose of diluted earnings per share:				
	114,497 =====	106,563 =====	114,497 =====	106,563 =====
Diluted Earnings Per Share	683 =====	646 =====	680 =====	646 =====

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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

14. CASH AND BALANCES HELD WITH OTHER BANKS

	GROUP		BANK	
	JUNE 2020 USD	DECEMBER 2019 USD	JUNE 2020 USD	DECEMBER 2019 USD
Current accounts – Note 14 (i)	368,916,514	531,494,818	368,401,268	531,201,835
Call and term deposits with banks – Note 14 (ii)	810,904,742	850,908,746	810,904,742	850,908,746
	<u>1,179,821,256</u>	<u>1,382,403,564</u>	<u>1,179,306,010</u>	<u>1,382,110,581</u>
	=====	=====	=====	=====
(i) Current accounts:				
Amounts maintained in United States Dollars (USD)	332,842,408	329,789,005	332,327,162	329,496,022
Amounts maintained in other currencies:				
Euro	7,090,373	129,319,511	7,090,373	129,319,511
Malawi Kwacha	21,189,179	59,262,988	21,189,179	59,262,988
United Arab Emirates Dirham	3,199	124	3,199	124
Tanzania Shillings	5,380,443	6,282,295	5,380,443	6,282,295
Zambia Kwacha	1,133,636	4,093,616	1,133,636	4,093,616
Ethiopian Birr	42,136	341,662	42,136	341,662
Zimbabwean Dollar	209,684	193,950	209,684	193,950
Japanese Yen	34,194	33,945	34,194	33,945
British Pounds	41,706	16,750	41,706	16,750
Ugandan Shilling	3,508	4,772	3,508	4,772
Mauritian Rupee	71,255	43,724	71,255	43,724
Kenyan Shilling	81,504	1,491,533	81,504	1,491,533
South African Rand	175,831	12,220	175,831	12,220
Burundi Francs	617,458	608,723	617,458	608,723
	<u>36,074,106</u>	<u>201,705,813</u>	<u>36,074,106</u>	<u>201,705,813</u>
	<u>368,916,514</u>	<u>531,494,818</u>	<u>368,401,268</u>	<u>531,201,835</u>
	=====	=====	=====	=====
(ii) Call and term deposits with banks:				
United States Dollars (USD)	776,120,666	811,445,668	776,120,666	811,445,668
Amounts maintained in other currencies:				
Sudanese Pounds	29,516,628	34,098,184	29,516,628	34,098,184
Ugandan Shillings	5,267,448	5,364,894	5,267,448	5,364,894
	<u>34,784,076</u>	<u>39,463,078</u>	<u>34,784,076</u>	<u>39,463,078</u>
	<u>810,904,742</u>	<u>850,908,746</u>	<u>810,904,742</u>	<u>850,908,746</u>
	=====	=====	=====	=====
Total call and term deposits	810,904,742	850,908,746	810,904,742	850,908,746

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

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 period end.

	GROUP AND BANK	
	JUNE	DECEMBER
	2020	2019
	USD	USD
Currency forward exchange contracts		
Net opening balance at start of year	40,049,341	54,042,940
Contracts entered into during period-Net	(334,792,930)	(67,548,060)
Net amounts settled	312,885,534	37,548,455
Fair value gains through profit or loss	4,006,035	16,006,006
	<hr/>	<hr/>
Net closing balance as at end of period	22,147,980	40,049,341
	=====	=====

As at 30 June 2020 and 31 December 2019, the Group only had currency forward exchange contracts in its derivative financial instruments.

	GROUP AND BANK	
	JUNE	DECEMBER
	2020	2019
	USD	USD
16. TRADE FINANCE LOANS		
Principal loans	2,559,396,973	2,621,167,722
Interest receivable	385,748,873	314,478,574
	<hr/>	<hr/>
Gross loans	2,945,145,846	2,935,646,296
Impairment on trade finance loans (note 18)	(72,740,040)	(70,479,375)
	<hr/>	<hr/>
Net loans	2,872,405,806	2,865,166,921
	=====	=====
Analysis of gross loans by maturity:		
Maturing:		
Within one year	1,310,035,232	1,573,903,790
One to three years	1,317,927,562	1,305,713,451
Over three years	317,183,052	56,029,055
	<hr/>	<hr/>
	2,945,145,846	2,935,646,296
	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

16. TRADE FINANCE LOANS (Continued)

The gross non-performing trade finance loans was USD 77,233,978 (December 2019: USD 70,115,394). The specific impairment provisions related to these loans amounted to USD 67,233,978 (December 2019: 64,231,748) hence the carrying value of the loans amount was USD 10,000,000 (December 2019: USD 5,883,646). General provisions for trade finance loans amounted to USD 5,506,062 (December 2019: USD 6,247,627).

17. PROJECT LOANS

	GROUP AND BANK	
	JUNE 2020 USD	DECEMBER 2019 USD
Loans disbursed	4,179,655,790	3,484,215,531
Interest capitalised*	66,375,041	116,695,511
Loans repaid	(1,938,940,172)	(1,508,489,914)
Principal loan balances	2,307,090,659	2,092,421,128
Interest receivable	62,394,207	54,574,428
Gross loans	2,369,484,866	2,146,995,556
Impairment on project loans (Note 18)	(62,842,667)	(40,657,973)
Net loans	2,306,642,199	2,106,337,583

*Interest capitalized relates to interest in arrears on loans which were restructured now capitalized.

	JUNE 2020 USD	DECEMBER 2019 USD
Analysis of gross loans by maturity		
Maturing:		
Within one year	497,698,595	424,572,300
One year to three years	692,852,497	648,868,236
Three to five years	577,674,558	476,764,089
Over five years	601,259,216	596,790,931
	2,369,484,866	2,146,995,556

The aggregate non-performing project loans was USD 67,216,715 (December 2019 - USD 48,362,733). The specific impairment provisions related to these loans amounted to USD 33,035,116 (December 2019 - USD 27,397,275) hence the carrying value of the loans amounted to USD 34,181,599 (December 2019- USD 20,965,458). General provisions for project finance loans amounted to USD 29,807,551 (December 2019 - USD 13,260,702).

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

18. IMPAIRMENT ALLOWANCE

The movement in the allowance is as follows:

	Project Finance Loans USD	Trade Finance Loans USD	GROUP AND BANK Low Credit Risk Assets USD	Off-Balance Sheet Commitments USD	Total Allowance USD
At 1 January 2019	30,359,524	79,952,961	2,760,428	1,607,250	114,680,163
Amounts written-off	-	(33,882,206)	-	-	(33,882,206)
Charge for the period	10,298,449	24,408,620	5,416,406	1,362,147	41,485,622
At 31 December 2019	40,657,973	70,479,375	8,176,834	2,969,397	122,283,579
As at 1 January 2020	40,657,973	70,479,375	8,176,834	2,969,397	122,283,579
Amounts reclassified*	2,091,789	(2,091,789)	-	-	-
Amounts written off	-	(7,389,551)	-	-	(7,389,551)
Charge for the period	20,092,905	11,742,005	-	-	31,834,910
At 30 June 2020	62,842,667	72,740,040	8,176,834	2,969,397	146,728,938

*The loans were reclassified from Trade Finance to Project Finance, hence a reclassification of accumulated provisions.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

19. EQUITY INVESTMENTS

(i) Equity participation

Equity participation	GROUP AND BANK					
	Beginning Cost USD	Additions at cost USD	Total Ending Cost USD	Investment Carrying Value at period End USD	Investment Carrying Value Previous Year USD	Fair value adjustment for the period USD
<i>At fair value through other comprehensive income:</i>						
As at 30 June 2020						
African Export Import Bank	2,364,160	-	2,364,160	7,393,000	7,431,000	(38,000)
ZEP Reinsurance	31,938,654	-	31,938,654	42,496,000	39,191,000	3,305,000
Tononoka	628,653	-	628,653	194,000	519,000	(325,000)
Tanruss	1,755,000	-	1,755,000	168,000	213,000	(45,000)
Africa Trade Insurance Company	1,000,000	-	1,000,000	981,000	939,000	42,000
Gulf African Bank	1,978,734	-	1,978,734	2,448,000	2,086,000	362,000
Pan African Housing Fund	756,850	41,019	797,869	434,073	756,850	(363,796)
	<u>40,422,051</u>	<u>41,019</u>	<u>40,463,070</u>	<u>54,114,073</u>	<u>51,135,850</u>	<u>2,937,204</u>
	=====	=====	=====	=====	=====	=====
As at 31 December 2019						
African Export Import Bank	2,364,160	-	2,364,160	7,431,000	6,589,000	842,000
ZEP Reinsurance	31,938,654	-	31,938,654	39,191,000	38,886,000	305,000
Tononoka	628,653	-	628,653	519,000	1,835,000	(1,316,000)
Tanruss	1,755,000	-	1,755,000	213,000	276,000	(63,000)
Africa Trade Insurance Company	1,000,000	-	1,000,000	939,000	1,015,000	(76,000)
Gulf African Bank	1,978,734	-	1,978,734	2,086,000	2,243,000	(157,000)
Pan African Housing Fund	677,730	79,120	756,850	756,850	677,730	-
	<u>40,342,931</u>	<u>79,120</u>	<u>40,422,051</u>	<u>51,135,850</u>	<u>51,521,730</u>	<u>(465,000)</u>
	=====	=====	=====	=====	=====	=====

The Group's main equity investments are in ZEP-RE (PTA Reinsurance Company), African Export-Import Bank, Tanruss, Africa Trade Insurance Agency and Gulf African Bank. In addition, the Group has subscribed to the equity of various projects in its Member States. The Group's participation is expressed in US Dollars. As at 31 December 2019, all investments were carried at fair value as per provision of IFRS 9 adopted in January 2019. In the previous years, these investments were carried at cost, except for Pan African Housing Fund which has always been carried at fair value. The Group does not intend to dispose the shares in the short term, and none of the shares have been derecognized. The dividends received in respect of these investments, whenever applicable, are disclosed in note 8.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

		GROUP AND BANK	
		JUNE	DECEMBER
		2020	2019
		USD	USD
19.	EQUITY INVESTMENTS (Continued)		
ii)	Instalments paid:		
	Total subscribed capital*	41,865,201	41,865,201
	Less: Instalments not due – Note 19 (iii)	(1,402,131)	(1,443,150)
		<hr/>	<hr/>
	Instalments paid as at end of period – Note 19 (i) and (iv)	40,463,070	40,422,051
		=====	=====
	*Total subscribed capital includes paid up capital and unpaid subscriptions		
iii)	Unpaid subscriptions expressed in US Dollars at period-end rates comprised:		
	African Export-Import Bank*	1,200,000	1,200,000
	Pan African Housing Fund*	202,131	243,150
		<hr/>	<hr/>
	*Unpaid subscriptions are payable on call.	1,402,131	1,443,150
		=====	=====
iv)	Movement in the instalments paid:		
	At beginning of year	40,422,051	40,342,931
	Net additions at cost – Note 19 (i)	41,019	79,120
		<hr/>	<hr/>
	At end of period	40,463,070	40,422,051
		=====	=====

20. INVESTMENT IN JOINT VENTURE

The Bank has a 50% interest in Eastern and Southern African Infrastructure Fund (ESAIF). The joint venture was incorporated in 2016 and its principal place of business is Ebene, Mauritius. ESAIF is a vehicle that will raise and manage the Infrastructure Fund. The Bank's voting rights in the joint venture is equal to its ownership interest. The Bank's interest in the joint ventures is accounted for using the equity method in the financial statements. No quoted market price exists for the investment. ESAIF has a 31 December year end for reporting purposes.

Summarised financial information of the joint venture is set out below:

		GROUP AND BANK	
		JUNE	DECEMBER
		2020	2019
		USD	USD
	Current assets - cash and cash equivalents	634,021	634,021
		<hr/>	<hr/>
	TOTAL ASSETS	634,021	634,021
	Liabilities	-	-
		<hr/>	<hr/>
	Equity	634,021	634,021
		=====	=====
	Bank's carrying amount of the investment -50%	317,010	317,010
		=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

20. INVESTMENT IN JOINT VENTURE (Continued)

ESAIF is yet to start operations. The joint venture had no contingent liabilities or capital commitments at 30 June 2020. ESAIF cannot distribute its profits without the consent from the venture partners.

	GROUP AND BANK	
	JUNE 2020 USD	DECEMBER 2019 USD
Movement in joint venture:		
At 1 January	317,010	386,994
Reduction in investment*	-	(69,984)
	<hr/>	<hr/>
At 31 December	317,010	317,010
	<hr/>	<hr/>

* The movement relates to classification of investment in Eastern and Southern African Trade Advisers Limited - ESATAL (See Note 21) to a subsidiary after TDB gained control over the entity. TDB's share capital in ESATAL is USD 69,984.

21. INVESTMENT IN SUBSIDIARY – AT COST

The Bank has a 50% plus 1 share interest in Eastern and Southern African Trade Advisers Limited (ESATAL). ESATAL was incorporated in 2015 as a joint venture between TDB and GML Capital, with each party controlling 50% interest in the joint venture. In August 2019 ESATAL became a subsidiary of TDB after the Bank obtained control. The principal place of business of ESATAL is Ebene, Mauritius. ESATAL is an investment Manager for The East and Southern African Trade Fund – "ESATF". ESATAL has a 31 December year end for reporting purposes.

	BANK JUNE 2020		BANK DECEMBER 2019	
	No of Shares	Ordinary Share USD	No of Shares	Ordinary Share USD
Total issued and fully paid	139,967	139,967	139,967	139,967
	<hr/>	<hr/>	<hr/>	<hr/>
TDB's share -50% + 1 share	69,984	69,984	69,984	69,984
	<hr/>	<hr/>	<hr/>	<hr/>

The ordinary shares have the following rights:

- One vote per share on all resolutions and matters falling to the determination and approval of shareholders under the Mauritius Companies Act 2001 and the Constitution
- The right to an equal share of dividends as may be declared and paid by the company
- The right to an equal share in the distribution of the surplus assets of the Company

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

21 INVESTMENT IN SUBSIDIARY (Continued)

The relevant activities of subsidiary are determined by its Board of Directors based on simple majority votes where each director carries one vote. Therefore, the Directors of the Group concluded that the Group has control over ESATAL and the results are consolidated in these financial statements.

Set out below is the summarised financial information for the subsidiary with non-controlling interest:

	BANK	
	JUNE 2020 USD	DECEMBER 2019 USD
Summarised statement of financial position		
Total assets	752,452	400,411
Total liabilities	120,998	131,311
Net assets	631,454	269,100
Non-controlling interest	50%	50%
Summarised statement of profit and loss and other comprehensive income		
Profit before taxation	362,354	228,247
Taxation charge	-	(3,494)
	362,354	224,753
Profit for the period is attributable to owners of the Bank	181,177	112,376
Profit for the period is attributable to non-controlling interest	181,177	112,377
Total comprehensive income for the period	362,354	224,753
Summarised statement of cash flows		
Net cash from operating activities	222,263	183,312
Net increase in cash and cash equivalents	222,263	183,312
Cash and cash equivalents at beginning of period	292,983	109,671
Cash and cash equivalents at end of period	515,246	292,983

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

22. INVESTMENTS IN GOVERNMENT SECURITIES

	GROUP AND BANK	
	JUNE 2020 USD	DECEMBER 2019 USD
Held at amortised cost:		
Treasury Notes and Treasury Bonds:		
At beginning of period	44,897,636	-
Additions: Treasury Bonds*	65,962,967	44,897,636
At end of period	110,860,603	44,897,636
	=====	=====

*TDB participated in Zambian treasury bonds by investing in tenors of 2 years, 3 years and 5 years providing a yield to maturity of 26%, 29.5% and 33% respectively. The bonds are held as investments in Zambian Kwacha equivalent.

23. INVESTMENT IN TRADE FUND

	GROUP		BANK	
	JUNE 2020 USD	DECEMBER 2019 USD	JUNE 2020 USD	DECEMBER 2019 USD
Investment in ESATF – at fair value through other comprehensive income				
At 1 January	49,997,089	-	49,996,989	-
Additions during the period	-	49,997,089	-	49,996,989
Retirements during period	(447,250)	-	(447,250)	-
Fair value gains	1,902,966	-	1,902,966	-
At end of period	51,452,805	49,997,089	51,452,705	49,996,989
	=====	=====	=====	=====

Investment in trade fund comprises of equity investments in The East and Southern African Trade Fund – “ESATF”. The tenure of the investments is six months and therefore the cost of the investment approximates the fair value.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

24. OTHER RECEIVABLES

	GROUP		2019	2018
	JUNE	DECEMBER	JUNE	DECEMBER
	2020	2019	2020	2019
	USD	USD	USD	USD
Down-sold assets*	70,000,000	70,000,000	70,000,000	70,000,000
Prepayments and other receivables**	46,804,490	48,797,741	46,567,364	48,690,413
Staff loans and advances***	13,214,408	1,047,994	13,214,408	1,047,994
Appraisal fees****	741,239	677,703	741,239	677,703
	<u>130,760,117</u>	<u>120,523,438</u>	<u>130,523,011</u>	<u>120,416,110</u>
	=====	=====	=====	=====
<i>Appraisal fees receivable****</i>				
As At beginning period	677,703	1,033,204	677,703	1,033,204
Accrued income	1,049,375	396,850	1,049,375	396,850
Receipts	(745,004)	(748,596)	(745,004)	(748,596)
Amounts written off (Note 11)	(240,835)	(3,755)	(240,835)	(3,755)
	<u>741,239</u>	<u>677,703</u>	<u>741,239</u>	<u>677,703</u>
	=====	=====	=====	=====
Amounts due within one year	120,202,520	120,330,250	119,965,414	120,222,922
Amounts due after one year	10,557,597	193,188	10,557,597	193,188
	<u>130,760,117</u>	<u>120,523,438</u>	<u>130,523,011</u>	<u>120,416,110</u>
	=====	=====	=====	=====

*Down-sold assets represent loan assets sold to the Group's counterparties on a non-funded basis. The amount disclosed at 31 December 2019 and June 2020 represent different facility agreements. The amount of USD 70 million at 30 June 2020 relate to an agreement was signed on 22 June 2020 and will be settled within 6 months after period end. Down-selling receivable does not attract interest.

**Prepayments and other receivables mainly comprise insurance costs on the Group's exposures and facility fees paid in relation to short term facilities extended to the Group by lenders.

***Staff loans and advances are granted in accordance with the Staff Rules and Regulations approved by the Board of Directors. These staff loans and advances have various repayment terms ranging from 3 to 36 months.

****Appraisal fees are recognized as income receivable on approval of a facility to the borrower by the Group.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

25. PROPERTY AND EQUIPMENT – GROUP AND BANK

Period ended 30 June 2020:	Freehold land USD	Building under construction USD	Buildings USD	Motor vehicles USD	Furniture and fittings USD	Office equipment USD	Total USD
COST							
At 1 January 2020	140,400	4,770,891	26,598,015	864,665	1,865,267	2,477,509	36,716,747
Additions	-	2,705,396	79,612	120,499	7,537	65,784	2,978,828
Disposals	-	-	-	-	-	(10,103)	(10,103)
At 30 June 2020	140,400	7,476,287	26,677,627	985,164	1,872,804	2,533,190	39,685,472
ACCUMULATED DEPRECIATION							
At 1 January 2020	-	-	8,250,390	563,148	1,141,595	2,078,551	12,033,684
Charge for the period	-	-	252,766	50,448	68,256	104,369	475,839
Disposals	-	-	-	-	-	(9,459)	(9,459)
At 30 June 2020	-	-	8,503,156	613,596	1,209,851	2,173,461	12,500,064
NET CARRYING AMOUNT							
At 30 June 2020	140,400	7,476,287	18,174,471	371,568	662,953	359,729	27,185,408
Leasehold Land:							

Leasehold land refers to land that the Group owns and holds on a 99-year leasehold title. This was transferred to right-of-use asset in 2019 upon adoption of IFRS 16 Leases.

Building Under Construction:

The Group is in the process of constructing an office building in Nairobi, Kenya. Professional costs comprising contractors and consultants' fees have been incurred and in line with IAS 16, Property, Plant and Equipment, no depreciation has been charged on these costs until the building is ready for use.

None of the assets have been pledged to secure borrowings of the Group (December 2019: NIL).

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

25. PROPERTY AND EQUIPMENT – GROUP AND BANK (Continued)

Year ended 31 December 2019:	Freehold land US	Leasehold land USD	Building under construction USD	Buildings USD	Motor vehicles USD	Furniture and fittings USD	Office equipment USD	Total USD
COST								
At 1 January 2019	140,400	2,453,865	1,067,139	26,582,523	725,269	1,750,724	2,177,164	34,897,084
Additions	-	-	3,703,752	15,492	169,981	120,584	313,709	4,323,518
Disposals	-	-	-	-	(30,585)	(6,041)	(13,364)	(49,990)
Reclassification (Note 26)	-	(2,453,865)	-	-	-	-	-	(2,453,865)
At 31 December 2019	140,400	-	4,770,891	26,598,015	864,665	1,865,267	2,477,509	36,716,747
ACCUMULATED DEPRECIATION								
At 1 January 2019	-	76,419	-	7,749,159	497,423	998,888	1,865,085	11,186,974
Charge for the period	-	-	-	501,231	96,310	148,185	227,711	973,437
Disposals	-	-	-	-	(30,585)	(5,478)	(14,245)	(50,308)
Reclassification	-	(76,419)	-	-	-	-	-	(76,419)
At 31 December 2019	-	-	-	8,250,390	563,148	1,141,595	2,078,551	12,033,684
NET CARRYING AMOUNT								
At 31 December 2019	140,400	-	4,770,891	18,347,625	301,517	723,672	398,958	24,683,063

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

26. RIGHT OF USE ASSET

The Right-of-Use comprise leases in respect of space for own use. Information about the leases in which the Group is a lessee is presented below:

	GROUP AND BANK	
	JUNE 2020 USD	DECEMBER 2019 USD
COST		
At the beginning of the period	4,378,195	-
Lease asset recognised	19,220	1,924,330
Reclassification (Note 25)	-	2,453,865
At the end of the period	4,397,415	4,378,195
ACCUMULATED AMORTISATION		
At the beginning of the year	466,183	-
Reclassification (Note 25)	-	76,419
Charge for the period	308,851	389,764
At the end of the period	775,034	466,183
NET BOOK VALUE		
At the end of the period	3,622,381	3,912,012
Amounts recognized in profit and loss:		
Depreciation expense-right-of-use asset	308,851	389,764
Interest expense	72,898	83,031
Expense relating to short term lease contracts	24,523	60,405
	406,272	533,200
27. INTANGIBLE ASSETS		
COST		
At beginning of period	3,618,920	4,276,392
Additions	621,649	737,437
Impairment	-	(1,394,909)
At end of period	4,240,569	3,618,920
AMORTISATION		
At beginning of period	1,620,918	2,422,648
Charge for the period	360,505	593,179
Impairment	-	(1,394,909)
At end of period	1,981,423	1,620,918
NET CARRYING AMOUNT		
At end of period	2,259,146	1,998,002

Intangible assets relate to cost of acquired computer software.

Computer software are amortised over their estimated useful lives, which is 5 years on average.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

28. COLLECTION ACCOUNT DEPOSITS

	GROUP AND BANK	
	JUNE	DECEMBER
	2020	2019
	USD	USD
At beginning period	95,822,611	119,576,580
Increase	10,750,417	6,893,456
Reduction	(52,148,259)	(30,647,425)
	<hr/>	<hr/>
At end of period	54,424,769	95,822,611
	=====	=====

Collection account deposits represent deposits collected by the Group on behalf of the customers from proceeds of Group funded commodities to be applied on loan repayments as they fall due.

29. LEASE LIABILITY

	GROUP AND BANK	
	JUNE	DECEMBER
	2020	2019
	USD	USD
At beginning period	1,520,467	2,022,686
New lease liability recognised	19,220	-
Payment of lease liabilities	(300,365)	(585,250)
Interest on lease liabilities	72,898	83,031
	<hr/>	<hr/>
At end of period	1,312,220	1,520,467
	=====	=====
Maturity Analysis of undiscounted cash flows		
Year 1	14,040	558,110
Year 2	124,200	619,586
Year 3	1,215,018	477,678
	<hr/>	<hr/>
Total discounted lease liabilities	1,353,258	1,655,374
	=====	=====

30. SHORT TERM BORROWINGS

(a) CERTIFICATES OF DEPOSITS

African Trade Insurance Agency- Note 30 (b)	-	1,680,450
	=====	=====

Certificates of deposits relate to borrowings that are payable within one year.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

30. SHORT TERM BORROWINGS (Continued)

(b) OTHER SHORT-TERM BORROWINGS

	Date of renewal/ advance	Maturity Date	Currency	GROUP AND BANK	
				JUNE 2020 USD	DECEMBER 2019 USD
Syndicated Loan - Citibank	Oct-18	Oct-21	USD	460,000,000	460,000,000
Syndicated Loan- Middle First Abu Dhabi Bank PJSC	Dec-19	Dec-22	USD	452,112,860	451,471,994
Syndicated Loan - Asia (I)	Jun-19	Jun-22	USD	400,000,000	400,000,000
Syndicated Loan - Asia (II)	Dec-17	Dec-20	USD	237,000,000	237,000,000
The Bank of Tokyo Mitsubishi UFJ, Ltd	Jun-19	Jun-21	USD	150,000,000	150,000,000
Samurai Syndication	Dec-18	Dec-21	USD	147,126,694	146,763,016
Mizuho Bank London	Dec-18	Jun-21	USD	115,000,000	75,000,000
Mashreq Bank	Dec-19	Dec-20	USD	100,000,000	100,000,000
Citibank	Dec-19	Oct-20	USD	72,495,418	79,511,339
KfW	Dec-19	Jun-21	USD	66,500,000	46,500,000
Standard Bank Isle of Man	Dec-19	Nov-20	EUR	56,215,000	56,015,000
Nedbank	Dec-18	Nov-21	USD	50,000,000	50,000,000
Sumitomo Mitsui Banking Corporation Euro	Dec-19	Dec-20	USD	50,000,000	50,000,000
Africa 50 Financement de Projets	May-20	Sep-20	USD	31,701,395	31,446,755
NORFUND	Jun-20	Dec-20	USD	30,303,333	30,000,000
Standard Chartered Bank London	Jan-20	Oct-20	USD	17,923,336	14,149,861
African Trade Insurance Agency	Jan-19	Apr-21	USD	5,303,672	4,242,949
First Abu Dhabi Bank PJSC	Apr-19	Apr-20	USD	-	50,000,000
Bank One Ltd	Dec-19	Mar-20	EUR	-	22,406,000
BHF BANK	Oct-19	Mar-20	USD	-	8,233,539
Sub-total for other short-term borrowings				2,441,681,708	2,462,740,453
INTEREST PAYABLE				(950,667)	827,094
Certificate of Deposits (Note 30 (a))				-	1,680,450
TOTAL SHORT-TERM BORROWINGS				2,440,731,041	2,465,247,997

Borrowings are classified as short term or long term on the basis of the book of business that the Group funds i.e, Trade or Project loans, and not on the basis of contractual maturity of the liability

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

31. LONG TERM BORROWINGS

Lender	Date of Renewal/ disbursement	Maturity Date	Currency	Amount in Currency	Balance outstanding USD	30 JUNE 2020		31 DECEMBER 2019		
						Amount due within one year USD	Amount due after one year USD	Balance outstanding USD	Amount due within one year USD	Amount due after one year USD
African Development Bank	Nov-08	Feb-29	USD	201,873,702	201,873,702	26,250,000	175,623,702	207,500,000	18,750,000	188,750,000
Development Bank of the Republic of Belarus	Jun-20	Apr-25	USD	4,396,518	4,396,518	-	4,396,518	-	-	-
Oesterreichische Entwicklungsbank AG	Jun-20	Jun-30	USD	25,000,000	25,000,000	-	25,000,000	-	-	-
US\$ 1.0 Billion Euro Medium Term Note Programme: Second Tranche *	May-19	Mar-24	USD	750,000,000	750,000,000	-	750,000,000	750,000,000	-	750,000,000
US\$ 1.0 Billion Euro Medium Term Note Programme: Third Tranche *	Dec-13	Mar-22	USD	700,000,000	700,000,000	-	700,000,000	700,000,000	-	700,000,000
Development Bank of Southern Africa	Mar-07	Jun-21	USD	9,374,197	9,374,197	9,374,197	-	14,062,500	9,375,000	4,687,500
OPEC Fund for International Development	Mar-19	Sep-23	USD	60,000,000	60,000,000	17,142,857	42,857,143	20,000,000	2,925,278	17,074,722
Private Export Funding Corporation	Aug-11	Oct-21	USD	8,179,167	8,179,167	5,949,514	2,229,653	11,155,339	5,949,514	5,205,825
KfW	Dec-13	Dec-31	USD	148,571,429	148,571,429	5,714,286	142,857,143	151,428,572	5,714,286	145,714,286
KfW IPEX	Sep-16	Dec-28	USD	103,064,466	103,064,466	13,364,622	89,699,844	109,747,199	13,364,622	96,382,577
European Investment Bank	Aug-16	Sep-26	USD	76,363,669	76,363,669	11,749,333	64,614,336	82,239,046	11,749,333	70,489,713
CDC Group	Oct-16	Dec-25	USD	68,180,256	68,180,256	17,424,242	50,756,014	72,727,273	16,267,380	56,459,893
Standard Chartered Bank / USAID	Sep-17	Mar-24	USD	19,081,810	19,081,810	4,227,906	14,853,904	21,157,142	4,227,906	16,929,236
Japan Bank for International Corporation (JBIC)	Jul-17	Feb-24	USD	1,763,834	1,763,834	998,330	765,504	29,204,255	6,696,563	22,507,692
AFD -Agence Francaise De Development	Dec-17	Mar-32	USD	75,000,000	75,000,000	6,250,000	68,750,000	57,000,000	3,125,000	53,875,000
The Exim -Import Bank of China	Dec-17	Dec-23	USD	250,000,000	250,000,000	-	250,000,000	250,000,001	-	250,000,001
Tanzania local currency fixed rate bond	Jun-15	May-20	TZS	-	(1,245)	(1,245)	-	982,821	982,821	-
Tanzania local currency floating rate bond	Jun-15	May-20	TZS	-	-	-	-	980,815	980,815	-
Industrial Development Corporation	Mar-18	Dec-27	USD	80,452,148	80,452,148	13,408,691	67,043,457	87,156,493	13,408,691	73,747,802
Arab Bank for Economic Development in Africa	Feb-18	Sep-27	USD	14,062,500	14,062,500	1,875,000	12,187,500	14,999,940	1,250,000	13,749,940
Oidenburgische Landesbank AG	Various	Feb-20	USD	-	-	-	-	628,965	628,965	-
African Economic Research Consortium	Nov-19	Nov-26	USD	2,993,975	2,993,975	-	2,993,975	2,993,975	-	2,993,975
Finnish Export Credit/Sumitomo Mitsui Banking Corporation	Jul-17	Dec-29	USD	47,992,559	47,992,556	5,742,035	42,250,521	-	-	-
Sub total for long term borrowings					2,646,348,982	139,469,768	2,506,879,214	2,583,964,336	115,396,174	2,468,568,162
Interest payable					33,933,157	33,933,157	-	28,520,393	28,520,393	-
Total long term borrowings					2,680,282,139	173,402,925	2,506,879,214	2,612,484,729	143,916,567	2,468,568,162
Deferred Expenditure					(23,637,786)	(9,072,055)	(14,565,731)	(20,955,831)	(8,677,535)	(12,278,296)
					2,656,644,353	164,330,870	2,492,313,483	2,591,528,898	135,239,032	2,456,289,866

The Group repays these borrowings in either quarterly or semi-annual instalments. The Group has not given any security for the borrowings. It has not defaulted on any of them. Borrowings are classified as short term or long term on the basis of the book of business that the Group funds i.e. Trade or Project loans, and not on the basis of contractual maturity of the liability.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

	GROUP		BANK	
	JUNE 2020 USD	DECEMBER 2019 USD	JUNE 2020 USD	DECEMBER 2019 USD
32. OTHER PAYABLES				
Accrued expenses	1,004,754	4,197,989	1,004,754	4,197,989
Accrued fees-Trade Finance	1,667,673	401,256	1,667,673	401,256
Provident fund*	23,583,675	7,492,768	23,583,675	7,492,768
Other creditors**	79,692,623	102,089,407	79,571,625	101,961,590
Accrued reward & recognition	1,945,125	5,552,242	1,945,125	5,552,242
Accrued fees-Project Finance	16,139	24,478	16,139	24,478
Rental deposit	51,622	51,622	51,622	51,622
Dividends payable	11,076,247	11,475,872	11,076,247	11,475,872
Accrued Long Term Incentive Scheme	5,780,584	4,939,849	5,780,584	4,939,849
Accrued Syndication fees	2,933,356	2,507,304	2,933,356	2,507,304
Deferred income-LC discounting	2,465,141	-	2,465,141	-
	<u>130,216,939</u>	<u>138,732,787</u>	<u>130,095,941</u>	<u>138,604,970</u>
	=====	=====	=====	=====
Analysis of other payables by maturity:				
Amounts due within one year	100,852,680	134,555,523	100,731,682	134,427,706
Amounts due after one year	29,364,259	4,177,264	29,364,259	4,177,264
	<u>130,216,939</u>	<u>138,732,787</u>	<u>130,095,941</u>	<u>138,604,970</u>
	=====	=====	=====	=====

*Provident fund relates to the Group's contribution to the fund that is yet to be remitted.

**Other creditors mainly relate to cash cover deposits by clients.

33. PROVISION FOR SERVICE AND LEAVE PAY	GROUP AND BANK	
	JUNE 2020 USD	DECEMBER 2019 USD
(ii) PROVISION FOR SERVICE PAY		
At beginning of period	6,600,151	6,040,190
Increase in provision	572,343	1,099,333
Payment of service pay	(95,937)	(539,372)
	<u>7,076,557</u>	<u>6,600,151</u>
(i) PROVISION FOR LEAVE PAY		
At beginning of period	1,951,359	1,788,449
Increase in provision	596,752	257,172
Payment of leave pay	(24,933)	(94,262)
	<u>2,523,178</u>	<u>1,951,359</u>
TOTAL PROVISION FOR SERVICE AND LEAVE PAY	<u>9,599,735</u>	<u>8,551,510</u>
	=====	=====

Employees' entitlements to annual leave and service pay are recognized when they accrue to employees.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

34. SHARE CAPITAL

	GROUP AND BANK					
	As at 30 June 2020		As at 31 December 2019			
	CLASS 'A' SHARES USD	CLASS 'B' SHARES USD	TOTAL USD	CLASS 'A' SHARES USD	CLASS 'B' SHARES USD	TOTAL USD
Authorised capital:						
- 88,234 Class 'A' ordinary shares of USD 22,667 each	2,000,000,000	-	2,000,000,000	2,000,000,000	-	2,000,000,000
- 220,584 Class 'B' ordinary shares of USD 4,533.42 each	-	1,000,000,000	1,000,000,000	-	1,000,000,000	1,000,000,000
Less: Unsubscribed						
- Class 'A'	(57,755,436)	-	(57,755,436)	(57,755,436)	-	(57,755,436)
- Class 'B'	-	(872,950,894)	(872,950,894)	-	(872,565,554)	(872,565,554)
Subscribed capital:						
- 85,686 Class 'A' (December 2019: 85,686) ordinary shares of USD 22,667 each	1,942,244,564	-	1,942,244,564	1,942,244,564	-	1,942,244,564
- 28,025 Class 'B' (December 2019: 28,110) ordinary shares of USD 4,533.40 each	-	127,049,106	127,049,106	-	127,434,446	127,434,446
Less: Callable capital	(1,553,795,650)	-	(1,553,795,650)	(1,553,795,650)	-	(1,553,795,650)
Payable capital						
Less: Amounts not yet due	388,448,914 (15,196,369)	127,049,106	515,498,020 (15,196,369)	388,448,914 (15,597,120)	127,434,446	515,883,360 (15,597,120)
Capital due						
Less: subscriptions in arrears	373,252,545 (778,015)	127,049,106	500,301,651 (778,015)	372,851,794 (1,178,768)	127,434,446	500,286,240 (1,178,768)
Paid up capital	372,474,530	127,049,106	499,523,636	371,673,026	127,434,446	499,107,472

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

34. SHARE CAPITAL (Continued)

	GROUP AND BANK				
	CLASS 'A' SHARES USD	30 June 2020 CLASS 'B' SHARES USD	TOTAL USD	CLASS 'A' SHARES USD	31 December 2019 CLASS 'B' SHARES USD
Movement in paid up share capital					
At beginning of year	371,673,026	127,434,446	499,107,472	357,025,081	104,717,477
					461,742,558
African Economic Research Consortium	-	-	-	-	793,349
African Development Bank	-	-	-	485,074	11,365,283
Investment Fund for Developing Countries	-	-	-	-	7,910,819
National Social Security Fund- Uganda	-	4,533	4,533	-	367,207
Sacos Group Limited	-	-	-	-	13,600
Rwanda Social Security Board	-	-	-	-	1,967,504
TDB Staff Provident Fund	-	(317,339)	(317,339)	-	693,613
TDB Directors & Select Stakeholders Provident Fund	-	(72,534)	(72,534)	-	90,668
Belarus	-	-	-	122,402	122,402
Burundi	-	-	-	199,470	199,470
China	-	-	-	553,075	553,075
Comoros	-	-	-	22,667	22,667
Congo DRC	-	-	-	680,010	680,010
Djibouti	-	-	-	45,334	45,334
Egypt	-	-	-	870,413	870,413
Eritrea	-	-	-	49,431	49,431
Eswatini	-	-	-	414,353	414,353
Ethiopia	400,752	-	400,752	1,870,481	1,870,481
Kenya	-	-	-	9,067	9,067
Madagascar	400,752	-	400,752	405,286	405,286
Malawi	-	-	-	213,070	213,070
Mauritius	-	-	-	408,006	408,006
Mozambique	-	-	-	4,120,449	4,120,449
Rwanda	-	-	-	2,244,740	2,244,740
Seychelles	-	-	-	45,334	45,334
Somalia	-	-	-	65,496	65,496
South Sudan	-	-	-	276,537	276,537
Tanzania	-	-	-	99,735	99,735
Uganda	-	-	-	699,504	699,504
Zambia	-	-	-	748,011	748,011
	801,504	(385,340)	416,164	14,647,945	22,716,969
					37,364,914
At end of period	372,474,530	127,049,106	499,523,636	371,673,026	499,107,472

Payable capital is one fifth of the subscribed capital to Class 'A' shares. The remaining four fifths of the subscribed capital constitutes callable capital. The Group's Board of Governors may, on the recommendation of the Board of Directors, make a call only when the amount thereof is required to repay existing borrowings or to meet guaranteed commitments. Note 44 contains the status of subscriptions to the capital stock by member countries.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

34. SHARE CAPITAL (Continued)

As at 30 June 2020:	Number of shares	GROUP AND BANK		
		Share value	Price paid	Share premium
		USD	USD	USD
Share Premium – Class B:				
At 1 January 2020	28,110	127,434,446	219,143,494	91,709,048
Disposals during the period -Note 40 (g)	(85)	(385,340)	(5,161,298)	(4,775,958)
At 30 June 2020	28,025	127,049,106	213,982,196	86,933,090
Share Premium – Class A:				
At 1 January 2020 and 30 June 2020	85,686	16,804,755	6,645,964	10,158,791
Total	113,711	143,853,861	220,628,160	97,091,881
As at 31 December 2019:				
Share Premium – Class B:				
At 1 January 2019	23,099	104,717,477	165,218,088	60,500,611
Additions during the period	5,011	22,716,969	53,925,406	31,208,437
At 31 December 2019	28,110	127,434,446	219,143,494	91,709,048
Share Premium – Class A:				
At 1 January 2019	80,891	-	-	-
Additions -Without Share Premium	3,329	-	-	-
Additions -With Share Premium	1,466	16,804,755	6,645,964	10,158,791
At 31 December 2019	85,686	16,804,755	6,645,964	10,158,791
Total	113,796	144,239,201	225,789,458	101,867,839

Class A and B shares

As at 30 June 2020, there were 85,686 'A' ordinary shares (December 2019: 85,686) and 28,025 Class 'B' ordinary shares (December 2019: 28,110). Class 'A' shares have a par value of USD 22,667 each (comprising 80% callable and 20% payable) and were issued only to Members, while Class 'B' shares have a par value of USD 4,533.40 each and are issued both to Members and other institutional investors. All ordinary shares have a right to receive dividends in the proportion of the number of shares held by each member, as and when declared by the Board of Governors.

Nature and purpose of the share premium

Class 'B' shares are issued at a premium of USD 7,679.81 (December 2019: USD 7,679.81) that is determined after a valuation of the Group's shares. The share premium is used to finance the operations of the Group. The share premium for class A shares was introduced in 2019.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

34. SHARE CAPITAL (Continued)

	JUNE 2020 USD	DECEMBER 2019 USD
<i>Dividends on ordinary shares declared and paid:</i>		
Final dividend for 2019: USD 342.01 per share (2018: 315.93 per share)		
-Declared and paid	-	20,208,849
-Declared and not paid/payable	36,313,155	11,475,872
	<u>36,313,155</u>	<u>31,684,721</u>
	=====	=====
<i>Proposed dividends on ordinary shares:</i>		
Dividend for 2020: NIL (2019: USD 342.01 per share)	-	36,313,155
	=====	=====

Proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognized as a liability as at 31 December.

35. MANAGEMENT RESERVE

The management reserve is used to record appropriations from retained earnings to cushion the Group against future credit risk and other incidents of significant loss. Amounts recorded in management reserves cannot be reclassified to profit or loss and the transfers into and out of this management reserve are approved by the Board of Directors.

36. NOTES TO THE STATEMENT OF CASH FLOWS

	GROUP JUNE 2020 USD	BANK JUNE 2020 USD	GROUP AND BANK JUNE 2019 USD
Profit for the period	78,165,606	77,803,252	68,876,867
Adjustments:			
Depreciation on property and equipment	475,839	475,839	491,237
Depreciation of right of use asset	308,851	308,851	65,959
Amortisation of intangible assets	360,505	360,505	280,359
Loss in foreign exchange	3,954,376	3,954,376	5,780,912
Provision for impairment	31,834,910	31,834,910	18,004,419
Increase/(decrease) in provision for service and leave pay	927,355	927,355	(223,926)
Impairment of off-balance sheet & low credit risk items	(627,552)	(627,552)	(1,127,033)
Interest on lease liability	72,898	72,898	16,883
Reversal of tax payable	(3,494)	-	-
	<u>115,469,294</u>	<u>115,110,434</u>	<u>92,165,677</u>
	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

36. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

	GROUP JUNE 2020 USD	BANK JUNE 2020 USD	GROUP AND BANK JUNE 2019 USD
Profit before changes in operating assets and liabilities:	115,469,294	115,110,434	92,165,677
<i>Working capital changes:</i>			
Increase in other receivables	(10,236,679)	(10,106,901)	3,565,164
Decrease in hedging derivative instruments-Assets	17,901,361	17,901,361	8,874,435
Increase in trade finance loans	(18,353,338)	(18,353,338)	(193,482,527)
Increase in project loans	(220,397,521)	(220,397,521)	(356,503,834)
Decrease in collection accounts deposits	(41,397,842)	(41,397,842)	(12,326,661)
(Decrease)/increase in other payables	(8,515,848)	(8,509,029)	685,528
Provision for service and leave pay paid	120,870	120,870	485,925
Net increase in borrowings (Note 36 (b))	40,598,499	40,598,499	357,245,227
	<u>(124,811,204)</u>	<u>(125,033,467)</u>	<u>(99,291,066)</u>
Net cash used in operations	=====	=====	=====

(b) Analysis of changes in borrowings

	GROUP AND BANK	
	JUNE 2020 USD	JUNE 2019 USD
Short term borrowings:		
At beginning of period	2,465,247,997	2,383,253,601
Loans received	241,430,064	1,290,034,819
Repayments	(265,947,020)	(1,422,831,105)
	<u>—</u>	<u>—</u>
At end of period	<u>2,440,731,041</u>	<u>2,250,457,315</u>
Long term borrowings:		
At beginning of period	2,591,528,898	1,782,030,068
Loans received	190,712,040	592,584,833
Repayments	(125,596,585)	(102,543,320)
	<u>—</u>	<u>—</u>
At end of period	<u>2,656,644,353</u>	<u>2,272,071,581</u>
Total borrowings at end of period	<u>5,097,375,394</u>	<u>4,522,528,896</u>
Increase in total borrowings (Note 36(a))	<u>40,598,499</u>	<u>357,245,227</u>

For purposes of the Statement of Cash Flows, borrowings received for on-lending are treated as normal operations of the Group and, therefore, are classified as cash flows from operations.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

36. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

(c) Analysis of cash and cash equivalents

	GROUP JUNE 2020 USD	BANK JUNE 2020 USD	GROUP AND BANK JUNE 2019 USD
Cash and balances with other banks - Note 14	1,179,821,256 =====	1,179,306,010 =====	1,067,627,776 =====

(d) Facilities available for lending

As at 30 June the following facilities were available to the Group for lending:

SHORT-TERM FACILITIES LENDER	Facilities available USD	GROUP AND BANK Facilities utilised USD	Facilities unutilised USD
Syndicated Loan - Citibank	460,000,000	460,000,000	-
Syndicated Loan- Middle First Abu Dhabi Bank PJSC	452,112,860	452,112,860	-
Syndicated Loan - Asia (I)	400,000,000	400,000,000	-
Syndicated Loan - Asia (II)	237,000,000	237,000,000	-
AFREXIM	168,645,000	-	168,645,000
Standard Chartered Bank London	150,000,000	63,890,200	86,109,800
The Bank of Tokyo Mitsubishi UFJ, Ltd	150,000,000	150,000,000	-
Samurai Syndication	147,126,694	147,126,694	-
ING Bank	137,250,571	15,885,709	121,364,862
Citibank	120,000,000	72,983,893	47,016,107
Mizuho Bank London	115,000,000	115,000,000	-
Mashreq Bank	100,000,000	100,000,000	-
Societe Generale	95,000,000	-	95,000,000
Mauritius Commercial Bank	90,000,000	-	90,000,000
Standard Bank South Africa	90,000,000	-	90,000,000
Commercial Bank of Africa	80,000,000	-	80,000,000
BNP Paribas Group	75,000,000	-	75,000,000
KfW IPEX	66,500,000	66,500,000	-
Deutsche Bank	60,000,000	-	60,000,000
Standard Bank Isle of Man	56,215,000	56,215,000	-
Sumitomo Mitsui Banking Corporation Euro	50,000,000	50,000,000	-
Rand Merchant Bank	50,000,000	-	50,000,000
Nedbank	50,000,000	50,000,000	-
BHF Bank	33,729,000	-	33,729,000
Africa 50 Financement de Projets	31,701,395	31,701,395	-
NORFUND	30,303,333	30,303,333	-
Natixis	30,000,000	-	30,000,000
KBC Bank	28,107,500	2,204,166	25,903,334
Barclays/Absa Bank	20,000,000	-	20,000,000
DZ Bank	15,158,226	-	15,158,226
Banque de Commerce de placement	9,495,500	-	9,495,500
African Trade Insurance Agency- Staff pension	5,303,672	5,303,672	-
TOTAL	3,603,648,751 =====	2,506,226,922 =====	1,097,421,829 =====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

36. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

(d) Facilities available for lending (Continued)

LENDER	LONG TERM FACILITIES	GROUP AND BANK		
		Facilities available USD	Facilities utilised USD	Facilities unutilised USD
Eurobond	1,450,000,000	1,450,000,000	-	-
Japan Bank for International Corporation	430,000,000	7,275,000	422,725,000	
MIGA Guaranteed Syndicated	376,005,133	-	376,005,133	
African Development Bank	330,000,000	330,000,000	-	
The Exim -Import Bank of China	250,000,000	250,000,000	-	
European Investment Bank	208,120,000	88,120,000	120,000,000	
KfW	160,000,000	160,000,000	-	
KfW- Ipex	133,135,287	133,135,287	-	
Industrial Development Corporation	100,565,184	100,565,184	-	
Exim Bank India	100,000,000	75,000,000	25,000,000	
CDC Group	100,000,000	100,000,000	-	
Development Bank of South Africa	95,000,000	95,000,000	-	
Agence Francaise De Development	75,000,000	75,000,000	-	
Development Bank of the Republic of Belarus	70,000,000	30,518,860	39,481,140	
Private Export Funding Corporation	60,000,000	60,000,000	-	
OPEC Fund for International Development	60,000,000	60,000,000	-	
Finnish Export Credit/Sumitomo Mitsui Banking Corporation	56,811,725	48,023,352	8,788,373	
Cassa Depositi e Prestiti	55,500,500	-	55,500,500	
Oldenburgische Landesbank AG	51,403,510	36,854,140	14,549,370	
Standard Chartered Bank / USAID	50,000,000	25,703,000	24,297,000	
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V	44,400,000	-	44,400,000	
Oesterreichische Entwicklungsbank AG	25,000,000	25,000,000	-	
Tanzania Shillings Local Currency Bond	16,506,555	16,506,555	-	
Arab Bank for Econmic Development in Africa	15,000,000	15,000,000	-	
African Economic Research Consortium	2,993,975	2,993,975	-	
Exim Bank USA	No limit	-	-	
	4,315,441,869	3,184,695,353	1,130,746,516	
	=====	=====	=====	
TOTAL FACILITIES	7,919,090,620	5,690,922,275	2,228,168,345	
	=====	=====	=====	

Note:

Facilities utilised include outstanding letters of credit amounting to USD 169,076,173 (June 2019: USD 165,445,103).

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

36. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

(d) Facilities available for lending (Continued)

As at 30 June 2019 the following facilities were available to the Bank for lending:

SHORT TERM FACILITIES	Facilities available	Facilities utilised	Facilities unutilised
LENDER	USD	USD	USD
Syndicated Loan Oct 2018 (Citibank)	460,000,000	460,000,000	-
Asian Syndicated Loan (2019)	400,000,000	400,000,000	-
Middle East Syndication 2017 (First Abu Dhabi Bank PJSC)	378,849,650	378,849,650	-
Bank of Tokyo Mitsubishi	296,763,016	296,763,016	-
Asian Syndication 11, 2017 (Standard Chartered Bank)	237,000,000	237,000,000	-
Sumitomo Mitsui Banking Corporation	220,000,000	-	220,000,000
Standard Chartered Bank	180,000,000	31,838,353	148,161,647
AFREXIM	170,475,000	-	170,475,000
Citibank	120,000,000	20,629,951	99,370,049
Commerz Bank	113,650,000	715,995	112,934,005
Mizuho	113,647,826	113,647,826	-
ING Bank	102,285,000	-	102,285,000
Cargill Kenya	100,000,000	100,000,000	-
Mashreqbank	100,000,000	100,000,000	-
Societe Generale	95,000,000	-	95,000,000
Mauritius Commercial Bank	90,000,000	-	90,000,000
Standard Bank South Africa	90,000,000	-	90,000,000
Nedbank	85,000,000	50,000,000	35,000,000
Commercial Bank of Africa	80,000,000	-	80,000,000
BNP Paribas Group	75,000,000	-	75,000,000
Deutsche Bank	60,000,000	-	60,000,000
British Arab Commercial Bank	56,825,000	-	56,825,000
Rand Merchant Bank	50,000,000	-	50,000,000
NIC Bank	40,000,000	-	40,000,000
KFW IPEX	40,000,000	40,000,000	-
BHF Bank	34,095,000	4,456,019	29,638,981
Natixis	30,000,000	-	30,000,000
KBC Bank	28,412,500	-	28,412,500
FimBank	28,412,500	-	28,412,500
BMCE Bank	28,412,500	-	28,412,500
Barclays/Absa Bank	26,427,614	26,427,614	-
State Bank of Mauritius	25,000,000	-	25,000,000
Banque BIA, France	22,730,000	-	22,730,000
Bank One	22,730,000	22,730,000	-
Africa50	20,536,410	20,536,410	-
DZ Bank	15,158,226	528,000	14,630,226
Banque de Commerce de placement	9,865,500	-	9,865,500
African Trade Insurance Agency	5,724,111	5,724,111	-
FBN Bank London	5,000,000	-	5,000,000
United Bank Limited	5,000,000	-	5,000,000
	<u>4,061,999,853</u>	<u>2,309,846,945</u>	<u>1,752,152,908</u>
	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

36. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

(d) Facilities available for lending (Continued)

As at 30 June 2019 (Continued):

	Facilities available USD	Facilities utilised USD	Facilities unutilised USD
LONG TERM FACILITIES			
LENDER			
Eurobond	1,200,000,000	1,200,000,000	-
African Development Bank	330,000,000	270,000,000	60,000,000
The Exim -Import Bank of China	250,000,000	250,000,000	-
KfW	160,000,000	110,000,000	50,000,000
KfW- Ipex	133,135,287	133,135,287	-
China Development Bank	122,900,000	122,900,000	-
Industrial Development Corporation	105,000,000	100,565,184	4,434,816
Exim Bank India	100,000,000	75,000,000	25,000,000
CDC Group	100,000,000	100,000,000	-
Development Bank of South Africa	95,000,000	95,000,000	-
European Investment Bank	88,120,000	88,120,000	-
Japan Bank for International Corporation	80,000,000	23,040,956	56,959,044
Agence Francaise De Development	75,000,000	57,000,000	18,000,000
Private Export Funding Corporation	60,000,000	60,000,000	-
OPEC Fund for International Development	60,000,000	20,000,000	40,000,000
BKB Bank	51,403,510	36,854,139	14,549,371
Standard Chartered Bank / USAID	50,000,000	14,703,000	35,297,000
Africa Agriculture Trade and Investment Fund	30,000,000	30,000,000	-
BHF Bank	18,000,000	7,300,000	10,700,000
Tanzania Shillings Local Currency Bond	16,506,555	16,506,555	-
BADEA	15,000,000	10,000,000	5,000,000
Exim Bank USA	No limit	-	-
	<hr/>	<hr/>	<hr/>
	3,140,065,352	2,820,125,121	319,940,231
	=====	=====	=====
TOTAL FACILITIES	7,202,065,205	5,129,972,066	2,072,093,139
	=====	=====	=====

Note:

Facilities utilised include outstanding letters of credit amounting to USD 169,076,173 (June 2019: USD 165,445,103).

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value

The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Net derivative financial instruments

Currency swaps, interest rate swaps and currency forward contracts are derivative products valued using a valuation technique with market-observable inputs. The most frequently applied valuation technique is the swap model using present value calculations. The model incorporates various inputs including foreign exchange spot and forward rates.

Financial instruments disclosed at fair value

Management assessed that the fair value of financial instruments not measured at fair value approximates their carrying amount.

Fair Value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data.

At 30 June 2020:	GROUP AND BANK			Total USD
	Level 1 USD	Level 2 USD	Level 3 USD	
ASSETS				
Net derivative financial instruments	-	22,147,980	-	22,147,980
Investment in Trade Fund	-	51,452,805	-	51,452,805
Equity investments at fair value through other comprehensive income	-	-	54,114,073	54,114,073
	<hr/>	<hr/>	<hr/>	<hr/>
	-	73,600,785	54,114,073	127,714,858
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019:				
ASSETS				
Net derivative financial instruments	-	40,049,341	-	40,049,341
Investment in Trade Fund	-	49,997,089	-	49,997,089
Equity investments at fair value through other comprehensive income	-	-	51,135,850	51,135,850
	<hr/>	<hr/>	<hr/>	<hr/>
	-	90,046,430	51,135,850	141,182,280
	<hr/>	<hr/>	<hr/>	<hr/>

The Group and Bank have not designated any loan or receivable or borrowings and payables as at fair value through profit or loss.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

Transfers between Level 1, 2 and Level 3:

As at 30 June 2020 and 31 December 2019, there were no transfers between the levels.

Valuation of financial instruments recorded at fair value:

The Group uses widely recognised valuation models for determining fair values of interest rate swaps, currency swap and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including both credit and debt valuation adjustments for counterparty and own credit risk, foreign exchange spot and forward rates and interest rate curves. For these financial instruments, significant inputs into models are market observable and are included within Level 2. The valuation is done in the Treasury Management System where these instruments are managed. The Group invests in private equity companies which are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Group contracts experts to value these investments. Valuation is done using International Private Equity Valuation Guidelines for these positions.

Valuations of financial instruments are the responsibility of Management.

The valuation of derivative financial instruments is performed daily in the Treasury Management System, while that of equity investments is performed on a semi-annual basis by consultants who are contracted by the Financial Management Department. The valuations are also subject to quality assurance procedures performed by the Group's internal and external auditors. In addition, the accuracy of the computation is tested. The latest valuation is also compared with the valuations in the preceding periods. If fair value changes (positive or negative) are more than certain thresholds set, the changes are further considered by senior management. Appropriateness of valuation methods and inputs is considered and management may request that alternative valuation methods are applied to support the valuation arising from the method chosen.

Net changes in fair value of financial assets and financial liabilities -Level 3

	As at 30 June 2020			As at 31 December 2019		
	Realised USD	Unrealised USD	Total (losses) USD	Realised USD	Unrealised USD	Total gain USD
ASSETS						
Equity investments – at fair value through other comprehensive income	-	2,937,204	2,937,204	-	(465,000)	(465,000)
	=====	=====	=====	=====	=====	=====

Quantitative information of significant unobservable inputs – Level 3:

Description	Valuation Technique	Unobservable input	Range (weighted average)	JUNE 2020 USD	DECEMBER 2019 USD
Equity investments – at fair value through other comprehensive income	Equity method-% of net assets	Professional Investment Managers Valuation	n/a	54,114,073	51,135,850
			=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

37. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy – Level 3:

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis are as shown below:

Description	Input	Sensitivity used	GROUP AND BANK	
			JUNE 2020 USD	DECEMBER 2019 USD
Equity investments – at fair value through other comprehensive income	Professional Investment Managers Valuation	5%	2,705,704	2,556,793
		=====	=====	=====

Significant increases (decreases) in the equity of investee companies in isolation would result in a significantly (lower) higher fair value measurement

Level 3 reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period:

	GROUP AND BANK	
	JUNE 2020 USD	DECEMBER 2019 USD
At beginning of period	51,135,850	51,521,730
FV gains and losses	2,937,204	(465,000)
Additions	41,019	79,120
	=====	=====
At end of period	54,114,073	51,135,850

38. SEGMENT REPORTING

The Group's main business is offering loan products, which is carried out in distinct geographic coverage areas. As such, the Group has chosen to organise the Group based on the loan products offered as well as coverage areas for segmental reporting. The main types of loan products are:

- Trade finance – Short term and structured medium-term financing in support of trading activities such as imports and exports in various member states.
- Project finance – Medium and long- term financing of viable and commercially oriented public and private sector projects and investments in various economic sectors or industries.

Other operations comprise other miscellaneous income like rental of office premises which cannot be directly attributed to the Group's main business. The Group also participates in the investment of Government securities and other unlisted equity investments. Transactions between the business segments are on normal commercial terms and conditions. Segment assets and liabilities comprise operating assets and liabilities, which form the majority of the statement of financial position.

The Bank's main coverage areas are:

- East Africa - covering Kenya, Rwanda, Tanzania and Uganda.
- North-East Africa – covering Djibouti, Egypt, Ethiopia, South Sudan and Sudan.
- Southern Africa – covering Malawi, Swaziland, Zambia and Zimbabwe.
- Franco-Lusophone Africa – covering Comoros, Mauritius, Madagascar, Mozambique, Burundi, Seychelles and DR Congo.

Multi-regional area comprises conglomerates operating across various coverage regions while Corporate is made up of all service departments in the Bank

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB-formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

38. SEGMENT REPORTING (Continued)

a) STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 30 June 2020	East Africa USD	North East Africa USD	Southern Africa USD	Franco / Lusophone USD	Multi - Regional USD	Total Lending Operations USD	Corporate USD	Subsidiary USD	Consolidated/ Bank Total USD
Interest income	67,853,914	52,226,396	37,262,927	4,569,347	25,264,817	187,177,401	34,527,660	-	221,705,061
Interest expense and other borrowing costs	(33,162,263)	(25,721,297)	(18,185,264)	(2,315,960)	(12,250,948)	(91,635,732)	(16,903,576)	-	(108,539,308)
Net interest income	34,691,651	26,505,099	19,077,663	2,253,387	13,013,869	95,541,669	17,624,084	-	113,165,753
Fee and commission income	7,801,067	3,500,286	14,198,886	1,707,700	1,396,494	28,604,433	-	-	28,604,433
Fair value gains on financial assets - derivatives	-	-	-	-	-	-	4,006,035	-	4,006,035
Net Trading Income	42,492,718	30,005,385	33,276,549	3,961,087	14,410,363	124,146,102	21,630,119	-	145,776,221
Risk Mitigation Costs	(8,458,119)	(3,610,734)	(3,354,619)	-	-	(15,423,472)	(2,187,500)	-	(17,610,972)
Other Income	2,143,757	-	-	-	-	2,143,757	104,362	383,592	2,631,711
Depreciation and amortisation	-	-	-	-	-	-	(1,145,196)	-	(1,145,196)
Operating expenditure	(453,815)	(257,420)	(367,473)	(264,205)	(1,556,112)	(2,899,024)	(15,357,249)	(21,238)	(18,277,511)
Impairment allowance on loans	(21,803,117)	(7,626,515)	3,341,086	309,815	(6,056,179)	(31,834,910)	-	-	(31,834,910)
Impairment on other assets	-	-	-	-	-	-	(240,835)	-	(240,835)
Net foreign exchange loss	-	-	-	-	-	-	(1,132,902)	-	(1,132,902)
PROFIT FOR THE PERIOD	13,921,424	18,510,716	32,895,543	4,006,697	6,798,072	76,132,453	1,670,799	362,354	78,165,606

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB-formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

38. SEGMENT REPORTING (Continued)

a) STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the period ended 30 June 2019	East Africa USD	North East Africa USD	Southern Africa USD	Franco / Lusophone USD	Multi - Regional USD	Total Lending Operations USD	Corporate USD	Consolidated/ Bank Total USD
Interest income	51,068,975	45,658,140	42,398,621	2,009,247	27,514,558	168,649,541	14,165,926	182,815,467
Interest expense and other borrowing costs	(30,146,380)	(26,788,328)	(25,101,049)	(1,184,323)	(16,143,449)	(99,363,529)	(8,346,162)	(107,709,691)
Net interest income	20,922,595	18,869,812	17,297,572	824,924	11,371,109	69,286,012	5,819,764	75,105,776
Fee and commission income	27,682,391	7,694,204	1,965,934	1,734,700	3,989,351	43,066,580	-	43,066,580
Fair value gains on financial assets - derivatives	-	-	-	-	-	-	11,617,224	11,617,224
Net Trading Income	48,604,986	26,564,016	19,263,506	2,559,624	15,360,460	112,352,592	17,436,988	129,789,580
Risk mitigation costs	(5,204,384)	(1,294,017)	(8,342,677)	-	-	(14,841,078)	(1,636,994)	(16,478,072)
Other income	413,098	-	(90,000)	-	-	323,098	41,456	364,554
Depreciation and amortisation	-	-	-	-	-	-	(837,555)	(837,555)
Operating expenditure	(1,438,524)	(687,351)	(389,077)	(484,600)	-	(2,999,552)	(14,447,805)	(17,447,357)
Impairment charge	(3,602,290)	(10,315,977)	(2,680,756)	(11,106)	(267,257)	(16,877,386)	(1,127,033)	(18,004,419)
Net foreign exchange gains	-	-	-	-	-	-	(8,509,864)	(8,509,864)
PROFIT FOR THE PERIOD	38,772,886	14,266,671	7,760,996	2,063,918	15,093,203	77,957,674	(9,080,807)	68,876,867

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

38. SEGMENT REPORTING (Continued)

a) STATEMENT OF COMPREHENSIVE INCOME (Continued)

Period ended 30 June 2020	Trade finance USD	Project finance USD	Other USD	Subsidiary USD	Total USD
Gross interest income	96,754,462	90,422,939	34,527,660	-	221,705,061
Interest expense	(10,774,961)	(57,451,368)	(34,527,660)	-	(102,753,989)
Other borrowing and finance costs	(4,507,678)	(418,364)	(859,277)	-	(5,785,319)
Net interest income	81,471,823	32,553,207	(859,277)	-	113,165,753
Fee and commission income	18,831,949	9,772,484	-	-	28,604,433
Fair value gains on financial assets					
– derivatives	4,006,035	-	-	-	4,006,035
Risk mitigation costs	(11,398,601)	(374,194)	(5,838,177)	-	(17,610,972)
Other income	-	-	104,362	383,592	487,954
Other assets written-off	(156,077)	(84,758)	-	-	(240,835)
Other assets recovered	-	2,143,757	-	-	2,143,757
Operating expenses	(12,522,747)	(5,733,526)	-	(21,238)	(18,277,511)
Depreciation and amortisation	(795,328)	(349,868)	-	-	(1,145,196)
Impairment on portfolio	(11,371,391)	(20,463,519)	-	-	(31,834,910)
Net foreign exchange loss	(1,132,902)	-	-	-	(1,132,902)
Profit for the period	66,932,761	17,463,583	(6,593,092)	362,354	78,165,606
Period ended 30 June 2019					
Gross interest income	96,061,611	72,587,930	14,165,926	-	182,815,467
Interest Expense	(46,435,253)	(45,162,764)	(14,165,926)	-	(105,763,943)
Other borrowing and Finance costs	(1,377,644)	(403,635)	(164,469)	-	(1,945,748)
Net interest income	48,248,714	27,021,531	(164,469)	-	75,105,776
Fee and commission income	16,123,859	26,942,721	-	-	43,066,580
Fair value gains on financial assets					
– derivatives	-	-	11,617,224	-	11,617,224
Risk mitigation costs	(8,578,964)	(6,156,699)	(1,742,409)	-	(16,478,072)
Other income	-	-	41,456	-	41,456
Other assets recovered	-	323,098	-	-	323,098
Operating expenses	(6,713,157)	(10,734,200)	-	-	(17,447,357)
Depreciation and amortisation	(310,817)	(526,738)	-	-	(837,555)
Impairment on portfolio	(8,283,682)	(8,593,704)	(1,127,033)	-	(18,004,419)
Net foreign exchange loss	-	-	(8,509,864)	-	(8,509,864)
Profit for the period	40,485,953	28,276,009	114,905	-	68,876,867

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

38. SEGMENT REPORTING (Continued)

b) REVENUE FROM MAJOR GROUPS

	GROUP AND BANK	
	JUNE 2020 USD	JUNE 2019 USD
Groups contributing 10% or more of revenue	90,479,609	106,358,611
All other customers	159,829,885	119,523,436
	<hr/>	<hr/>
Total Revenue	250,309,494	225,882,047
	=====	=====

c) STATEMENT OF FINANCIAL POSITION

As at 30 June 2020	GROUP AND BANK				
	Trade finance USD	Project finance USD	Other USD	Subsidiary USD	Total USD
Assets					
Cash and balances held with other banks	29,516,628	-	1,149,789,382	515,246	1,179,821,256
Investment in Government securities	110,860,603	-	-	-	110,860,603
Investment in Trade Fund	51,452,705	-	-	100	51,452,805
Derivative financial instruments	22,147,980	-	-	-	22,147,980
Other receivables	-	-	130,523,011	237,106	130,760,117
Trade finance loans	2,872,405,806	-	-	-	2,872,405,806
Project loans	-	2,306,642,199	-	-	2,306,642,199
Equity investments at fair value	-	-	-	-	-
other comprehensive income	-	54,114,073	-	-	54,114,073
Investment in joint Ventures	-	317,010	-	-	317,010
Property and equipment	-	-	27,185,408	-	27,185,408
Right of use asset	-	-	3,622,381	-	3,622,381
Intangible assets	-	-	2,259,146	-	2,259,146
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	3,086,383,722	2,361,073,282	1,313,379,328	752,452	6,761,588,784
	=====	=====	=====	=====	=====
Liabilities:					
Short term borrowings	2,440,731,041	-	-	-	2,440,731,041
Long term borrowings	-	2,656,644,353	-	-	2,656,644,353
Collection account deposits	54,424,769	-	-	-	54,424,769
Lease Liability	-	-	1,312,220	-	1,312,220
Provision for service and leave pay	-	-	9,599,735	-	9,599,735
Other payables	-	-	130,095,941	120,998	130,216,939
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	2,495,155,810	2,656,644,353	141,007,896	120,998	5,292,929,057
	=====	=====	=====	=====	=====
Equity					
Non-controlling interest	-	-	1,468,098,257	293,552	1,468,391,809
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total equity	-	-	1,468,098,257	561,470	1,468,659,727
	=====	=====	=====	=====	=====
Total Liabilities and equity	2,495,155,810	2,656,644,353	1,609,106,153	682,468	6,761,588,784
	=====	=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

38. SEGMENT REPORTING (Continued)

c) STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2019	Trade finance USD	Project finance USD	GROUP AND BANK Other USD	Subsidiary USD	Total USD
Assets					
Cash and balances held with other banks	34,091,881	-	1,348,018,700	292,983	1,382,403,564
Investment in Government securities	44,897,636	-	-	-	44,897,636
Investment in Trade Fund	49,996,989	-	-	100	49,997,089
Derivative financial instruments	40,049,341	-	-	-	40,049,341
Other receivables	-	-	120,416,110	107,328	120,523,438
Trade finance loans	2,865,166,921	-	-	-	2,865,166,921
Project loans	-	2,106,337,583	-	-	2,106,337,583
Equity investments at fair value	-	51,135,850	-	-	51,135,850
other comprehensive income	-	-	-	-	-
Investment in Joint Ventures	-	317,010	-	-	317,010
Property and equipment	-	-	24,683,063	-	24,683,063
Right of use asset	-	-	3,912,012	-	3,912,012
Intangible assets	-	-	1,998,002	-	1,998,002
Total assets	3,034,202,768	2,157,790,443	1,499,027,887	400,411	6,691,421,509
Liabilities:					
Short term borrowings	2,465,247,997	-	-	-	2,465,247,997
Long term borrowings	-	2,591,528,898	-	-	2,591,528,898
Collection account deposits	95,822,611	-	-	-	95,822,611
Lease Liability	-	-	1,520,467	-	1,520,467
Provision for service and leave pay	-	-	8,551,510	-	8,551,510
Other payables	-	-	138,604,970	127,817	138,732,787
Current tax payable	-	-	-	3,494	3,494
Total liabilities	2,561,070,608	2,591,528,898	148,676,947	131,311	5,301,407,764
Equity	-	-	1,389,814,629	112,375	1,389,927,004
Non-controlling interest	-	-	-	86,741	86,741
Total equity	-	-	1,389,814,629	199,116	1,390,013,745
Total liabilities and equity	2,561,070,608	2,591,528,898	1,538,491,576	330,427	6,691,421,509

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

39. CONTINGENT LIABILITIES AND COMMITMENTS

	GROUP AND BANK	
	JUNE 2020 USD	DECEMBER 2019 USD
(a) Approved capital expenditure		
Approved but not contracted	19,791,537	22,883,600
	=====	=====
Approved and contracted	-	508,418
	=====	=====
(b) Loans committed but not disbursed		
Project finance loans	338,114,435	490,097,321
Trade finance loans	165,604,659	184,214,397
	=====	=====
	503,719,094	674,311,718
	=====	=====

In line with normal banking operations, the Group conducts business involving acceptances, guarantees and performances. The majority of these facilities are offset by corresponding obligations of third parties.

	GROUP AND BANK	
	JUNE 2020 USD	DECEMBER 2019 USD
Letters of credit – Project finance loans	2,532,304	2,286,780
- Trade finance loans	166,543,869	346,981,327
Guarantees	57,831,295	69,186,744
	=====	=====
	226,907,468	418,454,851
	=====	=====

(c) Pending litigation

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Group has controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Group makes provisions to cater for any adverse effects which the claims may have on its financial standing.

As at 30 June 2020, there were no material legal proceedings involving the Group (December 2019 – NIL). No provision has been made as, in the opinion of the Directors and the Group's lawyers, it is unlikely that any significant loss will crystallise.

40. RELATED PARTY TRANSACTIONS

(a) Membership and governance

As a supranational development financial institution with a membership comprising:- Class A Shareholders- Twenty two COMESA /African States (the "Member States"), two non-African State and one institutional member;- Class B Shareholders – one non-African State and Fourteen institutional members,- subscription to the capital of the Group is made by all its Members. All the powers of the Group are vested in the Board of Governors, which consists of the Governors appointed by each Member of the Group, who exercise the voting power of the appointing Member. The Board of Directors, which is composed of Nineteen (19) Directors elected by the Members is responsible for the conduct of the general operations of the Group, and for this purpose, exercises all the powers delegated to it by the Board of Governors. The Group makes loans to some of its Member States. The Group also borrows funds from some of its Members. Such loans granted to Member States are approved by the Board of Directors.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB – formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

40. RELATED PARTY TRANSACTIONS (Continued)

The following are the details of the transactions and balances with related parties:-

	GROUP AND BANK	
	JUNE 2020 USD	DECEMBER 2019 USD
(b) Loans to member states		
Outstanding loans at beginning period	2,397,403,823	1,802,387,616
Loans disbursed during the period	231,958,829	1,012,848,585
Loans repaid during the period	(74,001,372)	(417,832,378)
	<hr/>	<hr/>
Outstanding loan balances at end of period	2,555,361,280	2,397,403,823
	=====	=====

Loans to related parties are subject to commercial negotiations on the terms and conditions of varying interest rates and terms. Outstanding balances at period-end are secured by cash security deposits, sovereign undertakings/guarantees and insurance. The loans to Member States are performing and the Group has not made any specific provision for doubtful debts relating to amounts owed by related parties (2019: Nil). General provisions have been raised as applicable.

	GROUP AND BANK	
	JUNE 2020 USD	DECEMBER 2019 USD
(c) Borrowings from members		
Outstanding borrowings at beginning period	207,499,999	158,746,264
Borrowings received during the period	4,402,647	69,807,613
Borrowings repaid during the period	(10,028,945)	(21,053,878)
	<hr/>	<hr/>
Outstanding balances at end of period	201,873,701	207,499,999
	=====	=====

Borrowings from related parties are subject to commercial negotiations on the terms and conditions. The outstanding balances as at period-end are unsecured and there has been no guarantee provided by the Group for any borrowings from members. The borrowings are for an average period of ten years.

	GROUP AND BANK	
	JUNE 2020 USD	JUNE 2019 USD
(e) Income and expenses		
• Interest income from loans to Member States earned during the period	101,506,936	88,884,375
	=====	=====
• Interest expense on borrowings from Member States incurred during the period	(5,178,394)	(4,730,847)
	=====	=====
• Fees and commission earned from Member States during the period	10,582,677	27,471,774
	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB – formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

40. RELATED PARTY TRANSACTIONS (Continued)

(f) Other related parties

The remuneration of members of key management staff during the period was as follows:

	GROUP AND BANK	
	JUNE 2020 USD	DECEMBER 2019 USD
Salaries and other short-term benefits	2,233,483	4,340,442
Post employment benefits: Defined contribution: Provident Fund	136,199	266,610
Board of Directors and Board of Governors allowances	23,030	359,819
Other long-term employee benefits	343,138	671,857
	<u>2,735,850</u>	<u>5,638,728</u>
	=====	=====

(g) Share capital

During the period, Class 'B' shares with a value of USD 3,948,609 (December 2019: USD 1,176,054) were issued to the TDB Staff Provident Fund and to TDB Directors and Select Stakeholder Provident Fund while Class 'B' shares with a value of USD 4,338,483 (December 2019: NIL) matured and were retired.

41. CURRENCY

The financial statements are presented in United States Dollars (USD). At the reporting date, the conversion rates between one USD and certain other currencies were as analysed below:

	JUNE 2020	DECEMBER 2019
British Pound	0.8138	0.7623
Euro	0.8894	0.8926
United Arab Emirates Dirham	3.6729	3.6729
Zambian Kwacha	18.1550	13.9600
South Africa Rand	17.2817	14.1017
Zimbabwe Dollar	57.3582	16.7394
Ethiopian Birr	34.4100	31.9500
Mauritian Rupee	39.9454	36.4408
Sudanese Pound	55.0000	47.6100
Kenya Shilling	106.5450	101.3950
Japanese Yen	108.8050	108.8050
Malawi Kwacha	733.5414	732.7564
Burundi Franc	1,887.0000	1,866.0000
Tanzania Shilling	2,318.5050	2,281.6000
Uganda Shilling	3,730.0000	3,662.2500
	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB – formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

42. SIGNIFICANT EVENTS DURING THE PERIOD

From the beginning of the year 2020, the global economy has been adversely affected by the outbreak of the novel coronavirus of 2019 ("COVID-19"), which has been declared a pandemic by the World Health Organisation. The COVID-19 pandemic could result in a global economic downturn that will have an adverse impact on sovereign governments, with suppressed fiscal revenues, increases in health expenditure and reduced international trade negatively affecting government revenues and GDP. Consequently, unemployment as well as adjustments in fiscal and monetary policies to respond to the crisis will impact the regional economies.

Overall sovereign creditworthiness remains unaffected in the interim, but resilience may wane as economic growth rates decline and revenue targets remain unmet. The Bank's gross portfolio exposure to Sovereigns including public enterprises constitute 78% (USD 3.83 billion).

It seems likely at this point that travel, tourism, entertainment, automotive, oil & gas and health sectors are the most affected business sectors due to disruptions in supply and demand. The current distribution of TDB's gross loan assets by sector and the Bank's top key sectors in gross percentage terms are as follows: Oil & Gas (27%), Infrastructure (26%), Agribusiness (21%), Banking and Financial Institutions (7%), Transport & Logistics (5%) and Energy (5%).

From a credit perspective, the Bank continues to identify sectors and clients that have been affected, and this has resulted in modification of certain loan assets. The impact arising from these modifications is disclosed in Note 43(a).

The Bank continues to conduct periodic stress tests on its loan assets to assess requisite levels of preparedness, magnitude and potential negative impact. As the pandemic evolves, there is an expectation of repayment delays and/or requests to extend loan repayments due to adverse impacts on borrower cash-flows.

It is anticipated that the COVID-19 pandemic may impact the Bank's profitability for the period ending 31 December 2020 in respect of interest income, risk mitigation costs, operating expenses and modification losses arising from IFRS 9 requirements.

The extent of the impact of COVID-19 on the Group's business and financial results will depend largely on future developments, including the duration and spread of the outbreak and the related impact on consumer confidence and spending, all of which are highly uncertain and cannot be predicted.

43. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are as outlined below:

(a) INTRODUCTION

Risk is inherent in the Group's activities, but is managed through a process of ongoing identification, measurement monitoring and reporting, subject to risk limits and other governance controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk (non-trading risks). It is also subject to country risk.

Risk management structure

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk appetite statement and risk management framework. As part of its governance structure, the Board of Directors has embedded a comprehensive appetite statement and risk management framework for measuring, monitoring, controlling and mitigation of the Group's risks. The policies are integrated in the overall management information systems of the Group and supplemented by a management reporting structure.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees and other stakeholders understand their roles and obligations.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB – formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) INTRODUCTION (Continued)

Risk management structure (Continued)

The Bank-Wide Integrated Risk Management Committee (BIRMC) is responsible for monitoring compliance with the Group's risk management policies and procedures and review of the adequacy of the risk management framework in relation to the risks faced by the Group. BIRMC undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

Risk measurement and reporting systems

The Group's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Group also runs worst-case scenarios that would arise if extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks is primarily performed based on prudential limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept. In addition, the Group's policy is to measure and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

The notes below provide detailed information on each of the above risks and the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

(b) CREDIT RISK

The Group defines credit risk as the risk that adverse changes in the credit quality of borrowers will negatively affect the Group's financial performance and financial condition. Credit risk arises from both client-specific risk and country risk. The Group, through its lending operations to private sector and public sector entities in its Member Countries, and to a lesser extent, treasury operations, is exposed to credit risk.

Credit Risk Appetite

The Group adheres to a defined credit risk appetite which considers the maximum credit losses the Group is prepared to absorb from its lending activities in pursuit of corporate objectives.

The credit risk appetite statement further defines risk-based lending mandates and limits to manage credit risk concentrations at single/group borrower, country and sector levels within expectations to minimise unexpected credit losses.

All limits were within approved risk appetite thresholds as at 30 June 2020.

Risk Management Policies and Processes

The Group manages credit risk through an integrated risk management policy framework and processes which place great emphasis on rigorous screening of borrowers at loan origination.

The risk management policies and processes are designed to identify, measure, manage and control credit risk throughout the whole project cycle. The lending process follows a formalised system of strict procedures and processes and committee-based decision-making processes.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB – formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) CREDIT RISK (Continued)

Client-Specific Risk

The Group uses credit assessment and risk profiling systems, including borrower risk rating models to evaluate the credit risk of the investment proposals both at loan origination and during the life of the loan.

The Group seeks to mitigate credit risk in its lending operations and calls for risk mitigating measures such as security in the form of real estate collateral, personal and corporate guarantees. Such collateral is re-valued every three years or earlier should there be any evidence of diminution in value.

Country risk

The Group considers country-specific political, social and economic events which may have an adverse impact on the credit quality of its borrowers. To mitigate such risks, the Group uses prudent country exposure management policies. In addition, the Group considers the economic, social and political profile of the country in which the investment project is domiciled before approval is granted. The investment proposal is also loaded with the risk premium that reflects the risk rating of the host country.

Notes 47 and 48 of the Financial Statements contain further country exposure analysis.

Credit-related commitment risks

The Group makes available to its customers guarantees that may require that the Group makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Group to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Group to similar risks to loans and are mitigated by the same control processes and policies. These are further disclosed under Note 35(b).

Credit quality

The following tables sets out information about the credit quality and credit risk exposure of financial assets measured at amortised cost and loans and receivables. Unless specifically indicated, the amounts in the table represent gross carrying amounts. For loan commitments the amounts in the table represent the undrawn portion of amounts committed. Loan commitments are undisbursed facilities including letters of credit. Explanation of the terms 'Stage 1', 'Stage 2', 'Stage 3' and purchased originated credit impaired (POCI) assets is included in Note 3 (j).

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB – formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Credit quality (Continued)

	30 June 2020			31 December 2019				
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
<i>Project finance loans:</i>								
Pass/Acceptable	1,753,455,053	-	-	1,753,455,053	1,927,357,463	-	-	1,927,357,463
Special mention	-	548,813,098	-	548,813,098	-	171,275,360	-	171,275,360
Substandard, Doubtful & Loss	-	-	67,216,715	67,216,715	-	-	48,362,733	48,362,733
Loss Allowance	1,753,455,053	548,813,097	67,216,715	2,369,484,866	1,927,357,463	171,275,360	48,362,733	2,146,955,556
	(2,527,415)	(29,371,928)	(30,943,324)	(62,842,667)	(4,611,448)	(8,649,252)	(27,397,273)	(40,657,973)
Carrying Amount	1,750,927,638	519,441,170	36,273,391	2,306,642,199	1,922,746,015	162,626,108	20,965,460	2,106,297,583
	=====	=====	=====	=====	=====	=====	=====	=====
<i>Trade finance loans:</i>								
Pass/ acceptable	2,594,883,031	-	-	2,594,883,031	2,711,660,871	-	-	2,711,660,871
Special mention	-	273,028,838	-	273,028,838	-	153,870,032	-	153,870,032
Substandard, Doubtful & Loss	-	-	77,233,977	77,233,977	-	-	70,115,393	70,115,393
Loss Allowance	2,594,883,031	273,028,838	77,233,977	2,945,145,846	2,711,660,871	153,870,032	70,115,393	2,935,646,296
	(1,079,151)	(4,426,912)	(67,233,977)	(72,740,040)	(1,387,516)	(4,860,111)	(64,231,748)	(70,479,375)
Carrying Amount	2,593,803,880	268,601,926	10,000,000	2,872,405,806	2,710,273,355	149,009,921	5,883,645	2,865,166,921
	=====	=====	=====	=====	=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB – formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Credit quality (Continued)

	30 June 2020			31 December 2019		
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Stage 1 USD	Stage 2 USD	Stage 3 USD
<i>Undisbursed commitments:</i>						
Pass/ Acceptable Special mention	481,598,331	-	-	607,732,507	-	-
	-	20,450,473	-	-	-	-
	481,598,331	20,450,473	-	607,732,507	-	-
	(480,663)	(116,099)	-	(864,399)	-	-
Loss Allowance						
	481,117,668	20,334,374	-	606,868,108	-	-
Carrying Amount	=====	=====	=====	=====	=====	=====
<i>Letters of Credit:</i>						
Pass/acceptable Special mention	43,724,986	-	-	158,138,671	-	-
	-	-	-	-	-	-
	43,724,986	-	-	158,138,671	-	-
	(30,790)	-	-	(149,839)	-	-
Loss Allowance						
	43,694,196	-	-	157,988,832	-	-
Carrying Amount	=====	=====	=====	=====	=====	=====
<i>Total off-balance sheet items</i>						
Pass/ Acceptable Special mention	525,323,317	-	-	765,871,178	-	-
	-	20,450,473	-	-	-	-
	525,323,317	20,450,473	-	765,871,178	-	-
	(511,453)	(116,099)	-	(1,014,238)	-	-
Loss Allowance						
	524,811,864	20,334,374	-	764,856,940	-	-
Carrying Amount	=====	=====	=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB – formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Maximum Exposure to Credit Risk before Collateral Held:

Credit Exposures	JUNE 2020		GROUP AND BANK DECEMBER 2019	
	USD	%	USD	%
<i>On – statement of financial position Items</i>				
Cash and Balances held with other banks	1,179,821,256	17	1,382,403,564	20
Investment in Government securities	110,860,603	2	44,897,636	1
Investment in Trade Fund	51,452,805	1	49,997,089	1
Other receivables	83,955,647	1	71,725,697	1
Derivative financial instruments	22,147,980	-	40,049,341	1
Loans and advances	5,314,630,712	79	5,082,641,852	76
-Project loans	2,369,484,866		2,146,995,556	
-Trade finance loans	2,945,145,846		2,935,646,296	
Sub Total	6,762,869,003	100	6,671,715,179	100
	=====	====	=====	====
<i>Off – statement of financial position Items</i>				
Letters of Credit	169,076,172	23	349,268,107	32
Loan Commitments not disbursed	503,719,095	69	674,311,718	62
Guarantees and Performance Bonds	57,831,295	8	69,186,744	6
Sub Total	730,626,562	100	1,092,766,569	100
Total Credit Exposure	7,493,495,565	100	7,764,481,748	100
	=====	====	=====	====

The above figures represent the worst-case scenario of credit exposure for the two periods without taking into account any collateral held or other credit enhancements. Loan and advances and off-statement of financial position items took up 80.67% in 2020 (December 2019 – 79.54%) of the total maximum credit exposure.

Other than cash and bank balances amounting to USD 1,179,821,256 (December 2019 - USD 1,382,403,564) investment in government securities of USD 110,860,603 (December 2019 - USD 44,897,636) and investment in the trade fund of USD 51,452,705 (December 2019 - USD 49,997,089), all other credit risk exposures are secured by collateral in the form of cash liens, mortgages on land and buildings, securities charged over plant and machinery and third party guarantees.

As at 30 June 2020, the fair value of collateral held for impaired loans and advances was USD 165,734,133 (December 2019 – USD 102,156,645) and the gross exposure was USD 144,450,692 (December 2019-USD 118,478,127).

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB – formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Collateral Held

In addition to its rigorous credit risk assessments, the Group seeks to protect its interests in the event of unpredictable and extreme factors that negatively affect the borrower's capacity to service the Group's loan by calling for credit enhancement arrangements in need. In this regard, the Group calls for security such as mortgage interest on property, registered securities over financed or third-party assets and guarantees. The security cover required is, at least, one and a third times the loan amount that is disbursed. Such security is subject to regular reviews and, if necessary, revaluation every three years.

The Group does not hold security over deposits placed with other banks or financial institutions and government securities. However, the Group places deposits with well vetted and financially sound counter-parties. In addition, the Group places limits on counter-party exposures which are set, monitored and reviewed by the Bank-Wide Integrated Risk Management Committee.

Collateral held for loan portfolio

	JUNE 2020 USD	DECEMBER 2019 USD
(i) Total portfolio:		
Mortgages on properties	267,346,368	349,615,291
Fixed charge on plant and equipment	568,122,989	420,609,012
Cash security deposits	839,174,720	936,482,697
Sovereign undertakings	67,175,652	141,549,070
Insurance and Guarantees	2,918,631,251	2,494,249,874
Other floating all asset debenture	682,138,826	601,852,034
	<hr/>	<hr/>
Total security cover	5,342,589,806	4,944,357,978
	<hr/>	<hr/>
Gross portfolio	(5,314,630,713)	(5,082,641,852)
	<hr/>	<hr/>
Net cover	27,959,093	(138,283,874)
	<hr/>	<hr/>

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB – formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Collateral held for loan portfolio (Continued)

	JUNE 2020 USD	DECEMBER 2019 USD
(ii) Loans not impaired:		
Mortgages on properties	183,923,801	284,512,453
Fixed charge on plant and equipment	534,053,203	416,039,226
Cash security deposits	838,594,856	935,889,800
Sovereign undertakings	65,675,652	141,549,070
Insurance and Guarantees	2,872,469,336	2,462,358,750
Other floating all asset debenture	682,138,826	601,852,034
Total security cover	5,176,855,674	4,842,201,333
Gross portfolio	(5,170,180,020)	(4,964,163,725)
Net cover	6,675,654	(121,962,392)
(iii) Impaired loans:		
Mortgages on properties	83,422,568	65,102,838
Fixed charge on plant and equipment	34,069,786	4,569,786
Insurance and Guarantees	46,161,915	31,891,124
Cash security deposits	579,864	592,897
Sovereign undertakings	1,500,000	-
Total security cover	165,734,133	102,156,645
Gross portfolio	(144,450,692)	(118,478,127)
Net cover	21,283,441	(16,321,482)

Inputs, assumptions and techniques used for estimating impairment

Significant Increase in Credit Risk

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience, expert credit assessment and forward-looking information.

The Group uses the following criteria for determining whether there has been a significant increase in credit risk:

- Qualitative indicators;
- Project finance and Trade Finance loans rated LCC 3 and 4; and
- a backstop of 30 days past due

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB – formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Credit Risk Classification

The Group allocates each exposure to a credit risk classification using its Credit Risk Assessment System based on the exposures' risk attributes and their fair values accurately determined and reflected in the Group's books as well as applying experienced credit judgement. The Group uses these classifications in identifying significant increases in credit risk under IFRS 9. The risk classifications are defined using days past due, qualitative and quantitative factors that are indicative of the risk of default. These factors may vary depending on the nature of the exposure and the type of borrower. The Group goes through a credit appraisal process and determines the credit quality of each exposure on initial recognition based on available information about the borrower. Exposures are subject to on-going monitoring, which may result in an exposure being moved to a different credit risk classification.

The table below provides an indicative mapping of how the Group's internal credit grades relate to PD.

Trade Finance loans

<i>Grading:</i>	12-month weighted average PD
Very Low risk	0.11%
Low risk	
Moderate risk	5.10%
High risk	
Substandard	100%

Project Finance loans

<i>Grading:</i>	12-month weighted average PD
Very Low risk	0.41%
Low risk	
Moderate risk	13.94%
High risk	
Substandard	100%
Bad & Doubtful	
Loss	

Determining Whether Credit Risk Has Increased Significantly

The Group assesses whether credit risk has increased significantly since initial recognition at each reporting date. The Group has established a framework that incorporates both quantitative and qualitative information to determine whether the credit risk on a particular financial instrument has increased significantly since initial recognition. The framework aligns with the Group's internal credit risk management process. The criteria for determining whether credit risk has increased significantly varies by product and includes a backstop based on delinquency.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Determining Whether Credit Risk Has Increased Significantly

Currently, the Group will deem the credit risk of a particular exposure to have increased significantly since initial recognition based on a loan being rated as LCC 3 and LCC 4 or being in arrears for a period of 30 to 89 days. The Group has developed an internal rating model going forward and the movement in the probability of default (PD) between the reporting period and initial recognition date/ the date of initial application of IFRS 9 of the loan will form the basis of significant increase in credit risk. In certain instances, using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk if particular qualitative factors linked to the Group's risk management processes indicate so and those indicators may not be fully captured by its quantitative analysis on a timely basis. As a backstop, and as required by IFRS 9, the Group presumptively considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. The Group determines days past-due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

Definition of Default

The Group will consider a financial asset to be credit impaired when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- the borrower has a risk classification of LCC 5,6 and 7; or
- the borrower is more than 90 days past due on any material credit obligation to the Group.

In assessing whether a borrower is in default, the Group will consider indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment of another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The Group has not rebutted the 90 days past due buck stop.

Incorporation of forward-looking Information

The Group incorporates forward-looking information in its measurement of ECLs. The Group formulates three economic scenarios: a base case, which is the median scenario assigned a 50% probability of occurring, and two less likely scenarios, one upside and one downside, assigned a 20% and 30% probability of occurring respectively. The base case represents a most-likely outcome and is aligned with information used by the Group for determining country lending limits as well as strategic planning. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the various jurisdictions in which the Group operates, supranational organisations such as the World Bank and the International Monetary Fund and selected private sector and academic forecasters.

The Group formulates a 'base case' view of the future direction of relevant economic variables in the various jurisdictions in which it operates, and a representative range of other possible forecast scenarios based on advice from the Group's Risk Management Committee and economic experts and consideration of a variety of external actual and forecast information.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Inputs, assumptions and techniques used for estimating impairment – continued

Incorporation of forward-looking Information - continued

The macroeconomic variables applied are those used as part of determining the country risk ratings for different jurisdictions in which the Group lends. Using forecasted macroeconomic information, the country risk ratings are forecasted for a period of three (3) years and the aggregated changes in country risk ratings, year-on-year, starting with the base year (financial reporting year-end) are applied as the forward-looking information.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

These key drivers include Political risk, Economic strength and performance, Transfer and currency risk, Governance, Debt sustainability vs Fiscal strength and Group experience. Country risk ratings have been developed based on analysing these factors and the aggregate predicted changes in these ratings considered as the predictor of the future default rate. The economic scenarios used are approved by the Group's Credit Committee.

Modified Financial Assets (Restructured Assets)

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value. When the terms of a financial asset are modified, and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of the borrower's initial credit risk assessment and the current assessment at the point of modification.

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Group renegotiates loans to customers in financial difficulties (referred to as 'restructuring') to maximise collection opportunities and minimise the risk of default. Under the Group's restructuring policy, loan restructuring is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms. The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. The Group's Credit Committee regularly reviews reports on restructuring activities.

For financial assets modified as part of the Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, restructuring is a qualitative indicator of default and credit impairment and expectations of restructuring are relevant to assessing whether there is a significant increase in credit risk. Following restructuring, a customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be in default/credit-impaired or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECLs.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Inputs, assumptions and techniques used for estimating impairment - continued

Inputs into Measurement of ECLs

The key inputs into the measurement of ECLs are the term structures of the following variables:

- Probability of Default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

These parameters are derived from internally developed statistical models and other historical data that leverage regulatory models. They are adjusted to reflect forward-looking information as described above.

PD estimates for loans and advances are estimates at a certain date, which are calculated based on statistical migration matrices that model the chance of an exposure transitioning to default over time and are assessed at portfolio level for portfolios of assets that have similar characteristics. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, external market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between ratings classes, then this leads to a change in the estimate of the associated PD. Lifetime PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The Group PD estimates for other exposures are estimates at a certain date, which are estimated based on external credit rating information and assessed using rating tools tailored to the various categories of counterparties and exposures.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on collateral available against exposures and the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral quality, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are calibrated for different collateral types by applying haircuts to adjust the market value of collateral to best reflect the amounts recoverable. The collateral values to consider are calculated on a discounted cash flow basis using the effective interest.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is the gross carrying amount at default. For lending commitments and non-financial guarantees, the EAD considers the amount drawn, as well as potential future amounts that may be drawn or repaid under the contract, which is estimated based on historical observations and forward-looking forecasts.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECLs considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee. For overdrafts, guarantee facilities and other revolving facilities that include both a loan and an undrawn commitment component, the Group measures ECLs over a period of one year unless the expected life of the exposure can be reasonably determined.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- Product type; and
- Industry.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Amount arising from ECL

Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by Segment.

As at 30 June 2020:

	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
<i>Project Finance loans:</i>				
Balance at 1 January	4,611,445	8,649,252	27,397,276	40,657,973
Transfer to 12 months ECL				
Transfer to Lifetime ECL not credit impaired	(623,173)	623,173	-	-
Transfer to Lifetime ECL credit impaired	-	(600,377)	600,377	-
Net re-measurement of Loss allowance	(1,501,980)	18,608,090	9,137,021	26,243,131
Net financial assets originated	42,449	-	-	42,449
Financial assets derecognized*	(1,325)	-	(6,191,350)	(6,192,675)
Reclassification from Trade Finance	-	2,091,789	-	2,091,789
Balance at 30 June	2,527,416	29,371,927	30,943,324	62,842,667
<i>Trade Finance loans:</i>				
Balance at 1 January	1,387,518	4,860,111	64,231,746	70,479,375
Transfer to 12 months ECL				
Transfer to Lifetime ECL not credit impaired	(93,879)	93,879	-	-
Transfer to Lifetime ECL credit impaired				
Net of financial assets originated	(305,241)	(223,464)	4,466,466	3,937,762
Net remeasurement of loss allowance	94,158	-	-	94,158
Financial assets derecognised	(3,403)	(303,614)	-	(307,017)
Reclassification to Trade Finance	-	(2,091,789)	-	(2,091,789)
Balance at 30 June	1,079,153	2,335,123	68,698,212	72,112,488
<i>Undisbursed commitments – Trade Finance:</i>				
Balance at 1 January	864,399	-	-	864,399
Transfer to Lifetime ECL not credit impaired	(159,624)	159,624	-	-
Net remeasurement of Loss allowance	(265,439)	(43,525)	-	(308,964)
Net financial assets originated	80,311	-	-	80,311
Financial assets derecognised	(38,983)	-	-	(38,983)
Balance at 30 June	480,664	116,099	-	596,763
<i>Letters of credit – Trade Finance:</i>				
Balance at 1 January	149,839	-	-	149,839
Net remeasurement of Loss allowance	(17,313)	-	-	(17,313)
Net financial assets originated	38,706	-	-	38,706
Financial assets derecognised	(140,442)	-	-	(140,442)
Balance at 30 June	30,790	-	-	30,790
Total Trade Finance - at 30 June	1,590,606	2,451,222	68,698,212	72,740,040

*Project finance loans that have been derecognised as a result of write-off amount to USD 7.6 million whereas the ECL on the same amounts to USD 6.1 million.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Amount arising from ECL

Loss allowance

As at 31 December 2019:

<i>Project Finance loans;</i>	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
Balance at 1 January	1,584,648	4,627,035	24,147,841	30,359,524
Transfer to 12 months ECL	29,438	(29,438)	-	-
Transfer to Lifetime ECL not credit impaired	(24,014)	24,014	-	-
Transfer to Lifetime ECL credit impaired	-	(1,588,089)	1,588,089	-
Net re-measurement of Loss allowance	614,977	5,739,727	1,661,346	8,016,050
Net financial assets originated	2,415,388	-	-	2,415,388
Financial assets derecognised	(8,992)	(123,997)	-	(132,989)
Balance at 31 December	4,611,445	8,649,252	27,397,276	40,657,973
<i>Trade Finance loans:</i>				
Balance at 1 January	2,470,575	1,015,357	76,467,029	79,952,961
Transfer to 12 months ECL	-	-	-	-
Transfer to Lifetime ECL not credit impaired	(106,130)	106,130	-	-
Transfer to Lifetime ECL credit impaired	-	(85,884)	85,884	-
Net of financial assets originated	449,772	-	-	449,772
Net remeasurement of loss allowance	(1,415,781)	3,824,508	22,923,188	25,331,915
Financial assets derecognised	(10,918)	-	(35,244,355)	(35,255,273)
Balance at 31 December	1,387,518	4,860,111	64,231,746	70,479,375
<i>Undisbursed commitments:</i>				
Balance at 1 January	1,517,384	27,252	-	1,544,636
Net remeasurement of Loss allowance	157,340	-	-	157,340
Net financial assets originated	345,194	-	-	345,194
Financial assets derecognised	(1,155,519)	(27,252)	-	(1,182,771)
Balance at 31 December	864,399	-	-	864,399
<i>Letters of credit:</i>				
Balance at 1 January	62,613	-	-	62,613
Net remeasurement of Loss allowance	(59,410)	-	-	(59,410)
Net financial assets originated	146,636	-	-	146,636
Financial assets derecognized	-	-	-	-
Balance at 31 December	149,839	-	-	149,839

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Loss allowance (Continued)

The ECL on cash and balances with other banks, Trade and Project finance loans and loan commitments are presented in cash and balances with other banks, Trade and Project finance loans and other liabilities respectively in the statement of financial position.

Gross Loans and advances

The following tables show reconciliations from the opening to the closing balance of the gross loans by Segment.

	As at 30 June 2020				31 December 2019			
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
<i>Project finance loans;</i>								
Balance at 1 January	1,927,357,463	171,275,360	48,362,733	2,146,995,556	1,254,771,124	180,999,353	24,147,841	1,459,918,318
Transfer to 12 months ECL	-	-	-	-	2,868,676	(2,868,676)	-	-
Transfer to Lifetime ECL not credit impaired	(408,047,403)	408,047,403	-	-	(36,445,833)	36,445,833	-	-
Transfer to Lifetime ECL credit impaired	-	(21,367,414)	21,367,414	-	-	(33,878,560)	33,878,560	-
Net remeasurement of loss allowance	(20,818,664)	(9,142,252)	5,139,658	(24,821,258)	144,268,617	(2,272,590)	(9,663,668)	132,332,359
New financial assets originated	254,963,658	-	-	254,963,658	572,470,055	-	-	572,470,055
Financial assets derecognised*	-	-	(7,653,090)	(7,653,090)	(10,575,176)	(7,150,000)	-	(17,725,176)
Balance at period end	1,753,455,054	548,813,097	67,216,715	2,369,484,866	1,927,357,463	171,275,360	48,362,733	2,146,995,556
<i>Trade finance loans:</i>								
Balance at 1 January	2,711,660,871	153,870,032	70,115,393	2,935,646,296	2,527,025,580	211,163,777	75,208,489	2,813,397,846
Transfer to 12 months ECL	-	-	-	-	-	-	-	-
Transfer to Lifetime ECL not credit impaired	(143,378,394)	143,378,394	-	-	(145,976,186)	145,976,186	-	-
Transfer to Lifetime ECL credit impaired	-	-	-	-	-	(29,529,122)	29,529,122	-
Net remeasurement of loss allowance	7,930,959	(12,627,963)	6,474,908	1,777,904	289,126,191	(173,740,809)	(636,405)	114,748,977
Net financial assets originated	22,635,594	-	643,676	23,279,270	75,496,336	-	-	75,496,336
Financial assets derecognised	(3,965,999)	(11,591,625)	-	(15,557,624)	(34,011,050)	-	(33,985,813)	(67,996,863)
Balance at period end	2,594,883,031	273,028,838	77,233,977	2,945,145,846	2,711,660,871	153,870,032	70,115,393	2,935,646,296

*Project finance loans that have been derecognised as a result of write-off amount to USD 7.6 million whereas the ECL on the same amounts to USD 6.1 million. The total contractual amount outstanding on financial assets that were written off during the period and are still subject to enforcement activity is USD 7.6 million.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Loss allowance (Continued)

	As at 30 June 2020			31 December 2019			Total USD
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD	Stage 1 USD	Stage 2 USD	Stage 3 USD
<i>Undisbursed commitments:</i>							
Balance at 1 January	607,732,507	-	-	607,732,507	566,479,040	2,457,056	-
Transfer to Lifetime ECL not credit impaired	(243,307,112)	243,307,112	-	-	-	-	-
Net financial assets originated or purchased	224,675,441	-	-	224,675,441	198,209,021	-	-
Net remeasurement of loss allowance	(43,363,798)	(222,856,639)	-	(266,220,437)	259,414,754 (416,370,306)	-	-
Financial assets derecognised	(64,138,707)	-	-	(64,138,707)	-	(2,457,056)	-
Balance at period end	481,598,331	20,450,473	-	502,048,804	607,732,509	-	-
<i>Letters of Credit</i>							
Balance at 1 January	158,138,671	-	-	158,138,671	19,121,521	-	-
Net financial assets originated or purchased	40,831,295	-	-	40,831,295	153,654,028	-	-
Net remeasurement of loss allowance	(3,524,116)	-	-	(3,524,116)	(14,636,878)	-	-
Financial assets derecognized	(151,720,864)	-	-	(151,720,864)	-	-	-
Balance at period end	43,724,986	-	-	43,724,986	158,138,671	-	-
</							

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Concentration of Risk by Sector

As at 30 June 2020

	Gross Exposure			Cash collateral/ In transit	Insurance	Other mitigations	Net Exposure	
	On-statement Of financial Position	%	Off-statement Of financial Position	USD	USD	USD	USD	%
Agri- Business	1,140,131,375	21	120,493,592	16	(52,187,633)	(474,797,850)	659,077,573	22
Banking and Financial								
Services	356,924,899	7	313,582,777	43	(149)	(300,859,103)	369,648,424	12
Construction	15,807,338	-	-	-	-	-	15,807,338	1
Energy	240,590,672	5	80,286,519	11	(583,459)	(11,984,207)	308,309,525	10
Health Services	20,108,344	-	15,563,915	2	-	-	35,672,259	1
Hospitality	39,802,500	1	12,603,521	2	-	-	52,406,021	2
ICT	185,010,841	3	-	-	-	-	185,010,841	6
Infrastructure	1,357,102,956	26	55,591,053	8	(525,000,000)	(200,000,000)	687,694,009	23
Manufacturing and Heavy								
Industries	200,894,467	4	16,693,911	2	-	-	217,588,378	7
Oil & Gas	1,434,469,939	27	15,811,274	2	(778,755,232)	(496,091,494)	166,960,437	5
Other	7,034,493	-	100,000,000	14	-	-	107,034,493	4
Real Estate	24,772,021	-	-	-	-	-	24,772,021	1
Transport	262,451,746	5	-	-	(72,531,499)	(608,640)	189,311,607	6
Wholesale Commodities	29,529,122	1	-	-	-	-	29,529,122	1
	5,314,630,713	100	730,626,562	100	(831,526,473)	(1,881,264,153)	3,048,822,048	100

**Off-statement of financial position items include loans approved but not disbursed, outstanding letters of credit and guarantees and performance bonds where applicable.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)
(b) CREDIT RISK (Continued)

Concentration of Risk by Sector

As at 31 December 2019

	Gross Exposure		Off-statement of financial Position	Cash collateral/ In transit	Insurance	Other mitigations	Net Exposure	
	On-statement Of financial Position	%	USD	USD	USD	USD	USD	%
Agri- Business	1,169,535,433	23	159,975,844	(93,233,460)	(471,499,850)	(72,399,560)	692,378,407	22
Banking and Financial								
Services	252,620,207	5	407,788,468	(3,249,878)	(149,703,601)	-	507,455,196	16
Construction	15,912,468	-	-	-	-	-	15,912,468	1
Education	585,293	-	-	-	-	-	585,293	0
Energy	227,641,858	4	98,889,990	(607,837)	(13,320,937)	-	312,603,074	10
Health Services	19,598,954	-	15,563,915	-	-	-	35,162,869	1
Hospitality	37,458,389	1	14,288,001	-	-	-	51,746,390	2
ICT	189,283,341	4	4,678,805	-	-	-	193,962,146	6
Infrastructure	1,163,859,598	23	55,591,053	-	(525,000,000)	(200,000,000)	494,450,651	16
Manufacturing and Heavy								
Industries	207,112,021	4	19,168,218	-	-	-	226,280,239	7
Oil & Gas	1,435,411,818	28	216,822,276	(747,351,883)	(496,091,494)	(151,675,409)	257,115,308	8
Other	19,502,584	-	100,000,000	-	-	-	119,502,584	4
Real Estate	27,920,827	1	-	-	-	-	27,920,827	1
Transport	281,963,011	6	-	-	(82,894,502)	(46,697,214)	152,371,295	5
Wholesale Commodities	34,236,050	1	-	-	-	-	34,236,050	1
	5,082,641,852	100	1,092,766,570	(844,443,058)	(1,738,510,384)	(470,772,183)	3,121,682,797	100

**Off-statement of financial position items include loans approved but not disbursed, outstanding letters of credit and guarantees and performance bonds where applicable.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB-formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Concentration of Risk by Country

As at 30 June 2020

	Gross Exposure		Off-statement of Financial Position USD	Cash Collateral/ in transit USD	Insurance USD	Other Mitigants USD	Net Exposure USD	%
	On-statement of Financial Position USD	%						
Burundi	13,586,870	-	-	(579,864)	-	-	13,007,006	-
Comoros	13,387,221	-	15,563,915	-	-	-	28,951,136	1
Congo DRC	64,079,907	1	-	-	-	-	64,079,907	2
Djibouti	9,361,916	-	-	-	-	-	9,361,916	-
Egypt	29,529,122	1	-	-	-	-	29,529,122	1
Eswatini	12,047,555	-	13,000,000	-	-	-	25,047,555	1
Ethiopia	356,961,150	7	261,100,748	(149)	(200,000,000)	-	418,061,749	14
Kenya	736,077,862	14	100,000,000	-	(350,000,000)	(100,000,000)	386,077,862	13
Madagascar	5,716,129	-	4,997,629	-	-	-	10,713,758	-
Malawi	424,359,997	8	91,991,870	(22,636,595)	(250,500,000)	(74,561,911)	168,653,361	6
Mauritius	140,438,022	3	-	-	-	-	140,438,022	5
Mozambique	80,813,990	2	63,071,080	-	-	(8,474,050)	135,411,020	4
Rwanda	459,508,939	9	10,696,000	(150,000,000)	(72,531,499)	(608,640)	247,064,800	8
Seychelles	53,637,585	1	2,603,521	-	-	-	56,241,106	2
Sudan	707,456,274	13	-	(206,072,892)	(224,297,850)	-	277,085,532	9
Tanzania	673,131,778	13	18,469,724	(578,824)	(175,000,000)	(100,000,000)	416,022,678	14
Uganda	356,435,679	7	80,543,999	-	-	-	436,979,678	14
Zambia	646,152,300	12	10,504,092	(1,658,149)	(496,091,494)	-	158,906,749	5
Zimbabwe	531,948,417	10	58,083,984	(450,000,000)	(112,843,310)	-	27,189,091	1
	5,314,630,713	100%	730,626,562	(831,526,473)	(1,881,264,153)	(283,644,601)	3,048,822,048	100%

**Off-statement of financial position items include loans approved but not disbursed, outstanding letters of credit and guarantees and performance bonds where applicable.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB-formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Concentration of Risk by Country

As at 31 December 2019

	Gross Exposure				Cash Collateral/ In transit USD	Insurance USD	Mitigants USD	Other USD	Net Exposure USD	%
	On-statement of Financial Position USD	%	Off-statement of Financial Position USD	%						
Burundi	13,633,604	-	-	-	(592,897)	-	-	-	13,040,707	1
Comoros	12,769,196	-	15,563,915	1	-	-	-	-	28,333,111	1
Congo DRC	8,939,758	-	-	-	-	-	-	-	8,939,758	1
Djibouti	44,251,088	1	-	-	-	-	-	-	44,251,088	1
Egypt	29,529,122	1	-	-	-	-	-	-	29,529,122	1
Eswatini	7,029,752	-	18,000,000	2	-	-	-	-	25,029,752	1
Ethiopia	290,170,778	6	329,094,816	30	(149)	(100,000,000)	-	-	519,265,445	17
Kenya	760,886,817	15	104,678,805	10	(350,000,000)	(350,000,000)	(100,000,000)	-	415,565,622	13
Malawi	488,200,928	10	141,975,844	13	(59,172,497)	(248,000,000)	(72,399,560)	-	250,604,715	8
Mauritius	133,818,935	3	-	-	-	-	-	-	133,818,935	4
Mozambique	34,360,071	1	245,549,618	22	-	-	(151,675,409)	-	128,234,280	4
Rwanda	446,646,316	9	2,522,267	1	(150,000,000)	(82,894,502)	(46,697,214)	-	169,576,867	5
Seychelles	55,934,659	1	4,288,001	1	(743)	-	-	-	60,221,917	2
Sudan	658,953,698	13	-	-	(180,031,669)	(223,499,850)	-	-	255,422,179	8
Tanzania	683,182,864	13	22,025,508	2	(603,127)	(175,000,000)	(100,000,000)	-	429,605,245	14
Uganda	160,337,315	3	81,905,926	7	-	-	-	-	242,243,241	8
Zambia	703,969,604	14	57,961,870	5	(4,041,976)	(496,091,494)	-	-	261,798,004	8
Zimbabwe	550,027,347	11	69,200,000	6	(450,000,000)	(63,024,538)	-	-	106,202,809	3
	5,082,641,852	100	1,092,766,570	100	(844,443,058)	(1,738,510,384)	(470,772,183)	-	3,121,682,797	100

**Off-statement of financial position items include loans approved but not disbursed, outstanding letters of credit and guarantees and performance bonds where applicable.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

(a) CREDIT RISK (Continued)

Restructured and modified loans

During the course of the Group's normal course of business and lending activities, financial assets may be restructured or modified.

The following tables refer to restructured and modified financial assets where the restructuring or modification does not result in de-recognition

	GROUP AND BANK			DECEMBER
		JUNE		2019
		2020		
		Covid-19		
	Restructured	Modified	Total	Restructured
	USD	USD	USD	USD
Gross carrying amount before restructuring	33,327,795	109,033,068	142,360,863	78,998,101
Loss allowance before restructuring	(1,104,339)	(874,338)	(1,978,677)	-
Net amortised cost before restructuring	32,223,456	108,158,730	140,382,186	78,998,101
Net restructuring gain/(loss)	1,325,690	878,001	2,203,691	(159,793)
Net amortised cost after restructuring	33,549,146	109,036,731	142,585,877	78,838,308
<i>Analysis of Gross Amounts by Sector:</i>				
Manufacturing & Heavy Industries	7,693,643	12,374,779	20,068,422	71,965,590
Agribusiness	-	88,178,655	88,178,655	-
Hospitality	-	6,080,003	6,080,003	-
Banking and Financial Services	-	2,399,631	2,399,631	-
Transport	5,467,169	-	5,467,169	-
Construction	15,591,022	-	15,591,022	-
Oil & gas	4,575,961	-	4,575,961	-
Other	-	-	-	7,032,511
	33,327,795	109,033,068	142,360,863	78,998,101
<i>Analysis of Gross Amounts by Product:</i>				
Project Finance loans	13,160,811	34,426,807	47,587,618	71,965,590
Trade Finance loans	20,166,984	74,606,261	94,773,245	7,032,511
	33,327,795	109,033,068	142,360,863	78,998,101

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

(a) CREDIT RISK (Continued)

Restructured and modified loans (Continued)

Impact of the Covid-19 modifications on the ECL:

Balance on Modification USD	PV of modified cashflows USD	Modification gain USD	impairment at 31.12.2019 USD	Impairment at 30.06.2020 USD
137,784,901	138,009,915	225,013	2,476,080	1,860,647
=====	=====	=====	=====	=====

Restructured

Originates from a distress situation, increased credit risk affecting cashflows generation. Main features of restructure include, extension of tenor by 12 months or longer, unchanged interest rate for most of the facilities, moratorium of capital for 12 months or longer.

Modified

Specified modified Loans are loans that were performing satisfactorily as at 31st March 2020 (pre-Covid-19). Modifications relate to roll-overs and maturity extension not exceeding six months in the normal course of business- without necessarily changing the underlying facility structure and material terms and conditions of the facility. Main features of modifications include, rollovers of maturing obligations for 3 to 6 months in normal course of business; unchanged pricing, for long term loans- moratorium of 3 to 6 months of capital or in some cases both capital and interest; loan reprofiling through extension of tenor of 3 to 6 months or in some cases no extension of tenor and financial covenant waivers as appropriate on a case by case basis

Due to Covid-19 disruptions, Borrowers were pro-active to approach the Bank to negotiate reprofiling of payments in order to avert default and to manage their cashflows and address liquidity constraints. Payment delays due to temporary systemic factors affecting all borrowers are not considered as a reason for automatic classification in default, forbore or unlikeliness to pay; unlikeliness to pay has been considered on a case-by-case. Modifications are generally done to address short term cash-flow challenges where the fundamentals of the project remain sound.

The Bank has continued to accrue interest on these facilities.

As at reporting date, there were no substantial modifications that resulted in derecognition and recognition of new financial assets.

If the loans that have been restructured due to the impact of COVID were reclassified to Stage 3 loans this would result in an increase in the impairment charge of USD 6,725,417.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

(a) CREDIT RISK (Continued)

(b) LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from financial liabilities. The Group's liquidity policy ensures that it has resources to meet its net disbursement and debt service obligations and allows it flexibility in deciding the appropriate time to access capital markets.

The Group holds sufficient liquid assets to enable it to continue normal operations even in the unlikely event that it is unable to obtain fresh resources from its lending partners and the capital markets for an extended period of time. To achieve this objective, the Group operates on a prudential minimum level of liquidity, which is based on projected net cash requirements.

The prudential minimum level of liquidity is updated quarterly.

The liquidity position statement is presented under the most prudent consideration of maturity dates. Liabilities are classified according to the earliest possible repayment date, while assets are classified according to the latest possible repayment date.

The Bank-wide Integrated Risk Management Committee (BIRMC) is tasked with the responsibility of ensuring that all foreseeable funding commitments can be met when due, and that the Group will not encounter difficulty in meeting obligations from its financial liabilities as they occur.

BIRMC relies substantially on the Treasury Department to coordinate and ensure discipline, certify adequacy of liquidity under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

(c) LIQUIDITY RISK (Continued)

Maturities of financial assets and financial liabilities are as follows:

At 30 June 2020:	Up to 1 month USD	2 to 3 months USD	4 to 6 months USD	6 to 12 months USD	1 to 5 years USD	Over 5 years USD	Total USD
ASSETS							
Cash and balances with other banks	732,065,408	5,267,448	-	-	442,488,400	-	1,179,821,256
Investment in Government securities	-	-	-	-	110,860,603	-	110,860,603
Investment in Trade Fund	-	-	-	-	51,452,805	-	51,452,805
Other receivables	71,047,191	461,440	665,518	1,223,898	5,935,452	4,622,147	83,955,646
Derivative financial instruments	-	-	22,147,980	-	-	-	22,147,980
Trade finance loans	576,586,731	387,161,392	237,566,756	204,484,273	1,969,157,717	-	3,374,956,869
Project loans	146,794,221	85,788,364	191,865,125	229,587,846	1,668,760,254	695,484,196	3,018,280,006
Equity investment at fair value through OCI	-	-	-	-	54,114,073	-	54,114,073
Investment in joint venture	-	-	-	-	317,011	-	317,011
Total assets	1,526,493,551	478,678,644	452,245,379	435,296,017	4,303,086,315	700,106,343	7,895,906,249
LIABILITIES							
Short term borrowings	9,104,981	53,088,371	879,847,112	214,450,957	1,284,239,620	-	2,440,731,041
Long term borrowings	33,861,603	41,497,943	23,817,081	65,154,242	2,019,193,850	473,119,635	2,656,644,354
Collection Account	54,424,769	-	-	-	-	-	54,424,769
Other payables	100,801,058	-	-	-	29,364,259	-	130,165,317
Total liabilities	198,192,411	94,586,314	903,664,193	279,605,199	3,332,797,729	473,119,635	5,281,965,481
Net liquidity gap	1,328,301,140	384,092,330	(451,418,814)	155,690,818	970,288,586	226,986,708	2,613,940,768
Cumulative gap	1,328,301,140	1,712,393,470	1,260,974,656	1,416,665,474	2,386,954,060	2,613,940,768	2,613,940,768

The above table analyses financial assets and financial liabilities of the Group into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB – formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

(c) LIQUIDITY RISK (Continued)

At 31 December 2019:	Up to 1 month	2 to 3 months	4 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Total
	USD	USD	USD	USD	USD	USD	USD
ASSETS							
Cash and balances with other banks	973,598,469	33,449,454	-	5,364,894	369,990,747	-	1,382,403,564
Investment in Government securities	4,263,801	-	-	-	40,633,835	-	44,897,636
Investment in Trade Fund	49,997,089	-	-	-	-	-	49,997,089
Other receivables	71,092,371	103,093	136,482	200,563	193,188	-	71,725,697
Derivative financial instruments	40,049,341	-	-	-	-	-	40,049,341
Trade finance loans	313,547,881	37,401,126	231,846,650	544,676,772	2,020,752,353	-	3,148,224,782
Project loans	116,107,025	7,965,986	69,409,431	202,923,858	1,666,955,997	770,119,963	2,833,482,260
Equity investment at fair value through OCI	-	-	-	-	51,135,850	-	51,135,850
Investment in joint venture	-	-	-	-	317,010	-	317,010
Total assets	1,568,655,977	78,919,659	301,392,563	753,166,087	4,149,978,980	770,119,963	7,622,233,229
LIABILITIES							
Short term borrowings	52,431,358	49,339,555	89,628,413	840,367,715	775,360,110	658,121,846	2,465,248,997
Long term borrowings	12,431,829	19,283,010	48,560,850	125,601,782	2,138,000,425	247,651,003	2,591,528,899
Collection Account	95,822,611	-	-	-	-	-	95,822,611
Other payables	128,421,795	260,343	390,514	781,028	4,421,508	4,405,977	138,681,165
Total liabilities	289,107,593	68,882,908	138,579,777	966,750,525	2,917,782,043	910,178,826	5,291,281,672
Net liquidity gap	1,279,548,384	10,036,751	162,812,786	-213,584,438	1,232,196,937	-140,058,863	2,330,951,557
Cumulative gap	1,279,548,384	1,289,585,135	1,452,397,921	1,238,813,483	2,471,010,420	2,330,951,557	2,330,951,557

The above table analyses financial assets and financial liabilities of the Group into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

(c) LIQUIDITY RISK (Continued)

Maturities of loan commitments and off-balance financial liabilities are as follows:

	Up to 1 month USD	2 to 3 months USD	4 to 6 months USD	6 to 12 months USD	1 to 5 years USD	Over 5 years USD	Total USD
At 30 June 2020:							
Guarantees	-	17,000,000	-	-	40,831,295	-	57,831,295
Letters of credit	116,681,106	10,600,194	16,423,106	25,371,767	-	-	169,076,173
Loan commitments	50,371,909	100,743,819	151,115,728	201,487,638	-	-	503,719,094
Total	167,053,015	128,344,013	167,538,834	226,859,405	40,831,295	-	730,626,562
At 31 December 2019:							
Guarantees	-	69,186,744	-	-	-	-	69,186,744
Letters of credit	192,198,760	137,276,216	8,208,014	11,585,117	-	-	349,268,107
Loan commitments	67,431,172	134,862,344	202,293,515	269,724,687	-	-	674,311,718
Total	259,629,932	341,325,304	210,501,529	281,309,804	-	-	1,092,766,569

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

(c) LIQUIDITY RISK (Continued)

(i) Liquidity and funding management

The Group's liquidity and funding policies require:

- Entering into lending contracts subject to availability of funds,
- Projecting cash flows by major currency and considering the level of liquid assets necessary in relation thereto,
- Maintaining a diverse range of funding sources with back-up facilities,
- Investment in short term liquid instruments which can easily be sold in the market when the need arises,
- Investments in property and equipment are properly budgeted for and done when the Group has sufficient cash flows,
- Maintaining liquidity and funding contingency plans. These plans must identify early indicators of stress conditions and describe actions to be taken in the event of difficulties arising from systemic or other crises while minimising adverse long-term implications.

(ii) Contingency Plans

The Group carries out contingency funding planning at the beginning of the year. This details the following measures to combat liquidity crisis:

- Unutilised lines of credit, including standby facilities, from different counter-parties.
- Term deposits with counter-parties and prospects of withdrawal and rollovers.
- Investment portfolio and its defeasance period.
- Amount of short-term resources with a time period, required to raise such resources.
- Amount which can be raised from other counter parties based on the Group's past relationships.

(d) MARKET RISK

The objective of the Group's market risk management process is to manage and control market risk exposures in order to optimise return on risk. Market risk is the risk that movement in market factors, including interest rates and foreign currency exchange rates, will reduce income or value of portfolio.

Overall responsibility for management of market risk rests with BIRMC. The Treasury Department is responsible for the development of detailed market risk management policies and for the day-to-day implementation of those policies.

The management of market risk is supplemented by the monitoring of sensitivity analysis of the key market risk variables. The Group normally uses simulation models to measure the impact of changes in interest rates on net interest income. The key assumptions used in these models include loan volumes and pricing and changes in market conditions. Those assumptions are based on the best estimates of actual positions. The models cannot precisely predict the actual impact of changes in interest rates on income because these assumptions are highly uncertain.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The extent of exposure to interest rate risk is largely determined by the length of time for which the rate of interest is fixed for a financial instrument. The Group's principal interest rate risk management objective is to generate a suitable overall net interest margin by matching the interest rate characteristic and re-pricing profile of assets with those of the underlying borrowings and equity sources respectively.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT

(d) MARKET RISK (Continued)

(i) Interest rate risk continued (Continued)

The table below summarises the Group's exposure to interest rate risk

At 30 June 2020:	Up to 1 month USD	1 to 6 Months USD	6 to 12 months USD	1 to 5 years USD	*Fixed interest Rate USD	*Non-interest bearing USD	Total USD
FINANCIAL ASSETS							
Cash and balances with other banks	695,991,302	5,267,448	-	-	442,488,400	36,074,106	1,179,821,256
Investment in Government securities	-	-	-	-	110,860,603	-	110,860,603
Investment in Trade Fund	-	-	-	-	-	51,452,805	51,452,805
Other receivables	-	-	-	-	-	83,955,647	83,955,647
Derivative financial instruments	-	-	-	-	-	22,147,980	22,147,980
Trade finance loans	14,575,962	530,668,227	-	-	2,327,161,617	-	2,872,405,806
Project finance loans	12,313,455	1,950,688,538	-	-	343,640,206	-	2,306,642,199
Equity investments at fair value	-	-	-	-	-	-	-
through other comprehensive income	-	-	-	-	-	54,114,073	54,114,073
Investment in Joint Venture	-	-	-	-	-	317,011	317,011
Total financial assets	722,880,719	2,486,624,213	-	-	3,224,150,826	248,061,622	6,681,717,380
FINANCIAL LIABILITIES							
Short term borrowings	9,104,981	2,216,758,910	4,450,957	-	210,416,193	-	2,440,731,041
Long term borrowings	299,531,534	669,336,536	254,023,576	-	1,433,752,707	-	2,656,644,353
Collection Accounts	-	-	-	-	-	54,424,769	54,424,769
Other payables	-	-	-	-	23,583,675	106,581,642	130,165,317
Total financial liabilities	308,636,515	2,886,095,446	258,474,533	-	1,667,752,575	161,006,411	5,281,965,480
Net interest rate exposure	414,244,204	(399,471,233)	(258,474,533)	-	1,556,398,251	87,055,211	1,399,751,900
Cumulative interest rate exposure	414,244,204	14,772,971	(243,701,562)	(243,701,562)	1,312,696,689	1,399,751,900	1,399,751,900

* Fixed interest and non-interest-bearing items are stated at amortised costs or their carrying amounts which approximate their fair values

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

d) MARKET RISK (Continued)

(i) Interest rate risk (Continued)

At 31 December 2019:	Up to 1 month USD	1 to 6 Months USD	6 to 12 months USD	1 to 5 years USD	*Fixed interest Rate USD	*Non-interest bearing USD	Total USD
FINANCIAL ASSETS							
Cash and balances with other banks	939,500,285	33,449,454	5,364,894	-	369,990,747	34,098,184	1,382,403,564
Investment in Government securities	-	-	-	-	44,897,636	-	44,897,636
Investment in Trade Fund	-	-	-	-	-	49,997,089	49,997,089
Other receivables	-	-	-	-	690,005	71,035,692	71,725,697
Derivative financial instruments	-	-	-	-	-	40,049,341	40,049,341
Trade finance loans	3,758,885	1,191,501,334	-	-	1,669,034,053	872,649	2,865,166,921
Project finance loans	14,327,581	1,902,020,209	-	-	183,584,929	6,404,864	2,106,337,583
Equity Investments at fair value	-	-	-	-	-	51,135,850	51,135,850
through other comprehensive income	-	-	-	-	-	-	-
Investment in Joint Venture	-	-	-	-	-	317,010	317,010
Total financial assets	957,586,751	3,126,970,997	5,364,894	-	2,268,197,370	253,910,679	6,612,030,691
FINANCIAL LIABILITIES							
Short term borrowings	510,827,029	1,460,111,114	237,246,880	-	257,062,974	-	2,465,247,997
Long term borrowings	435,961,050	601,351,708	100,239,343	-	1,453,976,797	-	2,591,528,898
Collection Accounts	-	-	-	-	-	95,822,611	95,822,611
Other payables	-	-	-	-	10,389,542	128,163,806	138,681,165
Total financial liabilities	946,788,079	2,061,462,822	337,486,223	-	1,721,429,313	224,114,234	5,291,280,671
Net interest rate exposure	10,798,672	1,065,508,175	(332,121,329)	-	546,768,057	29,796,445	1,320,750,020
Cumulative interest rate exposure	10,798,672	1,076,306,847	744,185,518	744,185,518	1,290,953,575	1,320,750,020	1,320,750,020

* Fixed interest and non-interest-bearing items are stated at amortised costs or their carrying amounts which approximate their fair values

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

(d) MARKET RISK (Continued)

(i) Interest rate risk (Continued)

Interest rate risk - Sensitivity analysis

The Group monitors the impact that an immediate hypothetical increase or decrease in interest rates of 100 basis points applied at the beginning of the period would have on net interest income.

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at period end. The analysis was prepared using the following assumptions:

- Interest-bearing assets and liabilities outstanding as at 31 December 2019 were outstanding at those levels for the whole period,
- Interest-bearing assets and liabilities denominated in currencies other than USD experienced similar movements in interest rates, and
- All other variables are held constant.

If interest rates had been 100 basis points higher or lower with the above assumptions applying, the Group's net profit for the period ended 30 June 2020 of USD 78,165,606 (December 2019: USD 151,304,813) would increase or decrease by USD 2,537,016 (December 2019 - USD 7,887,902) as follows:

Effect on the Group's Net Profit:

The profit for the period ended 30 June 2020 would increase to USD 80,705,622 (December 2019: USD 159,192,715) or decrease to USD 75,628,590 (December 2019: USD 143,416,911).

The potential change is 3.2% (December 2019 – 5.2%) of the period's profit.

(ii) Currency risk

Currency risk is defined as the potential loss that could result from adverse changes in foreign exchange rates. Currency risks are minimised and, where possible, eliminated by requiring assets to be funded by liabilities that have matching currency characteristics.

Foreign currency positions are monitored on a quarterly basis. The single currency exposure, irrespective of short or long positions should not exceed the limit of 10% of the Group's net worth.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

d) MARKET RISK (Continued)

(ii) Currency Risk (Continued)

The Group's financial assets and financial liabilities are reported in USD.

The Group's currency position as at 30 June 2020 was as follows:

FINANCIAL ASSETS	USD	GBP	EURO	KES	SDG	UGX	AED	MWK	TZSH	ZMW	JPY	OTHER	TOTAL
Cash and balances with other banks	1,108,963,075	41,706	7,090,373	81,504	29,516,628	5,270,956	3,199	21,189,179	5,380,443	1,133,636	34,194	1,116,363	1,179,821,256
Investment in Government securities	-	-	-	-	-	-	-	-	-	110,860,603	-	-	110,860,603
Investment in Trade Fund	51,452,805	-	-	-	-	-	-	-	-	-	-	-	51,452,805
Other receivables	13,955,647	-	70,000,000	-	-	-	-	-	-	-	-	-	83,955,647
Derivative Financial	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment	1,365,089,477	-	(1,342,941,497)	-	-	-	-	-	-	-	-	-	22,147,980
Trade finance loans	1,606,376,821	-	1,266,028,985	-	-	-	-	-	-	-	-	-	2,872,405,806
Project finance loans	2,020,010,075	-	284,940,227	-	-	-	-	-	1,691,897	-	-	-	2,306,642,199
Equity Investments at fair value through other comprehensive income	54,114,073	-	-	-	-	-	-	-	-	-	-	-	54,114,073
Investment in joint Venture	317,011	-	-	-	-	-	-	-	-	-	-	-	317,011
Total financial assets	6,220,278,984	41,706	285,118,088	81,504	29,516,628	5,270,956	3,199	21,189,179	7,072,340	111,994,239	34,194	1,116,363	6,681,717,380
FINANCIAL LIABILITIES													
Short term borrowings	2,165,369,790	-	238,234,299	-	-	-	-	-	-	-	37,126,952	-	2,440,731,041
Long term borrowings	2,656,645,598	-	-	-	-	-	-	-	(1,245)	-	-	-	2,656,644,353
Collection account	1,706,083	-	-	-	28,971,175	-	-	21,098,502	578,824	1,490,327	-	579,858	54,424,769
Other payables	130,075,916	-	-	86,468	-	-	-	-	-	-	-	2,933	130,165,317
Total financial liabilities	4,953,797,387	-	238,234,299	86,468	28,971,175	-	-	21,098,502	577,579	1,490,327	37,126,952	582,791	5,281,965,480
NET POSITION	1,266,481,597	41,706	46,883,788	(4,964)	545,454	5,270,956	3,199	90,678	6,494,761	110,503,912	(37,092,758)	533,572	1,399,751,900

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB – formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

43. FINANCIAL RISK MANAGEMENT (Continued)

2) MARKET RISK (Continued)

(iii) Currency Risk (Continued)

The Group's currency position as at 31 December 2019 was as follows:

FINANCIAL ASSETS	USD	GBP	EURO	KES	SDG	UGX	AED	MWK	TZSH	JPY	OTHER	TOTAL
Cash and balances with other banks	1,122,785,220	16,750	129,319,511	1,491,533	34,098,184	5,369,665	18,449,578	59,262,988	6,282,296	33,945	5,293,894	1,382,403,564
Investment in Government securities	44,897,636	-	-	-	-	-	-	-	-	-	-	44,897,636
Investment in Trade Fund	49,997,089	-	-	-	-	-	-	-	-	-	-	49,997,089
Other receivables	1,725,697	-	70,000,000	-	-	-	-	-	-	-	-	71,725,697
Derivative Financial Investment	1,372,422,131	-	(1,332,372,790)	-	-	-	-	-	-	-	-	40,049,341
Trade finance loans	1,747,553,603	-	1,117,613,318	-	-	-	-	-	-	-	-	2,865,166,921
Project finance loans	2,028,601,470	-	74,943,416	-	-	-	-	-	2,792,697	-	-	2,106,337,583
Equity Investments at fair value through other comprehensive income	51,135,850	-	-	-	-	-	-	-	-	-	-	51,135,850
Investment in Joint Venture	317,010	-	-	-	-	-	-	-	-	-	-	317,010
Total financial assets	6,419,435,706	16,750	59,503,455	1,491,533	34,098,184	5,369,665	18,449,578	59,262,988	9,074,993	33,945	5,293,894	6,612,030,691
FINANCIAL LIABILITIES												
Short term borrowings	2,169,460,294	-	259,024,687	-	-	-	-	-	-	36,763,016	-	2,465,247,997
Long term borrowings	2,589,564,016	-	-	-	-	-	-	-	1,964,882	-	-	2,591,528,898
Collection account	25,384	-	-	-	33,468,065	-	-	59,172,497	588,187	-	2,568,478	95,822,611
Other payables	138,534,056	-	-	131,356	-	-	-	-	-	-	15,753	138,681,165
Total financial liabilities	4,897,583,750	-	259,024,687	131,356	33,468,065	-	-	59,172,497	2,553,069	36,763,016	2,584,231	5,291,280,671
NET POSITION	1,521,851,956	16,750	(199,521,232)	1,360,177	630,119	5,369,665	18,449,578	90,491	6,521,924	(36,729,071)	2,709,663	1,320,750,020

43. FINANCIAL RISK MANAGEMENT (Continued)

d) MARKET RISK (Continued)

(iii) Currency Risk (Continued)

Currency risk - Sensitivity Analysis

The Group is mainly exposed to Euros, Pound Sterling, Kenya Shillings, Tanzania Shillings, Sudanese Pounds, and Uganda Shilling. The Group has operations in and lends to customers in Zimbabwe, but all the transactions are made in USD. The following analysis details the Group's sensitivity to a 10% increase and decrease in the value of the USD against the other currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes cash and term deposits, securities, loans and borrowings in currencies other than United States Dollars. A positive number below indicates a decrease in profit and reserves when the USD strengthens by 10% against the other currencies in which the Group has a net asset position. For a 10% weakening of the USD against the relevant currencies, there would be an equal opposite impact on the net profit.

	GBP	EURO	KES	TSH	AED	SDG	UGX	JPY
June 2020	5,159	4,840,837	(45)	280	(308)	992	(12,991)	(16,221)
	=====	=====	=====	=====	=====	=====	=====	=====
December 2019	2,058	(19,601,775)	(270)	286	502,316	1,324	8,820	(87,560)
	=====	=====	=====	=====	=====	=====	=====	=====

44. CAPITAL MANAGEMENT

The Group, being a supranational financial institution, is not subject to any regulatory supervision by a national body. The conduct of operations is vested with the Board of Directors which closely monitors directly or through its Audit Committee the Group's performance, risk profile and capital adequacy.

Based on the need to protect against increased credit risks associated with projects and infrastructure financing in developing African economies, the Group's capital management policy aims to maintain a capital adequacy ratio of at least 30 per cent. This ratio is computed in line with recommendations of the paper prepared by the Basel Committee on Banking Supervision entitled "International Convergence of Capital Measurement and Capital Standards" dated July 1988 as amended from time to time (Basel I paper) and the paper prepared by the Basel Committee entitled "International Convergence of Capital Measurement and Standards: A Revised Framework" dated June 2004 as amended from time to time (Basel II Paper).

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To have sufficient capital to support its development mandate;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits to Member States and other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy is monitored monthly by the Group's management, employing techniques based on the guidelines developed by the Basel Committee. Currently, the Group's capital is entirely Tier 1 capital which is: Paid-up share capital, retained earnings and other reserves.

44. CAPITAL MANAGEMENT (Continued)

Risk-weighted assets are measured by means of a hierarchy of seven risk weights classified to reflect an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-statement of financial position exposure, with some adjustments to reflect the more contingent nature of the potential losses.

A summary of the Group's capital adequacy computations is provided below.

	GROUP AND BANK	
	JUNE	DECEMBER
	2020	2019
	USD	USD
RISK WEIGHTED ASSETS		
On-Statement of financial position assets	4,051,571,915	3,747,696,334
Off- Statement of financial position assets	63,171,715	100,013,828
	<hr/>	<hr/>
Total risk weighted assets	4,114,743,630	3,847,710,162
	<hr/>	<hr/>
CAPITAL		
Paid up capital	499,523,636	499,107,472
Retained earnings and reserves	968,574,621	890,707,157
	<hr/>	<hr/>
Total capital	1,468,098,257	1,389,814,629
	<hr/>	<hr/>
CAPITAL ADEQUACY RATIO	35.7%	36.1%
	<hr/>	<hr/>

In addition to its paid-up capital, the Group has access to additional capital in the form of callable capital. During the periods, the Group complied with its capital adequacy requirements. There were no events after the reporting date.

45. EVENTS AFTER THE REPORTING DATE

There are no material events after the reporting date that would require disclosure in, or adjustment to these financial statements. As described on Note 42, the extent of the impact of COVID-19 on the Group's business and financial results will depend largely on future developments, including the duration and spread of the outbreak and the related impact on consumer confidence and spending, all of which are highly uncertain and cannot be predicted.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

46. FINANCIAL INSTRUMENTS CATEGORIES

The table below sets out the Group's analysis of financial instrument categories.

As at 30 June 2020:	Amortised Cost USD	At fair value through profit or loss* USD	At fair value through other comprehensive income USD	Other USD	Total carrying amount USD
Financial assets					
Cash and balances held with banks	1,179,821,256	-	-	-	1,179,821,256
Investment in Government securities	110,860,603	-	-	-	110,860,603
Investment in Trade Fund	-	-	51,452,805	-	51,452,805
Other receivables	83,955,647	-	-	-	83,955,647
Trade finance loans	2,872,405,806	-	-	-	2,872,405,806
Project finance loans	2,306,642,199	-	-	-	2,306,642,199
Equity investments at fair value through other comprehensive income	-	-	54,114,073	-	54,114,073
Investment in joint ventures	-	-	-	317,010	317,010
Derivative financial instruments	-	22,147,980	-	-	22,147,980
Total financial assets	6,553,685,511	22,147,980	105,566,878	317,010	6,681,717,379
Financial liabilities					
Collection account deposits	54,424,769	-	-	-	54,424,769
Short term borrowings	2,440,731,041	-	-	-	2,440,731,041
Long term borrowings	2,656,644,353	-	-	-	2,656,644,353
Other payables	130,165,317	-	-	-	130,165,317
Total financial liabilities	5,281,965,480	-	-	-	5,281,965,480

*Financial assets in this category are all mandatorily measured at fair value through profit or loss in accordance with IFRS 9 because they are either held for trading, managed on a fair value basis, held to sell, or are held to collect contractual cash flows which are not solely payments of principal and interest.

There are no assets pledged as security for liabilities.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

46. FINANCIAL INSTRUMENTS CATEGORIES (Continued)

The table below sets out the Group's analysis of financial instrument categories.

As at 31 December 2019:	Amortised Cost USD	At fair value through profit or loss* USD	At fair value through other comprehensive income USD	Other USD	Total carrying amount USD
Financial assets					
Cash and balances held with banks	1,382,403,564	-	-	-	1,382,403,564
Investment in Government securities	44,897,636	-	-	-	44,897,636
Investment in Trade Fund	-	-	49,997,089	-	49,997,089
Other receivables	71,725,697	-	-	-	71,725,697
Trade finance loans	2,865,166,921	-	-	-	2,865,166,921
Project finance loans	2,106,337,583	-	-	-	2,106,337,583
Equity investments at fair value through other comprehensive income	-	-	51,135,850	-	51,135,850
Investment in joint ventures	-	-	-	317,010	317,010
Derivative financial instruments	-	40,049,341	-	-	40,049,341
Total financial assets	6,470,531,401	40,049,341	101,132,939	317,010	6,612,030,691
Financial liabilities					
Collection account deposits	95,822,611	-	-	-	95,822,611
Short term borrowings	2,465,247,997	-	-	-	2,465,247,997
Long term borrowings	2,591,528,898	-	-	-	2,591,528,898
Other payables	138,681,165	-	-	-	138,681,165
Total financial liabilities	5,291,280,671	-	-	-	5,291,280,671

*Financial assets in this category are all mandatorily measured at fair value through profit or loss in accordance with IFRS 9 because they are either held for trading, managed on a fair value basis, held to sell, or are held to collect contractual cash flows which are not solely payments of principal and interest.

There are no assets pledged as security for liabilities.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

47. TRADE FINANCE LOAN PORTFOLIO

Country	As at 30 June 2020			As at 31 December 2019		
	Balance outstanding	Amounts due within six months	Amounts due after six months	Balance outstanding	Amounts due within six months	Amounts due after six months
	USD	USD	USD	USD	USD	USD
Congo DRC	20,566,494	7,066,493	13,500,001	669,476	336,141	333,335
Djibouti	6,160,539	5,446,372	714,167	5,888,470	3,745,968	2,142,502
Egypt	29,529,122	29,529,122	-	29,529,122	29,529,122	-
Ethiopia	12,047,555	12,047,555	-	163,602,340	163,602,340	-
Eswatini	229,281,083	229,281,083	-	7,029,752	7,029,752	-
Kenya	31,117,573	24,743,072	6,374,501	43,994,735	36,709,434	7,285,301
Madagascar	5,716,129	5,716,129	-	-	-	-
Malawi	424,359,997	330,034,765	94,325,232	488,200,928	383,602,428	104,598,500
Mauritius	9,777,782	9,777,782	-	4,995,515	4,995,515	-
Rwanda	18,812,142	18,812,142	-	2,369,700	2,369,700	-
Seychelles	165,050,957	3,205,114	161,845,843	196,697,214	165,197,214	31,500,000
Sudan	666,028,983	244,313,767	421,715,216	619,002,822	201,880,534	417,122,288
Tanzania	162,215,234	157,102,871	5,112,363	155,836,721	151,797,109	4,039,612
Uganda	54,343,285	54,343,285	-	48,917,843	45,372,215	3,545,628
Zambia	634,450,327	161,849,428	472,600,899	692,267,632	358,105,878	334,161,754
Zimbabwe	475,688,644	16,766,252	458,922,392	476,644,026	19,630,440	457,013,586
Gross Loans	2,945,145,846	1,310,035,232	1,635,110,614	2,935,646,296	1,573,903,790	1,361,742,506
Less: Impairment on trade finance loans (Note 18)	(72,740,040)	-	(72,740,040)	(70,479,375)	-	(70,479,375)
NET LOANS	2,872,405,806	1,310,035,232	1,562,370,574	2,865,166,921	1,573,903,790	1,291,263,131

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

48. PROJECT LOAN PORTFOLIO

Country	Amounts Disbursed USD	Interest Capitalized USD	Amounts Repaid USD	Interest Receivable USD	Balance Outstanding USD	As at 30 June 2020		As at 31 December 2019	
						Due within One year USD	Due after One year USD	Due within One year USD	Due after One year USD
Burundi	26,176,875	1,192,186	(14,664,726)	882,534	13,586,869	8,379,334	5,207,535	6,242,983	7,390,621
Comoros	12,848,585	-	(358,252)	896,887	13,387,220	2,672,524	10,714,696	11,343,852	1,425,344
Congo DRC	44,200,000	-	(2,946,666)	2,260,080	43,513,414	8,153,413	35,360,000	38,306,667	5,274,945
Djibouti	2,835,000	-	-	366,376	3,201,376	1,961,064	1,240,313	1,594,688	1,456,600
Eritrea	403,652	-	(403,652)	-	-	-	-	-	-
Ethiopia	162,536,048	10,396,123	(54,206,786)	8,954,682	127,680,067	13,372,627	114,307,440	103,788,562	22,779,876
Kenya	1,468,413,563	1,532,900	(787,276,026)	22,289,851	704,960,288	98,752,932	606,207,357	635,415,710	81,476,372
Malawi	60,793,337	2,920	(60,796,257)	-	-	-	-	-	0
Mauritius	138,914,516	-	(12,632,779)	4,378,502	130,660,239	122,111,494	8,548,745	8,567,221	120,256,199
Mozambique	61,467,470	-	-	534,377	62,001,847	241,893	61,759,955	31,874,418	115,953
Rwanda	435,001,741	3,612,691	(147,469,020)	3,312,570	294,457,982	56,889,328	237,568,653	205,992,905	43,956,197
Seychelles	93,329,101	-	(42,988,574)	3,297,059	53,637,586	8,536,300	45,101,286	52,690,941	3,243,718
Sudan	45,106,623	17,056,065	-25,392,902	4,657,507	41,427,293	4,657,506	36,769,786	36,769,785	3,181,091
Tanzania	717,758,973	682,910	(208,498,976)	973,637	510,916,544	98,593,177	412,323,367	464,852,730	62,493,414
Uganda	454,052,154	6,103,522	(167,488,247)	9,424,965	302,092,394	28,538,055	273,554,340	86,757,998	24,661,474
Zambia	131,225,914	25,086,069	(144,610,010)	-	11,701,973	11,701,973	-	11,701,973	11,701,973
Zimbabwe	324,592,238	709,655	(269,207,299)	165,180	56,259,774	33,130,094	23,129,679	38,224,796	35,158,523
Gross loans	4,179,655,790	66,375,041	(1,938,940,172)	62,394,207	2,369,484,866	497,691,714	1,871,793,152	1,722,423,256	424,572,300
Less: Impairment on project loans (note 18)					(62,842,667)	-	(62,842,667)	-	(40,657,973)
NET LOANS					2,306,642,199	497,691,714	1,808,950,485	1,722,423,256	383,914,327

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB – formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

49. STATEMENT OF SUBSCRIPTIONS TO THE CAPITAL STOCK

As at 30 June 2020:

Class 'A' shares	Shares Subscribed	Percentage of total	Value USD	Callable capital USD	Payable Capital USD	Instalments due as at 30.06.2020 USD	Instalments paid as at 30.06.2020 USD
Belarus	1,232	1.44	27,925,744	22,340,595	5,585,149	5,585,149	5,585,149
Burundi	1,646	1.92	37,309,882	29,847,906	7,461,976	7,461,976	7,461,976
China	4,555	5.32	103,248,185	82,598,548	20,649,637	20,649,637	20,649,637
Comoros	178	0.21	4,034,726	3,227,781	806,945	806,945	806,945
Djibouti	390	0.46	8,840,130	7,072,104	1,768,026	1,768,026	1,768,026
Congo DRC	5,757	6.72	130,493,919	104,395,135	26,098,784	26,098,784	26,098,784
Egypt	7,154	8.35	162,159,718	129,727,774	32,431,944	32,431,944	32,431,943
Eritrea	240	0.28	5,440,080	4,352,064	1,088,016	1,088,016	758,736
eSwatini	447	0.52	10,132,149	8,105,719	2,026,430	1,625,677	1,625,677
Ethiopia	8,257	9.64	187,161,419	149,729,135	37,432,284	33,432,012	33,432,011
Kenya	6,964	8.13	157,852,988	126,282,390	31,570,598	31,570,598	31,570,598
Madagascar	443	0.52	10,041,481	8,033,185	2,008,296	1,206,791	1,206,791
Malawi	1,768	2.06	40,075,256	32,060,205	8,015,051	8,015,051	8,015,051
Mauritius	3,383	3.95	76,682,461	61,345,969	15,336,492	15,336,492	15,336,492
Mozambique	2,277	2.66	51,612,759	41,290,207	10,322,552	8,329,257	8,329,257
Rwanda	4,217	4.92	95,586,741	76,469,392	19,117,349	11,116,806	11,116,808
Seychelles	361	0.42	8,182,787	6,546,230	1,636,557	1,636,557	1,636,557
Somalia	318	0.37	7,208,106	5,766,485	1,441,621	1,441,621	1,005,326
South Sudan	2,270	2.65	51,454,090	41,163,272	10,290,818	10,290,818	10,290,818
Sudan	5,277	6.16	119,613,759	95,691,007	23,922,752	23,922,752	23,922,752
Tanzania	6,757	7.89	153,160,919	122,528,735	30,632,184	30,632,184	30,632,184
Uganda	5,286	6.17	119,817,762	95,854,210	23,963,552	23,963,552	23,951,313
Zambia	6,154	7.18	139,492,718	111,594,174	27,898,544	27,898,544	27,898,544
Zimbabwe	6,337	7.40	143,640,779	114,912,623	28,728,156	28,728,156	28,728,156
African Development Bank	4,018	4.69	91,076,006	72,860,805	18,215,201	18,215,201	18,215,201
	85,686	100	1,942,244,564	1,553,795,650	388,448,914	373,252,546	372,474,532

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

49. STATEMENT OF SUBSCRIPTIONS TO THE CAPITAL STOCK (Continued)

Class 'B' shares	Number of shares	Percentage of total	Payable instalments due as at period end USD	Paid up capital USD	Share premium USD	Total paid USD
As at 30 June 2020:						
African Economic Research Consortium	175	0.62	793,349	793,349	1,212,676	2,006,025
African Development Bank	5,733	20.46	25,990,099	25,990,099	19,013,101	45,003,200
Africa Reinsurance Corporation	780	2.78	3,536,068	3,536,068	1,832,411	5,368,479
Arab Bank for Economic Development in Africa	960	3.43	4,352,084	4,352,084	5,649,196	10,001,280
Banco Nacional de Invertemto	888	3.17	4,025,677	4,025,677	1,488,038	5,513,715
Investment Fund for Developing Countries	1,745	6.23	7,910,819	7,910,819	11,891,474	19,802,293
Mauritian Eagle Insurance Company Limited	270	0.96	1,224,024	1,224,024	395,976	1,620,000
National Pension Fund-Mauritius	1,787	6.38	8,101,222	8,101,222	2,973,564	11,074,786
National Social Security Fund Uganda	3,048	10.88	13,817,865	13,817,865	12,949,653	26,767,518
OPEC Fund for International Development	2,054	7.33	9,311,645	9,311,645	10,688,153	19,999,798
People's Republic of China	3,556	12.69	16,120,843	16,120,843	5,976,999	22,097,842
Rwanda Social Security Board	3,500	12.49	15,866,971	15,866,971	10,900,923	26,767,894
Sacos Group Limited	124	0.44	562,144	562,144	475,093	1,037,237
Seychelles Pension Fund	1,029	3.67	4,664,890	4,664,890	2,343,654	7,008,544
TDB Directors and Select Stakeholders						
Provident Fund	91	0.32	412,540	412,540	(31,681)	380,859
TDB Staff Provident Fund	1,451	5.18	6,577,993	6,577,993	(2,049,267)	4,528,726
ZEP-RE (PTA Reinsurance Company)	834	2.98	3,780,873	3,780,873	1,223,127	5,004,000
	28,025	100	127,049,106	127,049,106	86,933,090	213,982,196

Class 'B' shares were first issued in 2013 following approval by the Board of Governors in December 2012 to increase the Group's authorized capital from USD 2.0 billion to USD 3.0 billion. This increase was achieved through the creation of new class 'B' shares of par value of USD 4,533.420375 each. Class 'B' shares do not have a callable portion and are payable at once.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

49. STATEMENT OF SUBSCRIPTIONS TO THE CAPITAL STOCK (Continued)

As at 31 December 2019:

Class 'A' shares	Shares Subscribed	Percentage of total	Value USD	Callable capital USD	Payable Capital USD	Instalments due as at 31.12.2019 USD	Instalments paid as at 31.12.2019 USD
Belarus	1,232	1.44	27,925,744	22,340,595	5,585,149	5,585,149	5,585,149
Burundi	1,646	1.92	37,309,882	29,847,906	7,461,976	7,461,976	7,461,976
China	4,555	5.32	103,248,185	82,598,548	20,649,637	20,649,637	20,649,637
Comoros	178	0.21	4,034,726	3,227,781	806,945	806,945	806,945
Djibouti	390	0.46	8,840,130	7,072,104	1,768,026	1,768,026	1,768,026
Congo DRC	5,757	6.72	130,493,919	104,395,135	26,098,784	26,098,784	26,098,784
Egypt	7,154	8.35	162,159,718	129,727,774	32,431,944	32,431,944	32,431,943
Eritrea	240	0.28	5,440,080	4,352,064	1,088,016	1,088,016	758,736
Eswatini	447	0.52	10,132,149	8,105,719	2,026,430	1,625,677	1,224,925
Ethiopia	8,257	9.64	187,161,419	149,729,135	37,432,284	33,432,012	33,432,011
Kenya	6,964	8.13	157,852,988	126,282,390	31,570,598	31,570,598	31,570,598
Madagascar	443	0.52	10,041,481	8,033,185	2,008,296	806,039	806,039
Malawi	1,768	2.06	40,075,256	32,060,205	8,015,051	8,015,051	8,015,051
Mauritius	3,383	3.95	76,682,461	61,345,969	15,336,492	15,336,492	15,336,492
Mozambique	2,277	2.66	51,612,759	41,290,207	10,322,552	8,329,257	8,329,257
Rwanda	4,217	4.92	95,586,739	76,469,391	19,117,348	11,116,805	11,116,605
Seychelles	361	0.42	8,182,787	6,546,230	1,636,557	1,636,557	1,636,557
Somalia	318	0.37	7,208,106	5,766,485	1,441,621	1,441,621	1,005,326
South Sudan	2,270	2.65	51,454,090	41,163,272	10,290,818	10,290,818	10,290,818
Sudan	5,277	6.16	119,613,759	95,691,007	23,922,752	23,922,752	23,922,752
Tanzania	6,757	7.89	153,160,919	122,528,735	30,632,184	30,632,184	30,632,184
Uganda	5,286	6.17	119,817,762	95,854,210	23,963,552	23,963,552	23,951,313
Zambia	6,154	7.18	139,492,720	111,594,175	27,898,545	27,898,545	27,898,545
Zimbabwe	6,337	7.40	143,640,779	114,912,623	28,728,156	28,728,156	28,728,156
African Development Bank	4,018	4.69	91,076,006	72,860,805	18,215,201	18,215,201	18,215,201
	85,686	100	1,942,244,564	1,553,795,650	388,448,914	372,851,794	371,673,026

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB - formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

49. STATEMENT OF SUBSCRIPTIONS TO THE CAPITAL STOCK (Continued)

Class 'B' shares	Number of shares	Percentage of total	Payable capital USD	Instalments due as at period end USD	Paid up capital USD	Share premium USD	Total paid USD
As at 31 December 2019:							
African Economic Research Consortium	175	0.62	793,349	793,349	793,349	1,212,676	2,006,025
African Development Bank	5,733	20.39	25,990,099	25,990,099	25,990,099	19,013,101	45,003,200
Africa Reinsurance Corporation	780	2.77	3,536,068	3,536,068	3,536,068	1,832,411	5,368,479
Arab Bank for Economic Development in Africa	960	3.42	4,352,084	4,352,084	4,352,084	5,649,196	10,001,280
Banco Nacional de Investimento	888	3.16	4,025,677	4,025,677	4,025,677	1,488,038	5,513,715
Investment Fund for Developing Countries	1,745	6.21	7,910,819	7,910,819	7,910,819	11,891,474	19,802,293
Mauritian Eagle Insurance Company Limited	270	0.96	1,224,024	1,224,024	1,224,024	395,976	1,620,000
National Pension Fund-Mauritius	1,787	6.36	8,101,222	8,101,222	8,101,222	2,973,564	11,074,786
National Social Security Fund Uganda	3,047	10.84	13,813,332	13,813,332	13,813,332	12,942,723	26,756,055
OPEC Fund for International Development	2,054	7.31	9,311,645	9,311,645	9,311,645	10,688,153	19,999,798
People's Republic of China	3,556	12.65	16,120,843	16,120,843	16,120,843	5,976,999	22,097,842
Rwanda Social Security Board	3,500	12.45	15,866,971	15,866,971	15,866,971	10,900,923	26,767,894
Sacos Group Limited	124	0.44	562,144	562,144	562,144	475,093	1,037,237
Seychelles Pension Fund	1,029	3.66	4,664,890	4,664,890	4,664,890	2,343,654	7,008,544
TDB Directors and Select Stakeholders Provident Fund	107	0.38	485,076	485,076	485,076	190,584	675,660
TDB Staff Provident Fund	1,521	5.41	6,895,330	6,895,330	6,895,330	2,511,356	9,406,686
ZEP-RE (PTA Reinsurance Company)	834	2.97	3,780,873	3,780,873	3,780,873	1,223,127	5,004,000
	28,110	100	127,434,446	127,434,446	127,434,446	91,709,048	219,143,494