EASTERN AND SOUTHERN AFRICAN
TRADE & DEVELOPMENT BANK

BANQUE DE COMMERCE ET DE DÉVELOPPEMENT
DE L'AFRIQUE DE L'EST ET AUSTRALE

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

TDB
TRADE & DEVELOPMENT BANK

35 ANNIVERSARY YEARS

INTEGRATING & ADVANCING THE REGION
WWW.TDBGROUP.ORG

EASTERN AND SOUTHERN AFRICAN
TRADE & DEVELOPMENT BANK

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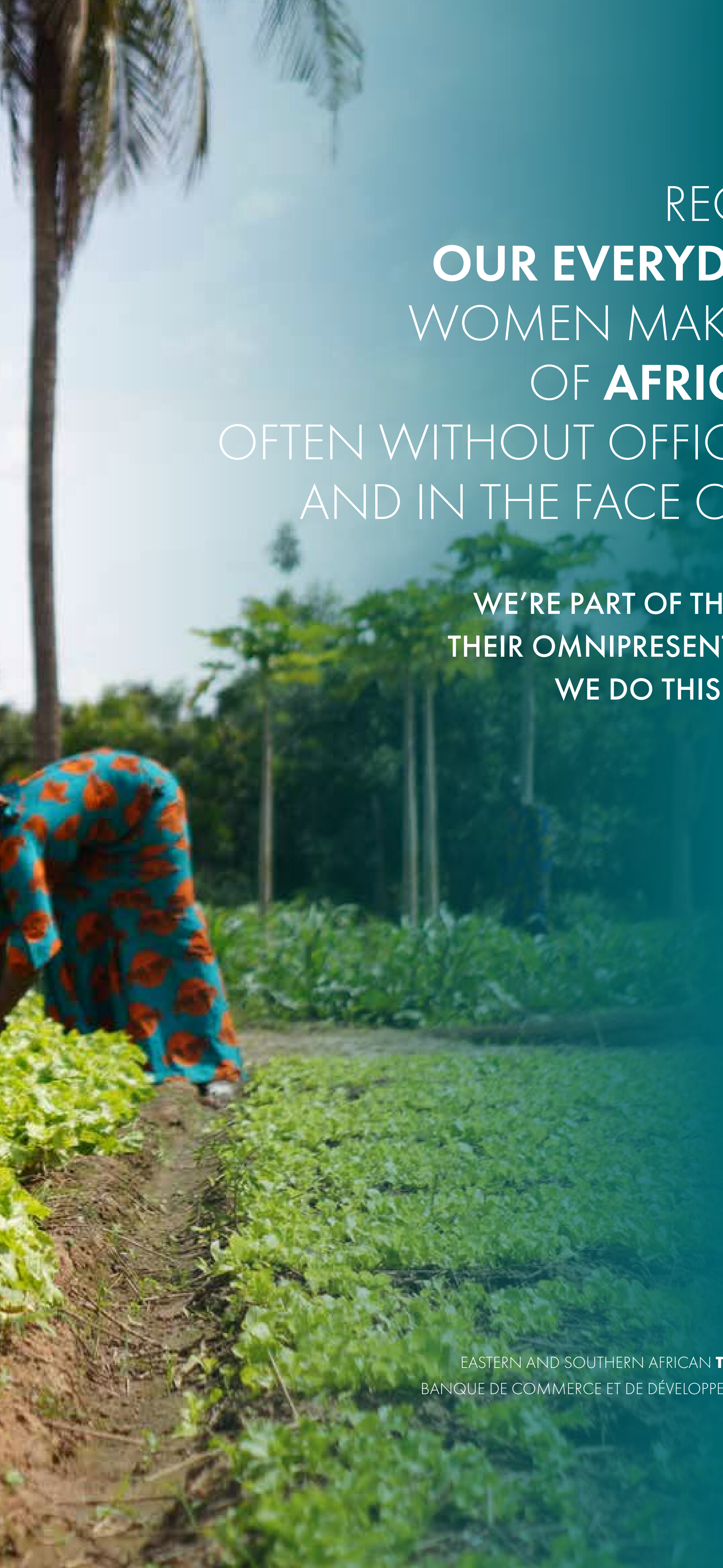

RECOGNIZING
OUR EVERYDAY HEROES;
WOMEN MAKE UP A THIRD
OF **AFRICAN MSMEs**,
OFTEN WITHOUT OFFICIAL SUPPORT
AND IN THE FACE OF ADVERSITY.

WE'RE PART OF THEIR JOURNEY NOW;
THEIR OMNIPRESENT FRIENDS & FAMILY.
WE DO THIS BECAUSE WE MUST.

EASTERN AND SOUTHERN AFRICAN **TRADE & DEVELOPMENT BANK (TDB)**
BANQUE DE COMMERCE ET DE DÉVELOPPEMENT DE L'AFRIQUE E L'EST ET AUSTRALE

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ABOUT TDB

Established in 1985, the Eastern and Southern African Trade & Development Bank (TDB), is a multilateral, treaty-based development finance institution, with a portfolio of USD 6.69 billion as at 31 December 2019.

MANDATE

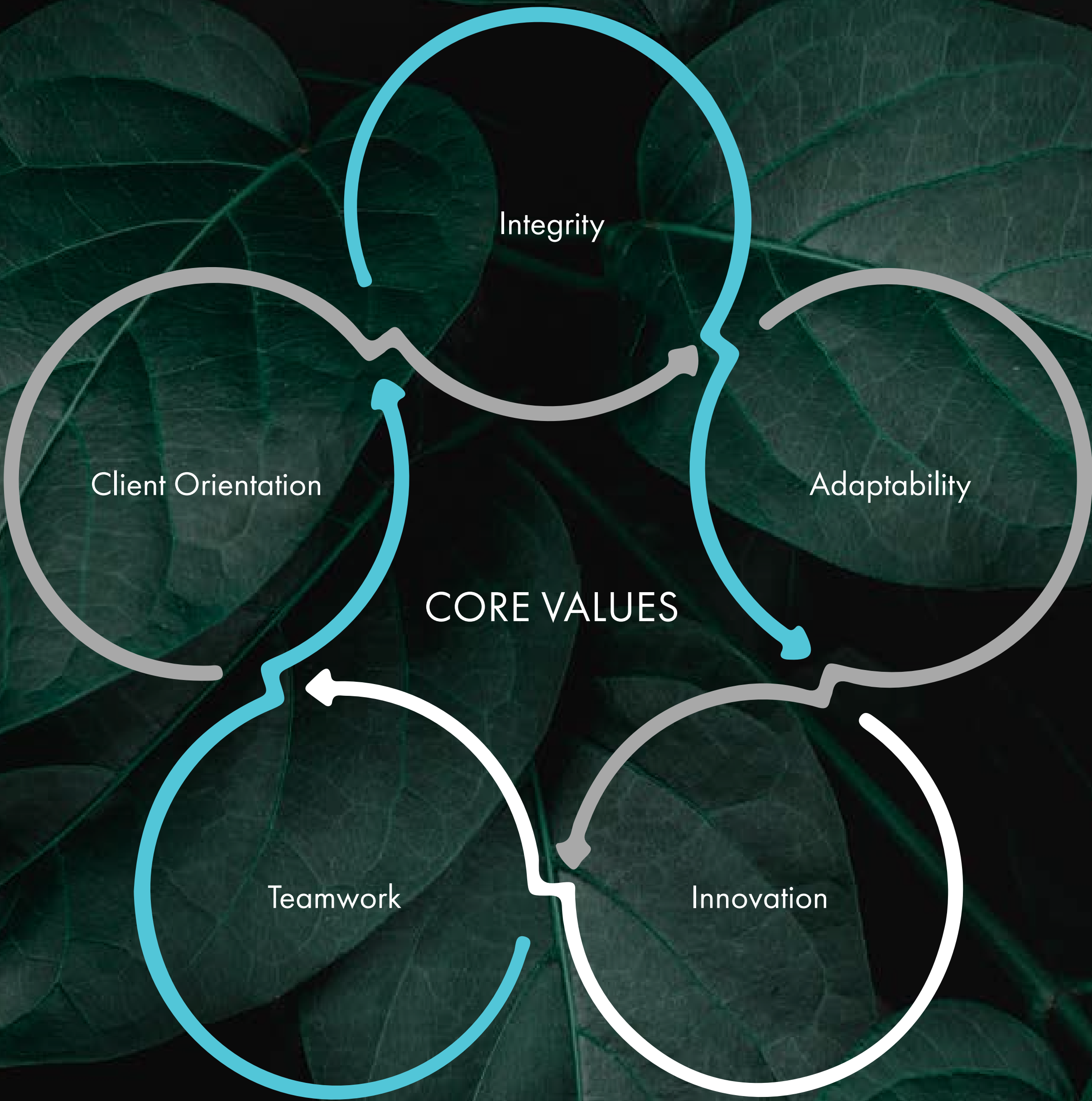
To finance and foster trade, regional economic integration and sustainable development, through trade finance, project and infrastructure finance, asset management, and business advisory services.

VISION

To be a world-class African development finance institution advancing the economic development, integration, and prosperity of the region.

STRATEGY

A sound financial institution intermediating global and regional capital into the region.




TDB
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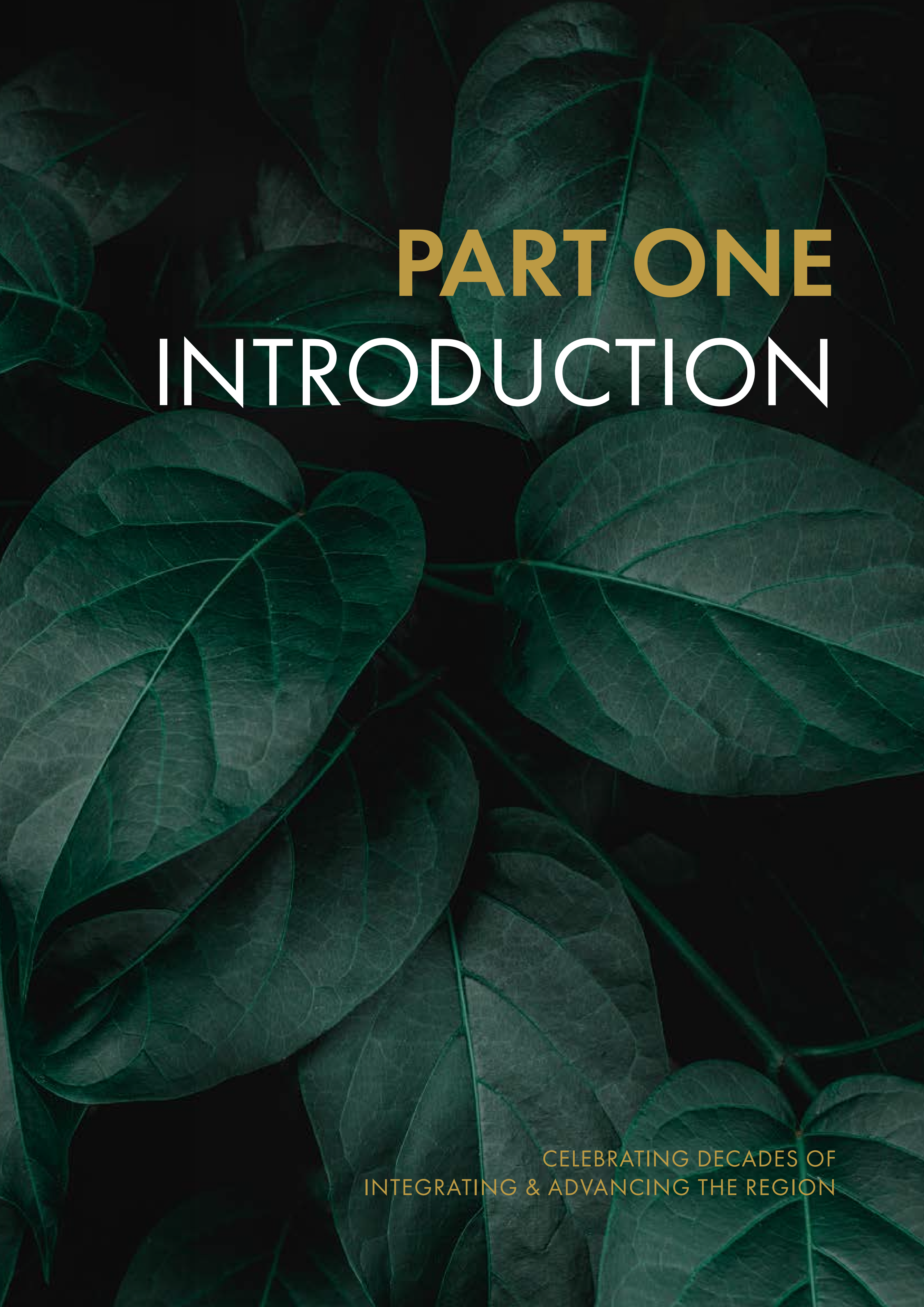


PART ONE
INTRODUCTION

CELEBRATING DECADES OF
INTEGRATING & ADVANCING THE REGION

FINANCIAL PERFORMANCE

OPEN THIS SPREAD

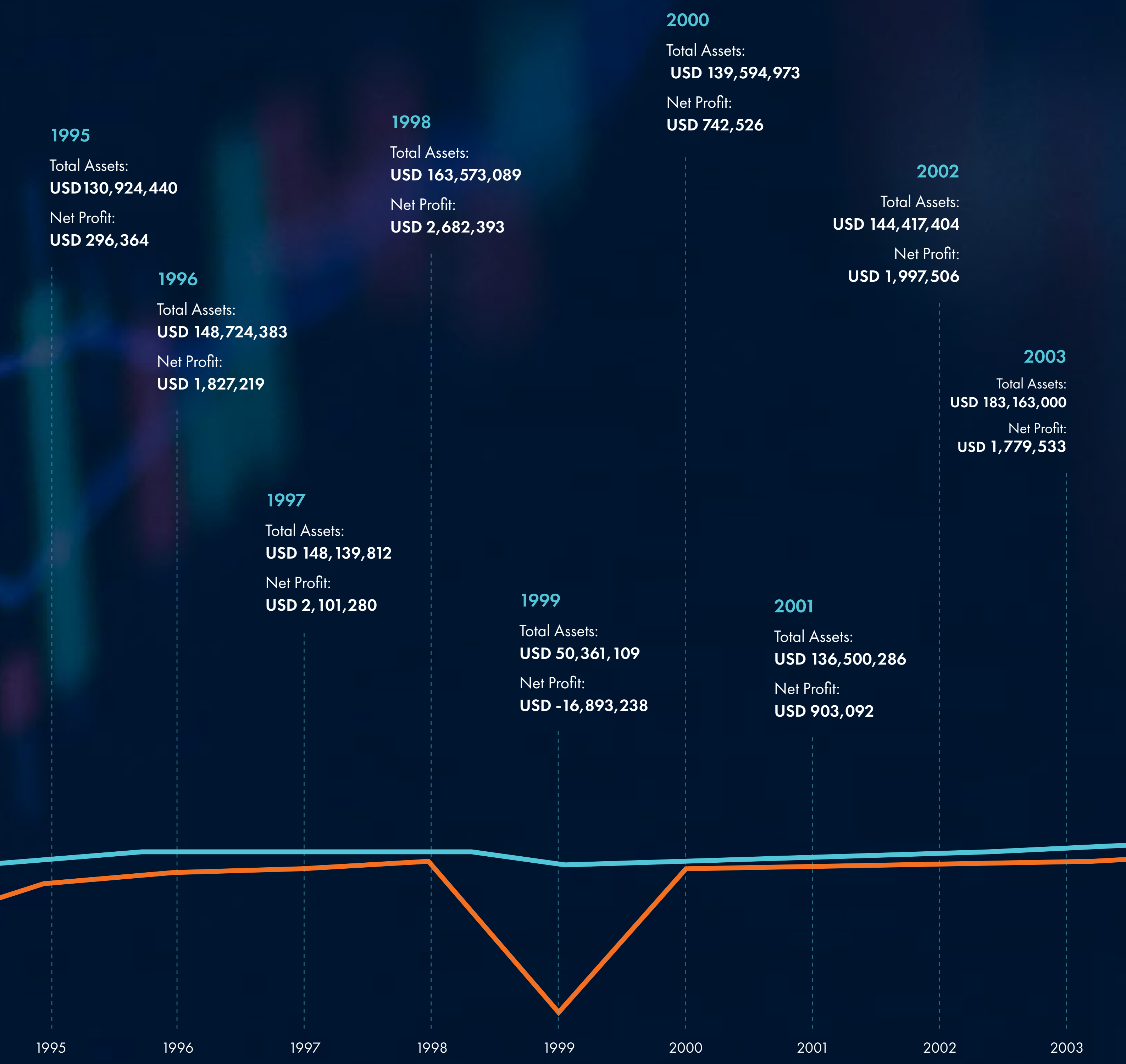
TO GET A COMPLETE OVERVIEW

OF **TDB'S FINANCIAL EVOLUTION**

FROM 1985 TO 2019

OUR FINANCIAL PERFORMANCE

1985-2020


1995
Total Assets:
USD130,924,440
Net Profit:
USD 296,364
1996
Total Assets:
USD 148,724,383
Net Profit:
USD 1,827,219
1997
Total Assets:
USD 148,139,812
Net Profit:
USD 2,101,280
1998
Total Assets:
USD 163,573,089
Net Profit:
USD 2,682,393
1999
Total Assets:
USD 50,361,109
Net Profit:
USD -16,893,238
2000
Total Assets:
USD 139,594,973
Net Profit:
USD 742,526
2001
Total Assets:
USD 136,500,286
Net Profit:
USD 903,092
2002
Total Assets:
USD 144,417,404
Net Profit:
USD 1,997,506
2003
Total Assets:
USD 183,163,000
Net Profit:
USD 1,779,533
1995
1996
1997
1998
1999
2000
2001
2002
2003


2004
Total Assets:
USD 233,814,763
Net Profit:
USD 2,692,402
2005
Total Assets:
USD 284,295,618
Net Profit:
USD 3,221,978
2006
Total Assets:
USD 351,217,262
Net Profit:
USD 4,570,819
2007
Total Assets:
USD 352,923,522
Net Profit:
USD 6,644,776
2008
Total Assets:
USD 636,950,888
Net Profit:
USD 12,458,993
2009
Total Assets:
USD 826,154,695
Net Profit:
USD 18,029,960
2010
Total Assets:
USD 1,043,438,816
Net Profit:
USD 20,320,594
2011
Total Assets:
USD 1,370,410,518
Net Profit:
USD 34,265,375
2012
Total Assets:
USD 1,831,363,009
Net Profit:
USD 51,228,569
2004
2005
2006
2007
2008
2009
2010
2011
2012


2013
Total Assets:
USD 2,498,589,852
Net Profit:
USD 66,630,376
2014
Total Assets:
USD 3,543,847,238
Net Profit:
USD 76,977,738
2015
Total Assets:
USD 4,261,252,153
Net Profit:
USD 94,719,686
2016
Total Assets:
USD 4,261,252,153
Net Profit:
USD 101,456,231
2017
Total Assets:
USD 5,264,698,832
Net Profit:
USD 111,864,421
2018
Total Assets:
USD 5,557,573,605
Net Profit:
USD 129,325,392
2019
Total Assets:
USD 6,691,091,082
Net Profit:
USD 151,304,813
2013
2014
2015
2016
2017
2018
2019

LETTER OF TRANSMITTAL

The Chairman
Board of Governors
Eastern and Southern African Trade & Development Bank

Dear Mr. Chairman,

In accordance with Article 35(2) of the Bank's Charter, I have the honor, on behalf of the Board of Directors, to transmit to the Board of Governors the Annual Report of the Bank for the financial period from 1 January to 31 December 2019.

The report covers the Bank's activities for the year and includes audited financial statements for the period.

Mr. Chairman, please accept the assurances of my highest consideration.

Mr. Juste Rwamabuga
Chairman, Board of Directors

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, it is my pleasure to present the Bank's Annual Report and Financial Statements for the year ended 31 December 2019.

The period under review depicts another successful year for the Eastern and Southern African Trade and Development Bank (TDB), as the Bank continued to establish itself as a trusted financial intermediary, crowding into its Member States regional and global capital to advance the region's sustainable development. The Bank's total assets grew by 20% to USD 6.69 billion and the gross loan portfolio increased by 19% to USD 5.08 billion, with net profits reaching USD 151.30 million, a 17% rise over 2018 levels.

It is remarkable that the Bank was able to achieve these positive results in a global context of declining economic growth, rising trade barriers and trade tensions, and decelerating economic growth in China. The results are a testament to the Bank's unique understanding of its operating environment and great ability to adapt to a fast-changing environment by offering innovative financing solutions to address the region's financing needs.

As the Bank consistently delivers exceptional financial returns while supporting the region's agenda for economic transformation and sustainable development, it continues to inspire existing shareholders and others to inject new risk capital into the Bank. As a result, in 2019, the Bank welcomed Denmark's Investment Fund for Developing Countries (IFU) – the first European institutional investor to subscribe to its Class B shares.

In 2019, the Bank continued to grow its network of global and regional funding partners, as part of its strategy to diversify its funding sources. The Bank raised funds from Eurobond and other markets amounting to USD 1.3 billion.

Among other elements, this Report highlights the Bank's progress in embedding in its processes and procedures, its commitment to aligning its investment strategy to the United Nations Sustainable Development Goals, the Paris Agreement, and the African Union's Agenda 2063. The Bank's commitment to sustainability will support its Member States' progress towards fulfilling the promises of the latter.

Looking ahead, the year 2020 will mark the Bank's 35th anniversary. This will offer a great opportunity for all stakeholders of the Bank to reflect on the past 35 years, celebrate its successes, and imagine its future for the next 35 years and beyond. The results it achieved in 2019 provide another good reason to believe that the future of the Bank is bright and will continue to be a significant source of development capital for the Eastern and Southern African region.

On behalf of the Board of Directors, I wish to express my gratitude and appreciation to all stakeholders of the Bank; their continued support has been essential in enabling the Bank to deliver on its mandate. The Board is particularly grateful to all the shareholders of the Bank for their trust in the Bank's governing bodies. I also extend the Board's special appreciation to the Board of Governors for its steadfast support to the Bank and its mission.

I should also convey my sincere appreciation to my fellow members of the Board of Directors for their dedication and wisdom in guiding the Bank's affairs. Last, and not least, on behalf of the Board of Directors, I take this opportunity to congratulate the President and Chief Executive of the Bank, Mr. Admassu Tadesse, for his visionary and steady leadership at the Bank, and for receiving the African Banker of the Year award for 2019. We also thank the Bank's management team and staff for their dedication and professionalism, which have delivered yet another year of success.

I look forward to a successful 2020 for the Bank and for the region it so ably serves.

MR. JUSTE RWAMABUGA
Chairman, Board of Directors

PRESIDENT'S STATEMENT

TOTAL ASSETS

▲ 20%
USD 6.69 billion

TOTAL EQUITY

▲ 17%
USD 1.39 billion

LOAN PORTFOLIO

▲ 24%
USD 5.50 billion

NET PROFITS

▲ 17%
USD 151.30 million

GROSS NPL RATIO

▼ 0.02%
2.33%

In 2019, the Bank further solidified its standing as a preeminent development finance partner in the region it serves. In line with key projections set out in its Sixth Five-Year Corporate Plan 2018 2022 (FYCP-VI), the Bank continued to deliver high levels of development impact alongside attractive financial returns.

In addition to equity contributions from existing Class A and Class B shareholders – evidence of their level of confidence and trust in the Bank's ability to deliver results – two new institutional investors joined the Bank in 2019, namely Denmark's Investment Fund for Developing Countries (IFU), and the African Economic Research Consortium (AERC).

During the year under review, TDB grew its total assets, equity, and net profits. It further expanded and diversified its loan portfolio and continued to bring down its non-performing loans (NPL) ratio. TDB achieved attractive levels of return on equity, at 11.03%, and return on assets, at 2.55%. Its Net Asset Value (NAV) grew significantly, and the Bank continued to pay dividends.

The results for 2019 show that TDB has been successful in leveraging its investment grade ratings with the introduction of innovative financing products and solutions, to better cater to the needs of its clients – sovereigns, large enterprises, small and medium enterprises (SMEs), and financial institutions (FIs).

In Trade Finance, TDB deepened its product offering under receivables financing including invoice discounting, and other innovative open account-based solutions, in line with industry trends. The Bank also accelerated the execution of its strategy for FIs, resulting in an increase in disbursements to FIs under specific appetite limits by 68% over 2018 levels. Furthermore, TDB onboarded as new clients various global and regional suppliers of strategic commodities essential to the people and economies of TDB's Member States. In 2019, TDB also became the first African development finance institution (DFI) to use blockchain or distribute ledger technology to execute a trade finance transaction.

In Project and Infrastructure Finance (PIF), the Bank continued to support qualifying projects in strategic sectors with tenors of up to 15 years in some cases. The Bank's gross PIF portfolio grew by 47% in 2019, driven by TDB's strong growth in medium-tenor sovereign loans to its Member States, especially for critical infrastructure projects. In 2019 the Bank arranged a total of USD 2.75 billion in syndicated sovereign loans. By providing market and structuring leadership to groups of investors in those sovereign transactions, TDB was able to mobilize 3 dollars for every dollar TDB invested. As a result of its successes in the syndicated loan market, the Bank was ranked No. 3 Mandated Lead Arranger and No. 4 Bookrunner in Africa for 2019 in Bloomberg's Syndicated Loans League Tables.

In its other operations, in 2019, TDB launched the Eastern and Southern African Trade Fund (ESATF) also domiciled in Mauritius with an initial investment of USD 50.00 million contributed by TDB. The Bank also expanded its SME programme and saw its Advisory Services strategic thrust gain solid footing in the marketplace.

On resource mobilisation, the Bank continued to deliver results on its funding diversification strategy. In the area of debt capital markets, TDB issued its USD 750.00 million lowest-cost-ever global Eurobond, which was oversubscribed 3.3 times, and subsequently secondarily-listed on the Stock Exchange of Mauritius – a first in Mauritius for an African issuer of Eurobonds, and a first for the COMESA region. In addition, the Bank raised USD 850.00 million from syndicated loan markets, and an aggregate of USD 650.00 million from various multilateral and bilateral lenders such as the African Development Bank, the Arab Bank for Economic Development in Africa (BADEA), KfW, Norfund, Citibank, N.A., and Mashreq Bank, among others. The Bank continued to deepen and expand relations with existing and new funding partners, with a strong focus on climate action and SMEs. Additionally, TDB increased its activities with Export Credit Agencies activities by increasing the volume of its ECA-backed credit lines by almost USD 496.20 million.

As per its mandate to drive development impact, and as part of its robust commitment to Environmental, Social and Governance (ESG) standards, TDB, along with other members of the International Development Finance Club (IDFC), is aligning itself further to the Paris Agreement, through strong alliances and resource mobilisation efforts that can serve to fund sustainable and transformational projects specifically.

In its drive to achieve higher levels of operational excellence, in addition to further optimising and automating its processes through various initiatives, TDB has continued to strengthen its credit risk management capacity by advancing its risk sharing strategy, enhancing credit insurance on its callable capital, and continuing to manage compliance risk via proactive measures premised on global risk management standards.

TDB's continued success is no doubt a result of the commitment of its dedicated Board of Directors, exceptional management team, and talented professionals to drive quality, growth and impact in the region. To this effect, TDB continues to invest in its staff with various capacity-building and learning initiatives, aided by the novel TDB Academy, which is positioned as a centre of excellence for trade and development financing knowledge in the region.

In recognition of the Bank's efforts in pursuit of its vision to be a world-class African financial institution, TDB was honoured with several awards in the past year, including the African Bankers Awards' Best Infrastructure Deal of the Year and Africa Investor's Regional Infrastructure Investment Initiative of the Year for the Bank's senior loan facility towards the Coral South Floating Liquified Natural Gas project in Mozambique. TDB also won EMEA Finance's Best Foreign Investment Bank award for Kenya, for arranging a ground-breaking sovereign loan facility. Likewise, TDB's shareholders, clients, and partners reaffirmed their high level of satisfaction with the Bank, as evidenced by the high score of 4.45 out of 5 received by the Bank in the 2019 Customer and Partner Satisfaction Survey.

TDB's year-long 35th Anniversary celebrations commenced during its 35th Board of Governors Annual General Meetings held on 22 August 2019 in Livingstone, Zambia. We look forward to more opportunities for celebrations throughout 2020, another promising year for more returns and more impact for the region and our clients, and indeed our shareholders and funding partners.

ADMASSU Y. TADESSE
President & Chief Executive

| Image courtesy of Adobe Stock

STATEMENT ON CORPORATE GOVERNANCE

The key aspects of the Bank's approach to Corporate Governance are as follows:

CORPORATE GOVERNANCE STANDARDS

As a multilateral development finance institution, the Bank complies with good corporate governance principles and high ethical standards as embedded in its Charter.

The corporate governance principles and standards approved by the Board of Directors have been developed with close reference to guidelines adopted by other highly rated international development finance institutions.

To underpin its commitment to sound corporate governance, the Bank signed a joint approach statement on corporate governance alongside 30 international development finance institutions in October 2007, which led to the development of the Corporate Governance Development Framework (CGDF). The aim of the CGDF is to motivate cooperation among signatory institutions to promote the accomplishment of key institutional reforms under international best practices in the areas of transparency, accountability, and good governance. The CGDF also provides a common platform for evaluating and enhancing governance practices amongst signatory institutions. The Bank also engages closely with other multilateral institutions to ensure that it is up to date on best corporate governance practices.

GOVERNANCE STRUCTURE

Charter

The Bank is a multilateral legal entity established pursuant to Chapter 9 of the Treaty for the establishment of the Preferential Trade Area for Eastern and Southern African States (the PTA Treaty). The PTA Treaty was subsequently replaced by the Treaty Establishing the Common Market for Eastern and Southern Africa (the COMESA Treaty). Article 174 of the COMESA Treaty recognises the Bank as one of the institutions established under the PTA Treaty that were deemed to be, and were designated as, institutions of the Common Market for Eastern and Southern Africa (COMESA), that would continue to be regulated by their respective Charters establishing them. The Bank is thus regulated and governed by its Charter. The Charter, which is binding on all Members of the Bank, sets out the objectives, membership, capital structure, and organisation of the Bank. The Charter also identifies the types of transactions that the Bank may engage in. It also sets out the immunities, exemptions, and privileges enjoyed by the Bank. Additionally, the Charter contains provisions with respect to the allocation of capital subscriptions.

The Charter is reviewed periodically to ensure alignment with the Bank's growth, corporate strategy, shareholders' interests, and governance best practices. The latest amendments to the Bank's Charter were approved by the Board of Governors at its 35th Annual Meeting in August 2019.

BOARD OF GOVERNORS

All powers of the Bank are vested in the Board of Governors. Each Member of the Bank appoints one Governor and one alternate, with the alternate only voting in the absence of their respective principal. ¬The Governor or the alternate exercises voting powers on behalf of the Member for which the Governor or alternate is a nominee. Each Governor is entitled to cast the number of votes of the Member State or Member which appointed them and which they represent and, except as otherwise expressly provided in the Charter, all matters before the Board of Governors are to be decided by a majority of the voting power represented at the meeting. ¬The Board of Governors generally comprises Ministers of Finance or Ministers of Economic Planning from Member States as well as appointees of Members other than the Member States.

The Board of Governors appoints the President of the Bank and Non-Executive Directors (NEDs) of the Board of Directors. It delegates powers to the Board of Directors, and ordinarily convenes once a year. Although it has delegated powers to the Board of Directors, certain specific powers, such as the increase or decrease of the Bank's authorised capital, amendments to the Charter, and final approval of the Bank's audited accounts, are retained by the Board of Governors.

In 2019, two new shareholders completed formalities to join the membership of the Bank and the Bank's Board of Governors. These are the African Economic Research Consortium (AERC).and Denmark's Investment Fund for Developing Countries (IFU).

In line with the Bank's continuous efforts in aligning its governance policies with international best practices, the Board of Governors' revised rules of procedures were implemented in 2019. The review was driven by the need to adhere to best practices in corporate governance, to further align the rules of procedure with the Bank's Charter and internal practices, and to address the intervening structural changes to the Bank's shareholding.

Board of Directors

Board Composition

The Bank's Charter outlines specific roles and responsibilities for the Board of Directors. ¬ Article 27(6) of the Bank's Charter provides that the Board of Directors shall be responsible for the conduct of the general operations of the Bank. The Charter provides for a Board composition of not more than 10 NEDs (in addition to the President as an executive member) or such other number as may be determined by the Board of Governors from time to time. Five of the 10 NEDs represent five groups of Member State constituencies. Each Member State constituency also has an Alternate NED. In addition, each of the following shareholder categories has one seat on the Board of Directors: i) non-African States, ii) African Institutions; and iii) all other institutional Shareholders not represented by African Institutions. The remaining two seats on the Board are reserved for independent NEDs in line with good corporate governance.

At its Second Annual Meeting, the Board of Governors of the Bank established the principle of rotation with regard to the appointment of the Members of the Board of Directors. On the basis of this principle, the Directorship and the Alternate Directorship of the Bank rotate between and among Member States within a constituency every three years to provide each shareholder the opportunity to appoint its own nationals/ candidates to the Board of Directors, provided that such Member State is not in arrears on its capital subscriptions.

In the context of the Board of Directors, the Board of Governors, sitting at its 35th Annual Meeting, reconstituted the Board of Directors for a term of three years effective 1 October 2019. In keeping with good corporate governance, the term of the Bank's Board of Directors is three years, the previous Board of Directors' term of office terminated by lapse of time on 30 September 2019.

The reconstitution of the Board of Directors included: renewal of Board seats for the new Non-Executive Directors (NEDs) who began their three year term on 1 October 2019; appointment of Mr. Christian Rwakunda as the substantive NED for the 'All Other Shareholders' constituency of the Bank's shareholders, and Mr. Veenay Rambarassah as the Alternate NED for the same constituency; appointment of Ms. Busisiwe Alice Dlamini-Nsibande as NED for the constituency comprising Eswatini, Tanzania, Egypt and Djibouti; and the confirmation of appointments of Ms. Lynda Kahari and Mr. Ayman Al Adl as Alternate Independent NEDs.

As at 31 December 2019, the Board of Directors, including the President, consisted of 11 members.

Board Meetings

Board meetings are held at any of the Bank's offices or at any other location specified in the notice convening the meeting. Board Members elect two Directors to serve as Chairperson and Vice

Chairperson of the Board, respectively, for a period of one year. The President works jointly with the Chairperson and Vice-Chairperson. Th¬e role and responsibilities of the Chairperson and of the President are distinct and held separately as specified in the Charter.

To facilitate members of the Board in the discharge of their responsibilities, the Bank has in place Rules of Procedure that guide the conduct of meetings and a Code of Conduct for Directors. Quorum for any board meeting is constituted by a majority of the total number of directors representing at least two-thirds of the voting rights of the Bank. In 2019, all Board meetings satisfied this quorum requirement.

Board Committees

The Audit and Risk Committee (ARCO) is mandated to assist the Board of Directors in discharging its duties relating to the identification and management of the key risks facing the Bank as they relate to monitoring and review of the Bank's Enterprise Risk Management Framework, internal control, and financial reporting practices. It serves in an advisory capacity to the Board. The ARCO also ensures that the Bank's assets are safeguarded, adequate internal controls are in place, and material risks are effectively managed.

The Investment and Credit Committee (INVESCO) is mandated to provide oversight on matters relating to the Bank's investment and credit mandate. It provides advice to management regarding the implementation of investment initiatives, assists the Board in making major investment decisions, and monitors the investment policies of the Bank.

The Remuneration and Nominations Committee (REMCO) is mandated to review, recommend, and improve the Bank's policy framework on human resource management including remuneration, incentives, and other matters affecting working conditions. It advises and makes recommendations to the Board with regard to corporate performance and issues affecting staff working conditions generally. REMCO also acts as the reference committee for all matters relating to the Board's Code of Conduct.

The Finance and Capital Committee (FINCO) is mandated to advise the Board of Directors on matters pertaining to financial and treasury management as well as capital raising, among others.

Each Board committee comprises at least four Directors. In accordance with the practice of the Bank, Board committees are reconstituted annually. The President is a member of INVESCO, FINCO and REMCO and attends ARCO in an ex-officio capacity.

The Bank's President and CEO

Pursuant to the Bank's Charter, the President and CEO must be a person of integrity and of the highest competence to matters pertaining to the activities, management, and administration of the Bank. The President presides over the affairs of the Bank and serves as Chief Executive and legal representative of the Bank. The President conducts the business of the Bank under the direction of the Board of Directors and is assisted in his or her role by a management team.

Dual Domicilium

The Bank has two principal offices, in Burundi and Mauritius. Mauritius was approved by the Board of Governors to host a second principal office of the Bank effective 31 December 2016, in recognition of the existing domicilium of the Bank's special purpose funds in Mauritius such as the Eastern and Southern African Trade Fund (ESATF) and earlier the COMESA Infrastructure Fund. The purpose was to strengthen the positioning of the Bank with a headquarters in the COMESA Member State with the highest (investment grade) credit rating and a well-established established domicilium for international funds and financial institutions in Africa. The Bank's Mauritius principal office serves as the hub and address for the Bank's funds management, asset management, special purpose vehicles and sub-regional operations. Additionally, it serves as a corporate and support centre as well as business continuity point for the entire Bank.

In addition to its two principal offices, the Bank also has a regional and global operations hub in Nairobi (Kenya), and two regional offices: one in Harare (Zimbabwe) and the other in Addis Ababa (Ethiopia). In line with its outreach and partnership strategy to better service the vast region it operates in and enhance its portfolio management capabilities, the Bank established a new country office in Kinshasa (Democratic Republic of Congo) in partnership with related multilateral institutions building on the shared-premises approach taken with the Mauritius and Addis Ababa offices.


| Image courtesy of TDB

BOARD MEMBER	BOARD MEETINGS	ARCO MEETINGS	INVESCO MEETINGS	REMCO MEETINGS	FINCO MEETINGS
Mr. Mohamed Kalif	4/4	4/4			4/4
Dr Abdel Rahman Taha	4/4			4/4	4/4
Mr. Mingzhi Liu	4/4		4/4		4/4
Mr. Said Mhamadi	4/4	4/4	4/4		
Mr. Juste Rwamabuga	4/4		4/4	4/4	
Mr. John Bosco Sebabi	3/3	3/3		3/3	
Mr. Gerard Bussier	4/4		4/4		4/4
Mr. Peter Simbani	4/4		3/4		4/4
Dr Natu Mwamba	4/4	4/4		4/4	
Ms. Isabel Sumar	4/4	4/4		4/4	
Mr. Admassu Tadesse	4/4		4/4	4/4	4/4
Mr. Christian Rwakunda	1/1	1/1	1/1	1/1	1/1
Ms. Busisiwe Alice Dlamini	1/1	1/1	1/1	1/1	1/1
Ms. Lynda Kahari	1/1	1/1	1/1	1/1	1/1
Mr. Veenay Rambarassah	1/1	1/1	1/1	1/1	1/1
Mr. Liu Wenzhong	4/4		4/4		4/4

OUR SHAREHOLDERS

MEMBER STATES

REPUBLIC OF
BURUNDI

UNION OF THE
COMOROS

DEMOCRATIC REPUBLIC OF
CONGO

REPUBLIC OF
DJIBOUTI

REPUBLIC OF
KENYA

REPUBLIC OF
MADAGASCAR

REPUBLIC OF
MALAWI

REPUBLIC OF
MAURITIUS

REPUBLIC OF
SOUTH SUDAN

REPUBLIC OF THE
SUDAN

UNITED REPUBLIC OF
TANZANIA

REPUBLIC OF
UGANDA

NON-REGIONAL MEMBERS

JSC DEVELOPMENT BANK OF THE
REPUBLIC OF BELARUS

PEOPLE'S BANK OF
CHINA

ARAB REPUBLIC OF EGYPT

STATE OF ERITREA

KINGDOM OF ESWATINI

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

REPUBLIC OF MOZAMBIQUE

REPUBLIC OF RWANDA

REPUBLIC OF THE SEYCHELLES

FEDERAL REPUBLIC OF SOMALIA

REPUBLIC OF ZAMBIA

REPUBLIC OF ZIMBABWE

OUR SHAREHOLDERS

INSTITUTIONAL MEMBERS

AFRICAN DEVELOPMENT BANK

AFRICAN ECONOMIC RESEARCH CONSORTIUM

BANCO NACIONAL DE INVESTIMENTO

EAGLE INSURANCE

NATIONAL SOCIAL SECURITY FUND

OPEC FUND FOR INTERNATIONAL DEVELOPMENT

SACOS INSURANCE GROUP

SEYCHELLES PENSION FUND

AFRICAN REINSURANCE
CORPORATION

ARAB BANK FOR ECONOMIC
DEVELOPMENT IN AFRICA

INVESTMENT FUND
FOR DEVELOPING COUNTRIES

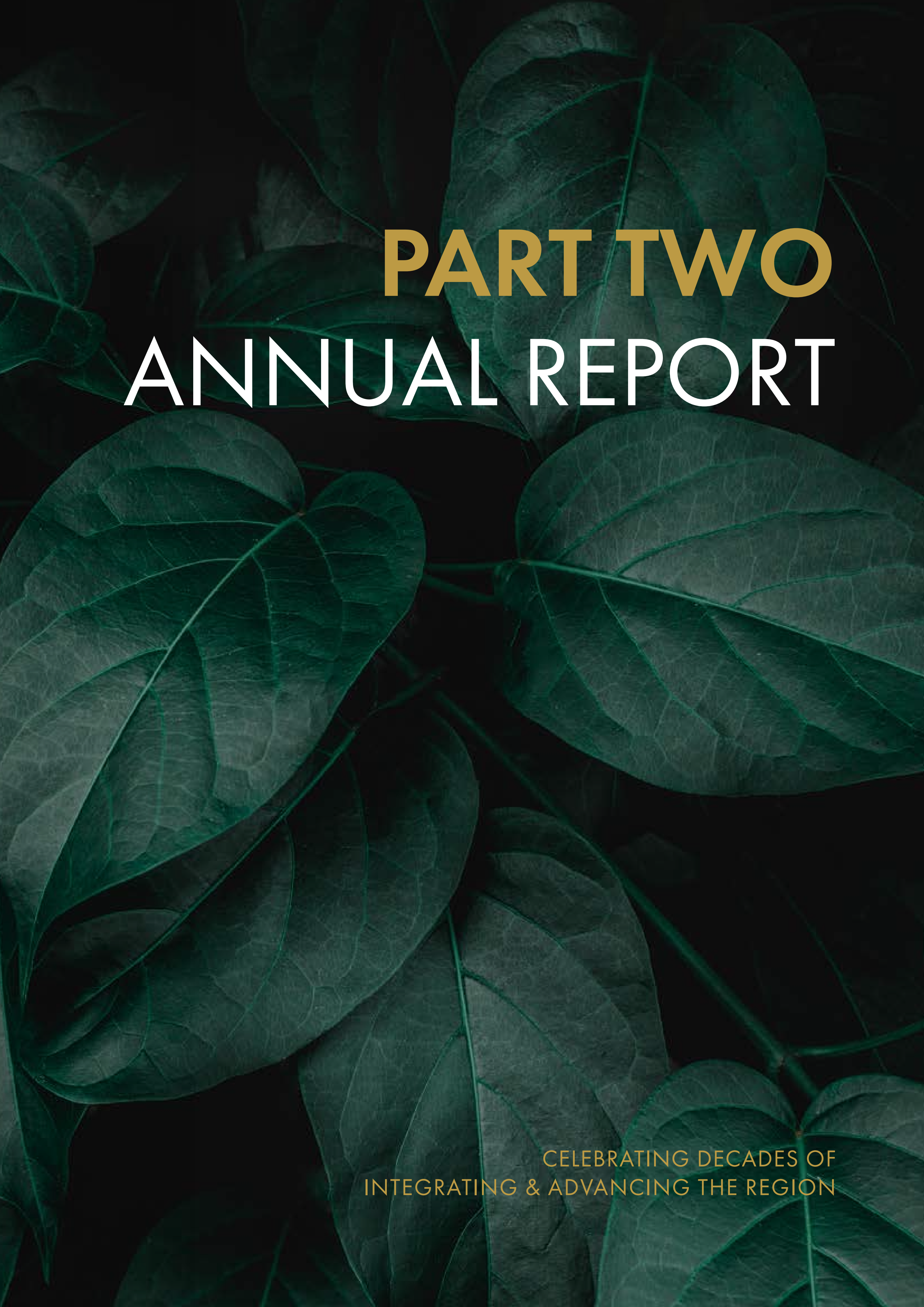
NATIONAL PENSION
FUND

PTA REINSURANCE
COMPANY

RWANDA SOCIAL
SECURITY BOARD

TDB
TRADE & DEVELOPMENT BANK

35 ANNIVERSARY YEARS



PART TWO
ANNUAL REPORT

CELEBRATING DECADES OF
INTEGRATING & ADVANCING THE REGION

EQUITY MOBILISATION

2019 was yet another successful year for TDB in terms of growing and strengthening its shareholder base.

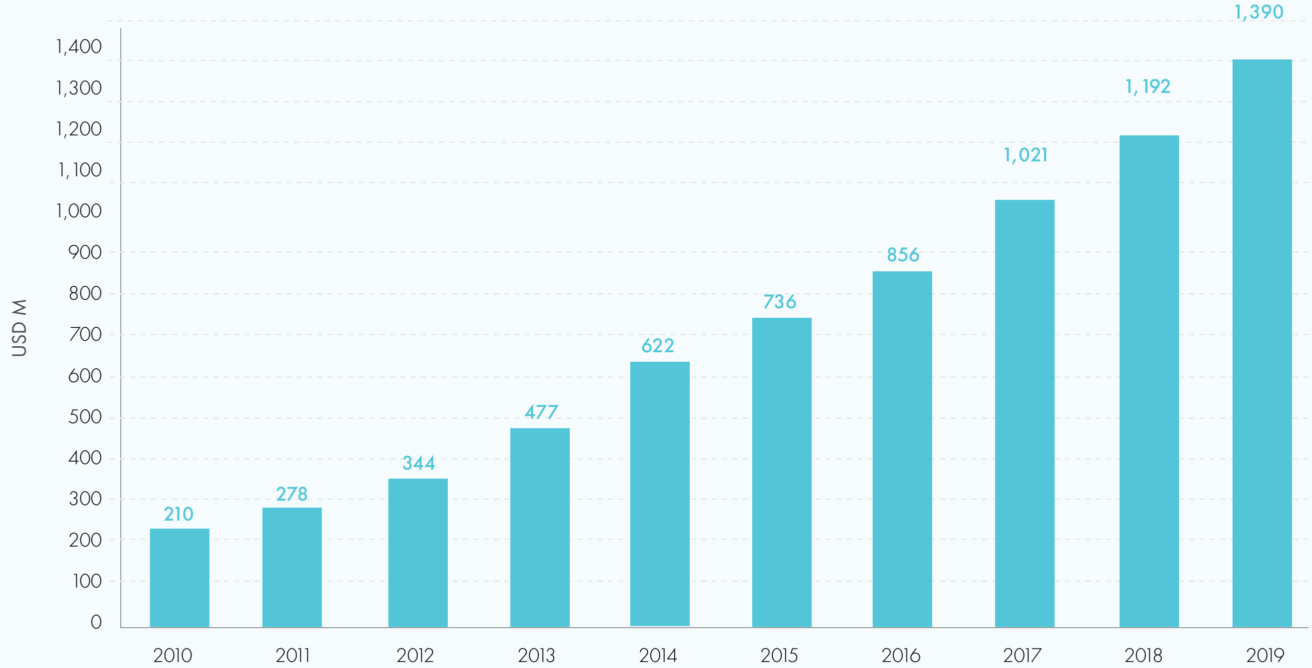
Largely as a result of TDB's focus on triple bottom line results – profit, people, and planet, including exceptional financial returns, with Net Asset Value (NAV) figures growing significantly and dividends being paid out annually from the Bank's strong profit base – the appetite of the institutional investor community for TDB's investment proposition continues to grow.

In 2019, TDB welcomed its 16th and 17th institutional shareholders into the Bank. Denmark's IFU became the first European institutional investor to subscribe to TDB's Class B shares with an investment of USD 20.00 million; while AERC, one of the world's top African think tanks, became the first of its kind to join the Bank as a Class B shareholder.

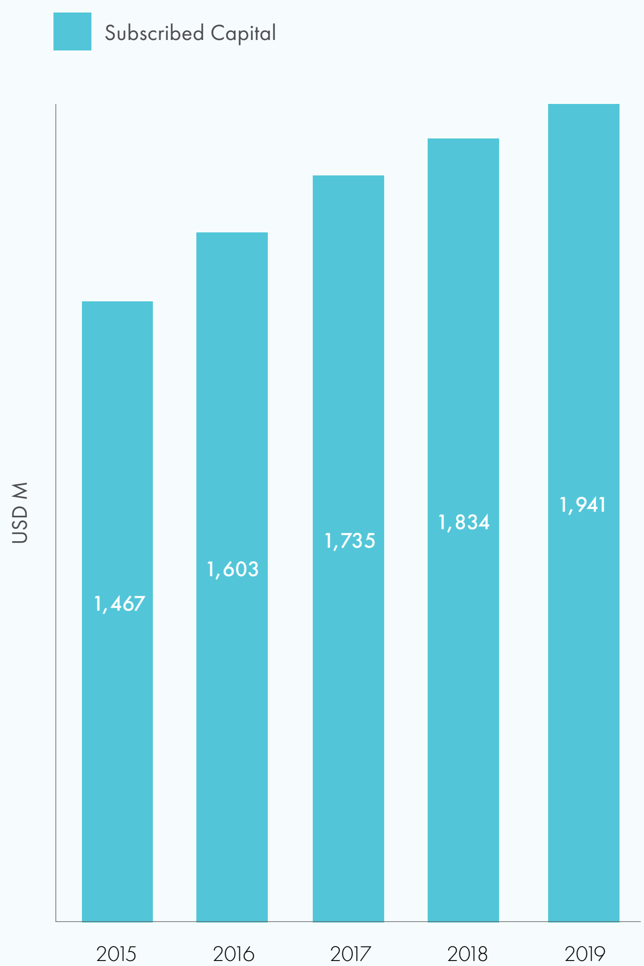
Additionally, existing shareholders continued to show strong confidence in the Bank by investing even more in its capital. In that spirit, the Rwanda Social Security Board (RSSB), one of TDB's existing institutional shareholders, purchased USD 4.00 million worth of additional Class B shares. Likewise, among existing Class A shareholders, several Member States stepped-up their commitments by subscribing to additional class A shares.

Overall, in 2019, the Bank was able to raise USD 114.44 million in new equity, including the dividends re-invested by Class B shareholders.

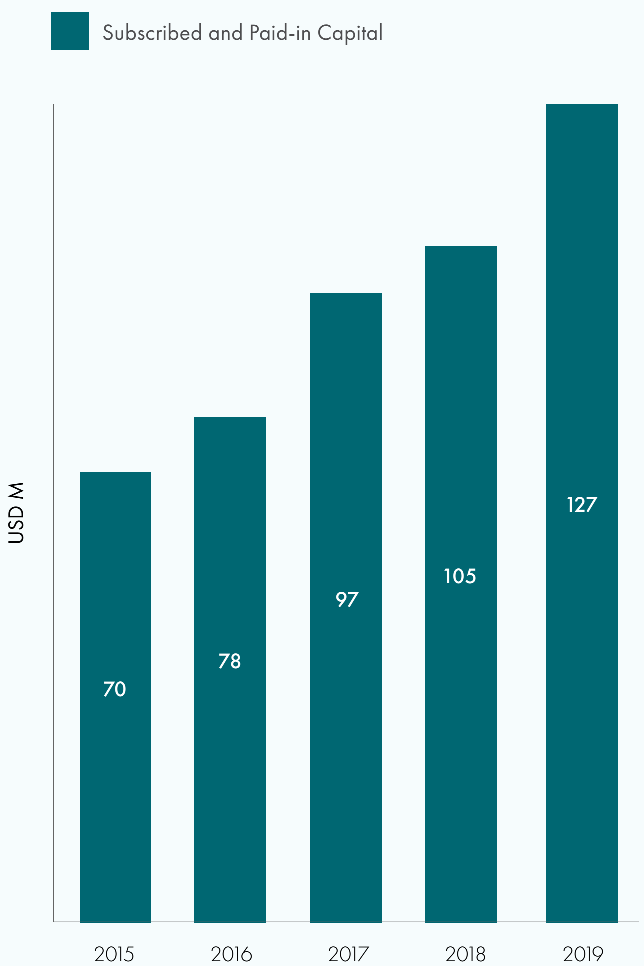
Evolution of TDB Total Equity over the Past 10 Years



Class A Share Capital



Class B Share Capital



RECOGNITIONS

2019 AWARDS

EMEA FINANCE - AFRICAN BANKING AWARDS 2019

Best Foreign Investment Bank, Kenya

For arranging the ground-breaking USD 1.25 billion sovereign facility to the Government of Kenya for essential infrastructure projects.

AFRICA INVESTOR - AFRICA INFRASTRUCTURE INVESTMENT AWARD 2019

Ai Regional Infrastructure Investment Initiative of the Year

For TDB's USD 99.20 million senior loan facility, with Crédit Agricole as the lead arranger, for the Coral South Floating Liquefied Natural Gas (FLNG) transformational project in Mozambique – set to be the world's first ultra-deep-water FLNG unit.

AFRICAN BANKERS AWARDS 2019

African Banker of the Year

For Admassu Tadesse, TDB President & Chief Executive. The 'African Banker of the Year' Award, announced on the sidelines of the annual meetings of the African Development Bank, celebrates influential and inspirational captains of Africa's banking industry: those who demonstrate outstanding integrity, and who through their leadership and outstanding vision, are exceptionally agile in achieving a strong financial performance and playing an active role in enhancing socio-economic empowerment and development in the region they serve.

Infrastructure Deal of the Year

For TDB's USD 100.00 million senior loan facility, jointly with Crédit Agricole as the lead arranger, for the Coral South Floating Liquefied Natural Gas transformational project in Mozambique – set to be the world's first ultra-deep-water FLNG unit.

ASSOCIATION OF AFRICAN DEVELOPMENT FINANCE INSTITUTIONS (AADFI)

In further recognition of its efforts in promoting good corporate governance and risk management practices, the Bank achieved an overall score of 97% and a notation of AA (Excellent) as part of the 9th Peer Review process conducted by AADFI under the Prudential Standards, Guidelines and Rating System (PSGRS) for African Development Banks and Finance Institutions.

CUSTOMER AND PARTNER SATISFACTION SURVEY

The shareholders, customers and partners of the Bank indicated a high level of satisfaction with the Bank's performance, as demonstrated by a score of 4.45 out of 5, which the Bank attained in the 2019 Customer and Partner Satisfaction Survey conducted by an independent research organisation. Specifically, the survey highlighted stakeholders' appreciation for TDB's innovative approach to business and solutions, efficiency, experienced and knowledgeable staff, responsiveness, simple processes, and understanding of stakeholders' unique perspectives.

4.45/5

| Image courtesy of TDB

SUSTAINABILITY

SUSTAINABILITY REPORTING STATEMENT

Consistent with the Bank's solid and sustainable financial performance, TDB is intently focused on the social and environmental aspects of its business operations and interventions. The Bank is committed to supporting projects and programmes that seek to meet the United Nation's SDGs, the principles of the Paris Agreement, and the African Union's Agenda 2063.

Sustainable Environmental and Social Framework

In fulfilling its mandate, the Bank concentrates on financing sectors and projects that promote environmentally and socially responsible and sustainable activities, that minimize negative impacts to the environment, while at the same time promoting economic growth and more equitable societies within the Bank's Member States. With respect to sustainability, the Bank's medium-term goal is to be a leader in designing and funding climate solutions for the region in which it operates, with renewable energy already constituting a significant portion of the Bank's energy portfolio.

"While Africa contributes little to climate change, it is greatly exposed to its risks and therefore needs appropriately priced and tenored capital, and technology to drive growth, particularly in the renewable energy space."

Admassu Tadesse
President and Chief Executive, TDB

In line with its commitments and ambitions with regards to sustainability, TDB's investment activities are now backed by robust Environmental, Social, and Governance (ESG) criteria benchmarked against international best practices and aligned to the Bank's Enterprise Risk Management Framework (ERM). Accordingly, the Bank has an established investment screening procedure for ESG related risks, which also serves to identify climate-related financing opportunities and track the impact of the Bank's investments.

The Bank's ESG policy framework is reviewed annually to define prohibited activities, regulate restricted activities, and further assess impacts in alignment with Equator Principles where applicable. Additionally, to ensure the effective implementation of the framework, all staff involved in the management of a transaction's cycle are trained in ESG risk identification and management. As at 31 December 2019, more than 75 staff members from operational departments had attended various ESG-related training programs.

To ensure that the Bank's ESG policy framework and implementation strategies are in line with best practices, TDB endeavors to align its policies and procedures with the Multilateral Development Banks (MDB)/ International Development Finance Club (IDFC) Common Principles in terms of objectives, strategy, process for project evaluation and selection, staffing, and reporting of impacts on climate finance.

TDB has been a member of IDFC since 2017. The partnership with IDFC supports the Bank's strategy around climate finance, focusing on the mobilisation of resources to fund financially sustainable and transformational projects with the strategic goal of facilitating intra and extra regional trade, and promoting regional integration and structural transformation in its member countries. It is the Bank's view that financing sustainable infrastructure projects will allow the region it serves to experience transformational economic growth while transitioning to a climate resilient future.

The realisation of the Bank's commitment to sustainability will necessitate additional and sometimes dedicated funding sources. To allow access to such additional funding options, the Bank is in the process of applying for accreditation by the Green Climate Fund (GCF), a fund which was set up by the United Nations Framework Convention on Climate Change (UNFCCC) in 2010 to help developing countries reduce their greenhouse gas emissions and enhance their ability to respond to climate change.

Once accredited, the Bank hopes to access competitive funding suitable for green projects, which are often perceived to be high risk, requiring long repayment periods, and offering low financial returns.

DEVELOPMENT OF SUSTAINABILITY REPORTING FRAMEWORK

To help track the Bank's progress on sustainability, the Bank is due to publish its inaugural Sustainability Report in 2020. The report will demonstrate how the Bank, by pursuing its strategic objectives through various business lines, contributes to the progress of SDGs in Member States as summarised in the table below:

STRATEGIC OBJECTIVE	Economic and Social Development of Member States	Development of Trade	Economic Integration
Line of Business	Trade Finance Project & Infrastructure Finance	Trade Finance SME Programs Project & Infrastructure Finance	Trade Finance Project & Infrastructure Finance
Directly Impacted SDGs	Social	Economic	Environmental
Indirectly Impacted SDGs			

CORPORATE SOCIAL RESPONSIBILITY

As part of a multi-country natural disasters assistance programme, in 2019, TDB extended USD 300,000 in grant funding to assist the victims of Cyclone Idai and Cyclone Kenneth in Mozambique, Malawi, and Zimbabwe.

In addition, in 2019, TDB supported the 'Cow in the Car' project in Rwanda, in conjunction with Rwanda's National Industrial Research and Development Agency (NIRDA) and other partners, with a grant of USD 150,000. The project aims to provide support for entrepreneurs by scaling up opportunities for innovation around the cow and cow by-products, especially within the leather, medicinal and creative arts sectors.

PARTNERSHIPS

During the period under review, TDB continued to expand and deepen its partnerships, by signing seven memoranda of understanding with new and existing partners, including the OPEC Fund for International Development (OFID), the Investment Fund for Developing Countries (IFU), the United Nations Environment Programme (UNEP), FinDev Canada, Korea Overseas Infrastructure & Urban Development Corporation (KIND), Agence Francaise de Développement (AFD), and PowerChina.

OFID
THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT

UNEP

INVESTMENT FUND FOR DEVELOPING COUNTRIES

FinDev Canada

KIND
Korea Overseas Infrastructure & Urban Development Corporation

AFD
AGENCE FRANÇAISE DE DÉVELOPPEMENT

中国电建
POWERCHINA

| Image courtesy of Adobe Stock

OPERATING ENVIRONMENT

INTERNATIONAL ECONOMIC ENVIRONMENT

Global economic growth declined in 2019 precipitated by unresolved trade tensions, elevated international policy uncertainty, and climate risks. There were also country-specific weaknesses in large emerging market economies such as Brazil, India, Mexico, and Russia. The world economy experienced worsening macroeconomic stress related to tighter financial conditions (Argentina), geopolitical tensions (Iran), and social unrest (Venezuela, Libya, Yemen). Additionally, the 2019 world economic landscape was overshadowed by trade tensions in particular between China and the United States.

The year 2019 also witnessed developments leading to Britain's exit from the European Union on 31 January 2020. Brexit has accorded a new opportunity for the UK to forge a new set of international alliances, trading arrangements, and stronger links between Britain and Africa. To this end, the UK hosted the UK-Africa Investment Summit in London on 20 January 2020 and brought together businesses, governments, and international institutions across Africa. The Summit also strengthened the UK's partnership with African nations and mobilised new and substantial investments to create jobs and boost mutual prosperity.[1]

Earlier in 2019, Russia also held its debut Russia-Africa Summit, following on similar Africa focused economic partnership summits with China, the US, the EU, Japan, India and some others. This signaled a more novel entry by Russia onto the African trade, investment and economic development scene.

1. UK Government 'UK-Africa Investment Summit 2020' https://www.gov.uk/government/topical-events/uk-africa-investment-summit-2020/about

Africa

2019 was a remarkable year for Africa because of the African Continental Free Trade Area (AfCFTA) declaration which was signed by 44 African Union Members in the prior year. The AfCFTA is expected to catalyse intra-African trade and growth with a positive impact on economic diversification, industrialisation, and development of the continent. Intra-African trade is projected to rise by 15% to 25% as a result of the implementation of the AfCFTA. Additionally, the AfCFTA will help accelerate the continent's industrialisation and structural transformation agenda, as manufactured products make up 46% of intra-African trade and only 22% of Africa's trade is with the rest of the world. It is also projected to facilitate the increase in Africa's industrial exports by more than 50% over a period of 12 years.[2] This could promote the type of trade that would create jobs in Africa and establish opportunities for nurturing Africa's businesses and entrepreneurs.[3]

TDB OPERATING SUB-REGIONS

East Africa

TDB's East Africa sub-region includes four Member States, namely Kenya, Rwanda, Tanzania, and Uganda. East Africa's was the fastest growing sub-region of Africa in 2019 due to continued investments in public infrastructure, expansion in the services sector, and strong private consumption. Rwanda was the sub-region's fastest growing economy with over 7.8% in GDP growth in 2019, followed by Tanzania (6.6%), Kenya (6.0%), and Uganda (5.3%). The prospects of sustained economic growth in the sub-region remain positive, with average growth projected at 6.1% in 2020.[4] Oil and gas exploration, favourable weather, and enhanced integration in regional economic communities, and the AfCFTA present substantial growth opportunities beyond the 2019–2020 outlook.

A key policy issue emerging in East Africa is structural transformation which has important implications for employment and poverty reduction as it seeks to address the region's terms of trade deterioration, vulnerability of countries to external shocks and indebtedness, and low-quality growth. Another significant policy issue is the regional integration which has been bolstered by the signing of the agreement establishing the AfCFTA by almost all East African countries as well as by IGAD member countries' active involvement in peace and security matters. Natural gas and oil discoveries in Kenya, Tanzania, and Uganda remain important drivers of, and opportunities for, further regional integration.

Southern Africa

TDB's Southern Africa sub-region comprises four Member States: eSwatini, Malawi, Zambia, and Zimbabwe. GDP growth in the Southern Africa sub-region has been sluggish, falling from 4.0% in 2010 to 1.2% in 2018 and gradually picking up to approximately 2.0% in 2019,was lower than in other sub-regions.[5] The subdued growth was a result of, among other factors, Cyclone Idai which affected the livelihoods of more than 2.6 million people in Mozambique, Malawi, and Zimbabwe.[6] Zambia's GDP showed slow growth due to adverse climatic conditions, high debt burden and low demand and process for copper which continued to plague the economy. Zimbabwe was reeling under the weight of macro-economic instability, high input costs, debt burden, inadequate infrastructure and high unemployment levels while growth for Malawi was negatively affected by high dependency on agriculture which suffers climatic shocks and causes growth volatility.

Efforts towards diversification were limited across the sub-region, held back by, limited local capital mobilisation, narrow tax bases, and low levels of foreign investments and vagaries of weather. Fiscal policy in the sub-region continues to be guided by a commitment to fiscal discipline aimed at reducing public debt and consolidating and rebalancing expenditures between capital investments and high recurrent expenditures.

Encouraging financial inclusion will ensure that all interested economic agents – households, business, and government – drive inclusive growth. Universal access to finance stimulates economic growth and allows micro, small, and medium size enterprises to prosper.[7] The sub-region's economic outlook is positive as the economies rebound from the effects of the Cyclone.

Franco-Lusophone Africa

TDB's Franco-Lusophone sub-region comprises seven Member States: Comoros, Mauritius, Burundi, Seychelles, the Democratic Republic of Congo (DRC), Mozambique, and Madagascar. The

2. UN World Economic Situation and Prospects 2019
3. UNECA: "AfCFTA will spur Africa's industrialization and economic development, says ECA's David Luke", 19 September 2018
   Available at: https://www.uneca.org/stories/afcfta-will-spur-africa%E2%80%99s-industrialization-and-economic-development-says-eca%E2%80%99s-david-luke
4. IMF Economic Outlook Database 2019: "Report for Selected Countries and Subjects", https://www.imf.org/external/pubs/ft/weo/2019/02/weodata/weorept.aspx
5. AfDB: "Southern Africa Economic Outlook 2019". Available at: https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/2019AEO/REO_2019_-_Southern_africa.pdf African Development Bank. Southern Africa Economic Outlook 2019
6. Oxfam International: "Cyclone Idai in Malawi, Mozambique and Zimbabwe" https://www.oxfam.org/en/what-we-do/emergencies/cyclone-idai-malawi-mozambique-and-zimbabwe
7. World Bank Economic Outlook 2019

sub-region had a combined GDP of about US$ 100 billion in 2019. An important economic event that involved at least four of the sub-region's countries was the EU-Economic Partnership Agreement (EPA) negotiations which were launched at a political level on 2 October 2019 in Mauritius. EU-EPA partners include Comoros, Madagascar, Mauritius, Seychelles, and Zimbabwe. Both sides to the negotiations aim for an amenable agreement on a wide range of trade topics, building upon the existing agreements covering market access for goods and development cooperation.[8]

Averageaverage GDP growth in the Franco-Lusophone sub-region was 3.3%[9] between 2018 and 2019. The growthgrowth rate for four countries (Mauritius, Burundi, Seychelles, and the DRC) was close to the region's average growth rate, while the most rapid GDP growth in the region was experienced by Madagascar at 5.2%, which was largely driven by outstanding performance in the country's agricultural sector[5]. Modest economic growth rate of below 2.0% was experienced in the Comoros and Mozambique, largely due to Cyclones Kenneth and Idai.

The outlook for TDB's Franco-Lusophone sub-region in 2020 is promising with an expected average growth rate of 4.1% in 2020. Strong growth rates of at least 5.3% and 5.8%, respectively, are expected for Madagascar and Mozambique. Other countries in the Franco-Lusophone sub-region are projected to attain an average GDP growth rate of 3.5% in 2020. The strong growth is anchored on various aspects including in tourism and fishing (Seychelles); diversification into higher value-added sectors (Mauritius); and, public and private investments in infrastructure such as port, airport, roads, energy (Madagascar). DRC is to benefit from a medium-term IMF-supported programme, while the Comoros obtained financing to relaunch socio-economic, production, private sector support to infrastructure, and stabilisation of the energy sector.[10]

Northeast Africa

TDB's Northeast Africa sub-region consist of seven countries, namely Sudan, Djibouti, Egypt, Ethiopia, South Sudan, Eritrea (inactive), and Somalia (inactive). This sub-region experienced significant political and economic developments in 2019. Developments in Sudan resulted in change of the country's top leadership. Ethiopia continued to implement various reforms under the country's new leadership resulting in the strengthening of key economic activities, improvement of relationships with neighbouring countries, and enhancement of governance of state-owned enterprises. Egypt continued with the implementation of macroeconomic and structural reforms and improvements in the business environment, while Djibouti increased its trade with its neighbours. South Sudan reopened some oil fields in 2019 and resumed production following the peace agreement signed in September 2018.

The average GDP growth rate for this sub-region stood at about 4.9%[8] between 2018/2019. Ethiopia had the highest growth rate at 7.4% followed by Djibouti at 7.2%. South Sudan's growth was an estimated 5.8% in 2019, whilst Egypt posted a growth rate of 5.6% following the successful implementation of macroeconomic and structural reforms. Sudan's growth declined by about 2.4% due to a slow-down in the services sector and in investments in real estate and business services. Somalia's economy grew by an estimated 2.9% in 2019, up from 2.8% in 2018[5].

GLOBAL ECONOMIC SYNOPSIS IN 2020

International Economic Environment

The year 2020 started on a shaky footing with the outbreak of the COVID-19 pandemic which first hit China in December 2019 and quickly spread to all other parts of the world. By the end of the first quarter of the year, many countries had put in place stringent measures to combat the spread of the pandemic, which included national lockdowns and restrictions in movement. All sectors of the world economy have been adversely affected. The transport sector, and the aviation industry in particular, has almost ground to a halt with imposition of travel restrictions as many airlines have had to scale down or completely cease passenger flights. The health sector has been tightly stretched in response to the pandemic but has also experienced significant reductions in demand from non-COVID-19 patients, while the hospitality sector has experienced sharp decline in tourism and hotel occupancy rates. Unemployment has reached unprecedented highs, especially in less developed countries which are highly dependent on the informal sector and where Small and Medium-Size Enterprises (SMEs) are a substantial part of the economy. As the pandemic rages on with no clear picture of when it will abate or its full impact on national economies, the outlook for 2020 and beyond is currently uncertain, but most analysts suggest that a general recession, far worse than the economic meltdown experienced a decade ago, should be expected.

The direction of the economic recovery trajectory will largely depend on many factors, including the pandemic's severity globally,

8. European Commission (2020) ". EU and five Eastern and Southern African countries kick off negotiations to deepen trade relations". Available at https://trade.ec.europa.eu/doclib/press/index.cfm?id=2102. January 2020
9. Worked out computer based on data obtained from economic reports published by the World Bank and the African Development Bank.
10. African development Bank, "Comoros Economic Outlook," available at https://www.afdb.org/en/countries/east-africa/comoros/comoros-economic-outlook

its progression and duration, the related impact on consumer confidence and spending, as well as the containment measures and the effectiveness of the stimulus packages that countries have put in place in response to the effects of the pandemic among others, all of which are highly uncertain and cannot be predicted. In the wake of these many uncertainties around the COVD-19 pandemic and its impact on the world economy, the International Monetary Fund (IMF) has predicted negative global economic growth for 2020 at -3%, down from 2.6% posted in 2019[11]. The growth is however expected to rebound albeit weaker than earlier projected and slowly by 5.8% in 2021 should the pandemic diminish towards end of the year as per the report.

Sub-Saharan Africa

African countries generally are likely to suffer the brunt of the economic effects of the COVID 19 pandemic the most. With developed countries channelling their funds inward in response to the pandemic, capital flows to less developed countries are likely to dwindle. Africa is highly dependent on the informal sector. Compounded with restrictions on travel and national lockdowns, many small-scale businesses are likely to wind-up, creating a knock-on effect on unemployment and a further strain on the already over-stretched national resources. Furthermore, most African countries do not have robust health care systems to deal with emergencies on the scale that this pandemic has presented. Added to this, Africa's trading partners' economies are equally projected to shrink in 2020, with the Euro zone projected to experience negative GDP growth at -7.5% while China could slow-down to GDP growth at 1.2%, considerable declines from the 2019 levels of 1.2% and 6.1%, respectively.

GDP of Sub-Saharan Africa, where most of TDB's Member States are, has been projected by the IMF to shrink by -1.6% in 2020, which is 520 basis points from the earlier projected level but anticipated to grow by 4.1% in 2021 should the pandemic abate during the last half of 2020. The major drivers for the negative growth include disruption in production and global supply chains and dampened demand for goods and services, reduced external financing and investments, and a sharp decline in oil prices which will greatly affect oil exporting countries[12]. In addition to the effects of COVID-19, the contraction in growth for the region in 2020 is attributed to adverse climatic and other natural affects in Eastern Africa, policy reforms in Ethiopia and structural adjustments in South Africa[13].

On the backdrop of the uncertainties regarding the COVID-19 pandemic, McKinsey & Company has modelled four scenarios that are likely to emerge on the pandemic's impact on African economies in 2020.

1. Contained Global and Africa Outbreak - A recovery globally and isolated cases in Africa would mean Africa's GDP would contract from the forecasted 3.6% growth for 2020 to 0.4%;
2. Resurgent Global Outbreak and Africa Contained - Large spread globally but isolated cases in Africa would see Africa's growth fall to -1.4%;
3. Contained Global Outbreak and Africa Widespread - Major outbreaks in Africa would significantly slow down the continent's growth to -2.1%; and
4. Resurgent Global Outbreak and Africa Widespread - If the pandemic continues unabated in Africa and globally, Africa's GDP would suffer a significant negative growth at -3.9%.

Therefore, concerted efforts by both governments and the private sector to combat the spread of COVID-19 and minimize the impact of the pandemic on national economies is critical to avoid a total eclipse of the global economy.

11. International Monetary Fund. World Economic Outlook. April 2020.
12. McKinsey & Company-Tackling COVID-19 in Africa. April 2020
13. International Monetary Fund. World Economic Outlook. Sub-Saharan Africa. April 2020

| Image courtesy of TDB

FINANCIAL PERFORMANCE

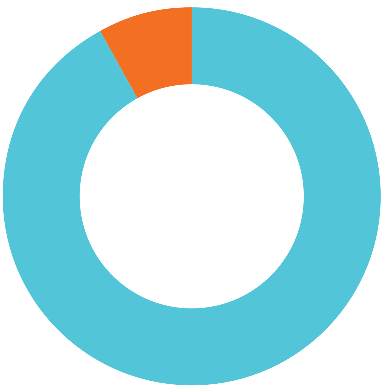
INCOME

In 2019, the Bank's gross interest income grew by 12% to USD 405.73 million from USD 361.59 million in 2018. The increase is attributed to the 19% growth in both the Project and Infrastructure Finance (PIF) and Trade Finance (TF) loan portfolios. Trade Finance contributed 52% of gross interest income.

Gross Interest Income (in USD million)

From Investments - **8%**
2018: **32M**, 2019 **33M** △5%

From Lending - **92%**
2018: **330M**, 2019 **372M** △13%



December 31, 2019 **406M** △12%
December 31, 2018 **362M**

Income from Lending (in USD million)

Project Finance - **44%**
2018: **125M**, 2019 **163M** △30%

Trade Finance - **56%**
2018: **204M**, 2019 **210M** △3%

December 31, 2019 *372M* △13%
December 31, 2018 *330M*

Total interest and corresponding expense increased by 10% from USD 205.19 million in 2018 to USD 226.64 million in 2019. Interest expense on long-term and short-term borrowings rose by 12% from USD 198.47 million in 2018 to USD 221.57 million, due to the rise in the cost of borrowing, reflecting the USD 891.49 million increase in total borrowings. The 21% growth in borrowings is in line with the 20% growth in the Bank's total assets. Other borrowing costs decreased by 25% from USD 6.72 million in 2018 to USD 5.06 million in 2019. Consequently, net interest income grew by 15% to USD 179.09 million from USD 156.40 in 2018.

Net fees and commission income increased by 64% from USD 44.19 million in 2018 to USD 72.39 million in 2019. The increase was anchored on more-than-double increase in PIF fees from USD 12.99 million in 2018 to USD 35.42 million in 2019. Trade Finance fees also grew by 18% from USD 31.21 million in 2018 to USD 36.97 million in 2019.

Risk mitigation costs (comprising Risk Down-selling and Insurance costs) for 2019 amounted to USD 35.98 million compared to USD 34.54 million in 2018, a marginal 4% increase. The Risk Down-selling costs represent fees paid to acquirers of loan assets distributed via the secondary market. This is in line with the Bank's secondary loan trading and asset distribution activities to manage obligor, sector, and geographic prudential limits.

Risk Mitigation Costs (in USD million)

Risk Down-Selling Costs - 5%
2018: 2M, 2019 2M ▽18%

Insurance Cover Costs - 95%
2018: 32M, 2019 34M △6%

December 31, 2019 36M △4%
December 31, 2018 35M

Down-selling further provides the Bank with room to book new assets and generate incremental fee income. Insurance allows the Bank to obtain capital relief, while serving as a risk mitigant against credit, currency convertibility, and externalisation risks. Since December 2016, the Bank has been insuring 60% of its callable capital, credit enhancing it and effectively improving the average rating of its key shareholders. The risk mitigation measures are considered part of the Bank's overall credit positive initiatives contributing to the Bank's attainment and retention of its investment grade credit rating.

Operating income increased by 20% to USD 237.52 million in 2019 from USD 197.50 million in 2018. This is mainly as a result of growth in interest and fee income in 2019 as discussed above.

NET FEES AND COMMISSION

72M
December 31, 2019

44M
December 31, 2018

+64%

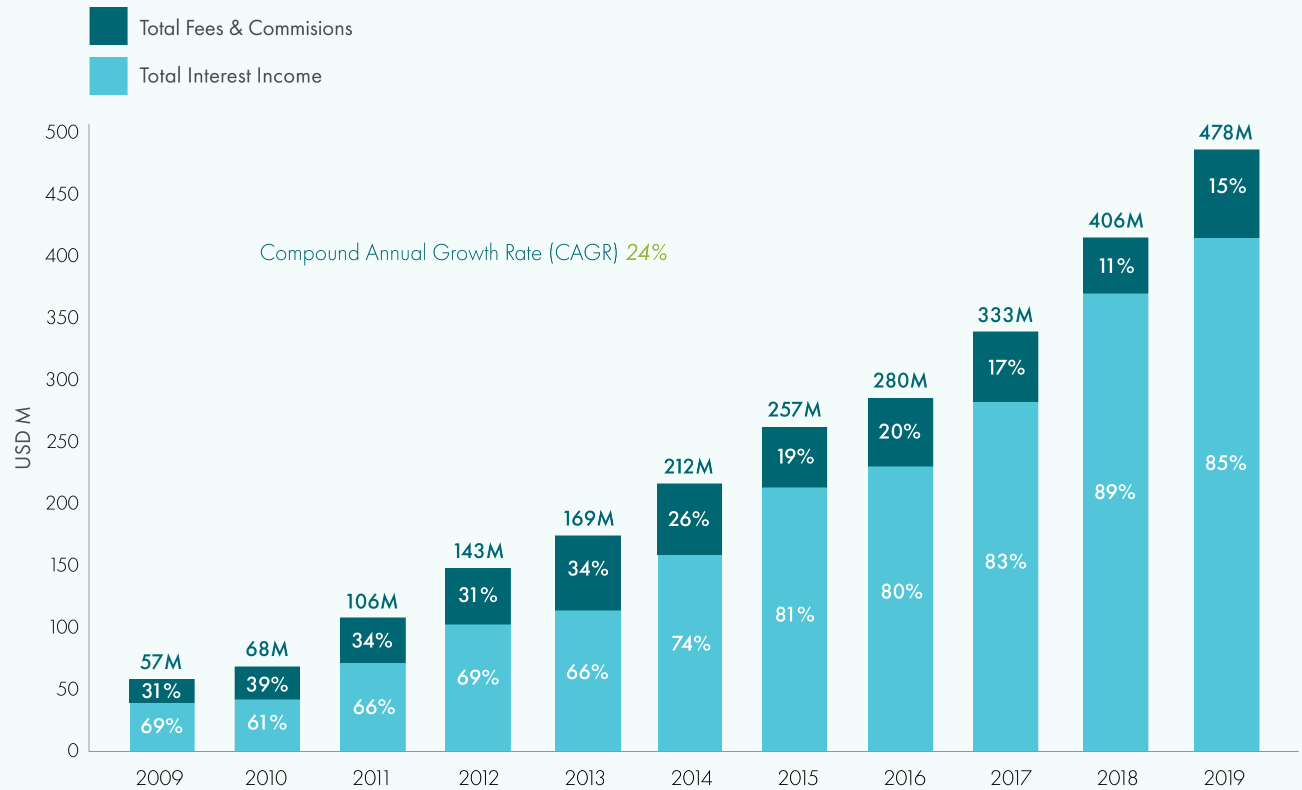
OPERATING INCOME

238M
December 31, 2019

198M
December 31, 2018

+20%

Income Trend (2009-2019)



OPERATING EXPENDITURE

Operating expenditure increased marginally by one percentage point from USD 40.71 million in 2018 to USD 41.04 million in 2019. The steady result in 2019 is attributable to the Bank's implementation in 2018 of most of its strategic initiatives whose focus was to expand operational capacity with a new coverage and business development model, as well as a strengthened lending operations department.

IMPAIRMENT

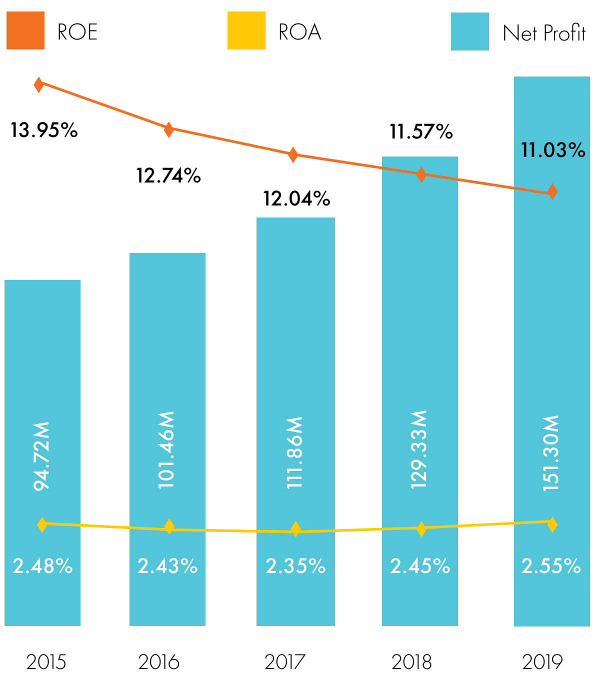
Impairment charge on PIF and TF loans increased by 79%, from USD 23.16 million in 2018 to USD 41.49 million in 2019. This is due to a downgrade of two accounts from stage two to stage three, resulting in extra provisions of USD 20.00 million. The overall impairment provisions in 2019 are based on a comprehensive review of the portfolio carried out by the Bank in December 2019. The Bank adopted International Financial Reporting Standard 9 (IFRS 9) - Financial Instruments in 2018 which uses the "Expected Credit Loss (ECL)" model to derive impairment provisions.

PROFITABILITY

For the year 2019, the Bank made a net profit of USD 151.30 million, which is an increase of 17% from USD 129.33 million realised in 2018. This compares favourably with the annual budget of USD 135.81 million. The profitability achieved in 2019 exceeds by 4% the USD 146.10 million level projected for 2019 in the Bank's Sixth Five-Year Corporate Plan 2018 2022 (FYCP-VI). The 17% growth in profitability over 2018 is attributable mainly to the increased interest income as well as the turn-around in fee income. The ROE decreased modestly from 11.57% in 2018 to 11.03% in 2019 due to the increase in impairment charge, but was above the budget target of 10.74%, while the ROA increased from 2.45% in 2018 to 2.55% in 2019 but fell one basis point below the 2019 budget target of 2.56%.

The modest decrease in the Bank's ROE in recent years is explained by a combination of factors: a) increased general provisioning as part of the process of preparing for the implementation of IFRS 9, and b) the strategic decision to invest in increased risk mitigation via partial insurance of the loan portfolio, and credit enhancement of the Bank's callable capital as part of strengthening the Bank's risk profile and credit ratings, which have consequently been upgraded during these years. As indicated earlier, the Bank in 2019 spent USD 35.98 million in risk mitigation.

Profitability (in USD millions)



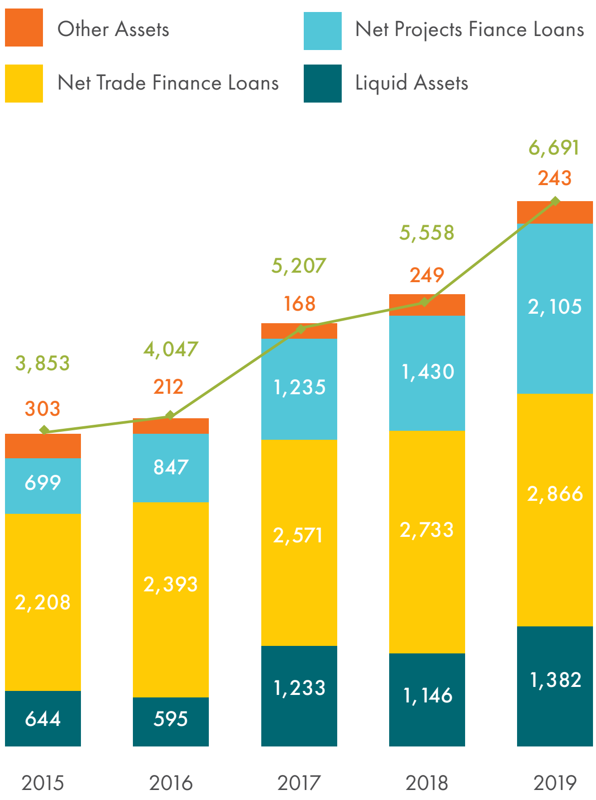
ASSETS

The Bank grew its total assets by 20% over 2018 to USD 6.69 billion, exceeding by 7% the USD 6.27 billion level planned for 2019 in the Bank's FYCP-VI. Of the USD 1.13 billion net asset growth in 2019, USD 675.48 million is attributable to Project Finance loans, whose net balance increased to USD 2.11 billion, up 47% from USD 1.43 billion in 2018, due to new disbursements net of repayments. The PIF gross loan volume also grew by 47% from USD 1.46 billion in 2019 to USD 2.15 billion in 2019. Net Trade Finance loan volume grew by USD 132.99 million, a 5% increase from USD 2.73 billion in 2018 to USD 2.87 billion in 2019 as a result of disbursements net of repayments made during the year while the growth was 4% on gross basis from USD 2.81 billion in 2018 to USD 2.94 billion in 2019. The Bank's net loan book[13] grew year-over-year by 19%. Trade Finance off-balance sheet assets comprising letters of credit more than doubled in 2019 to USD 346.98 million from USD 161.39 million in 2018.

Cash and bank balances increased by 21% from USD 1.15 billion in 2018 to USD 1.38 billion due to receipt of funding from lenders during the year and the need to maintain a healthy liquidity buffer. During 2019, the Bank invested USD 50.00 million in the Eastern and Southern African Trade Fund, a trade fund anchored by the Bank and managed by the Bank's subsidiary Eastern and Southern African Trade Advisors Limited. Another USD 44.99 million was invested in government securities. Other receivables increased marginally by 3% in 2019 to USD 120.42 million from the USD 117.14 level in 2018. Hedging derivatives decreased by USD 13.99 million from USD 54.04 million 2018 to USD 40.05 million due to exchange rate movements. Fixed assets, comprising property and equipment, right of use assets and intangible assets grew to USD 30.59 million in 2019 up from USD 25.56 million in 2018 mainly because of the on-going construction of the Nairobi office building.

13. The Bank's loan book refers to on-balance sheet exposures only. Gross loans are netted off with impairment provisions to arrive at net loans.

Total Assets (in USD millions)



The chart above shows the growth in the Bank's net PIF and TF loans, liquid assets (cash and investments), other assets and total assets over the last five years.

LIABILITIES

The Bank's total liabilities grew by 21% to USD 5.30 billion from USD 4.37 billion in 2018. Short term borrowings increased marginally by 3% from USD 2.38 billion in 2018 to USD 2.47 billion in 2019 whilst long-term borrowings increased by USD 809.50 million from USD 1.78 billion in 2018 to USD 2.59 billion in 2019, representing a 45% increase. Borrowings were received from various lenders and counterparties, including USD 750.00 million from the Eurobond market during the year to fund the Bank's business and to maintain an optimal liquidity buffer. Collection account deposits decreased by USD 23.75 million to USD 95.82 million mainly due to reduction in funds in some local currency accounts. Collection accounts represent cash included in the Bank's cash balances deposited by trade finance clients as part of the facility structure to service maturing instalments, and foreign currency risk on any such local bank account is borne by the clients.

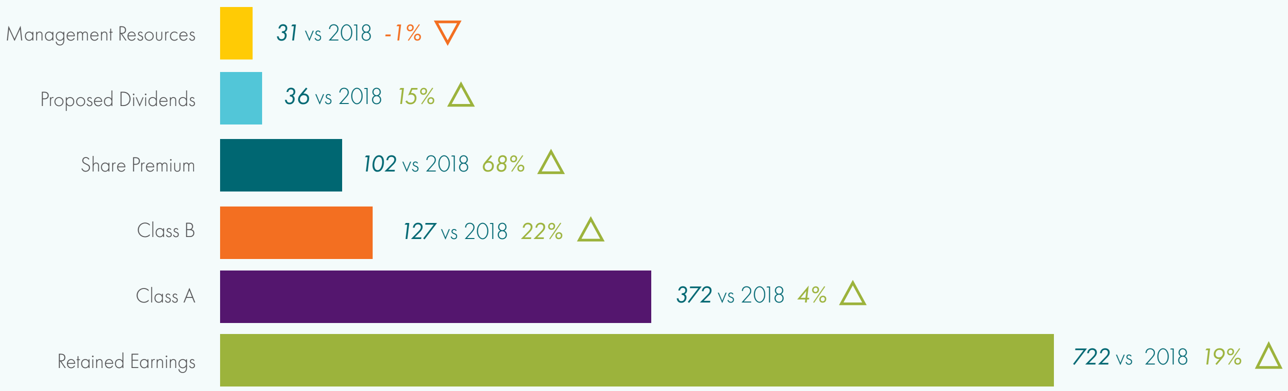
EQUITY

The Bank's shareholders' funds grew by 17% to USD 1.39 billion from USD 1.19 billion in 2018. This compares favourably with, and surpasses by 8%, the USD 1.29 billion projected for 2019 in the Bank's FYCP-VI. Of the USD 197.79 million increase in total equity over 2018, USD 78.73 million was in the form of capital subscriptions including share premium, while USD 151.30 million was from profit for the year, less payment of USD 31.68 million 2018 dividend, less fair value loss on investments and IFRS 16 adjustment amounting to USD 563,356. A dividend distribution of USD 36.31 million is proposed for 2019, representing a pay-out ratio of 24% of the 2019 net profit. A further sum of USD 30.57 million is held in Fair Value and Management reserves which were created in 2018

The fair value reserve arose in relation to equity investments on adoption of IFRS 9 by the Bank while the management reserve was created with Board's approval for cushioning incidents of significant losses.

Shareholders' funds (in USD million)

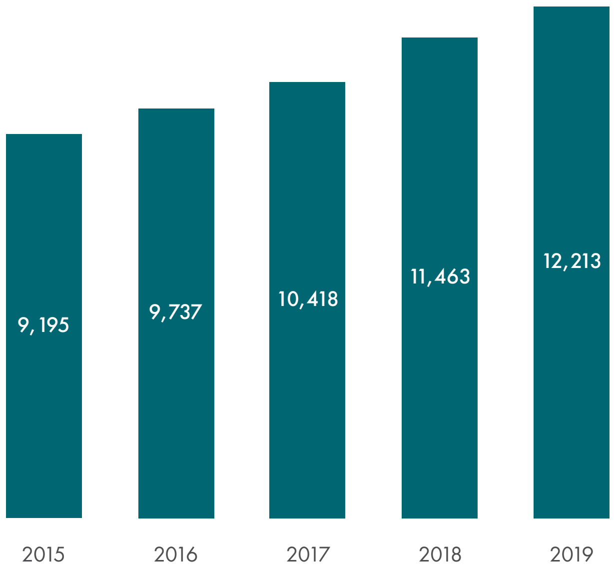
As at 31 December 2019



The graphs below present the growth in the Bank's shareholders' fund performance during the five years to 2019.

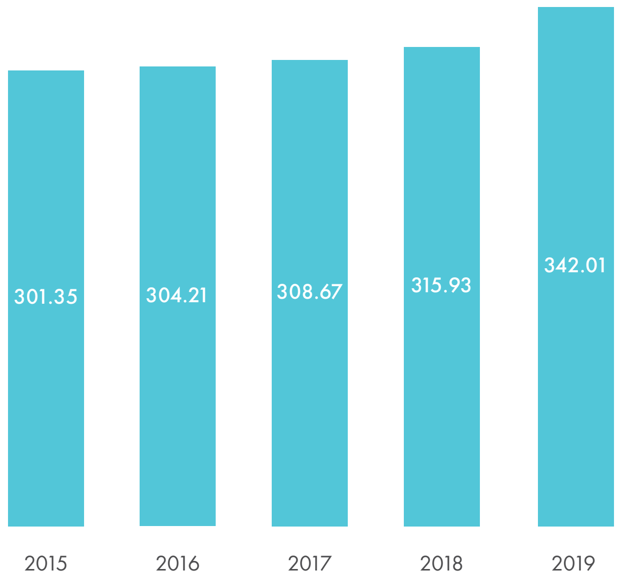
Net Asset Value (NAV)

Growth Trend (2015-2019)



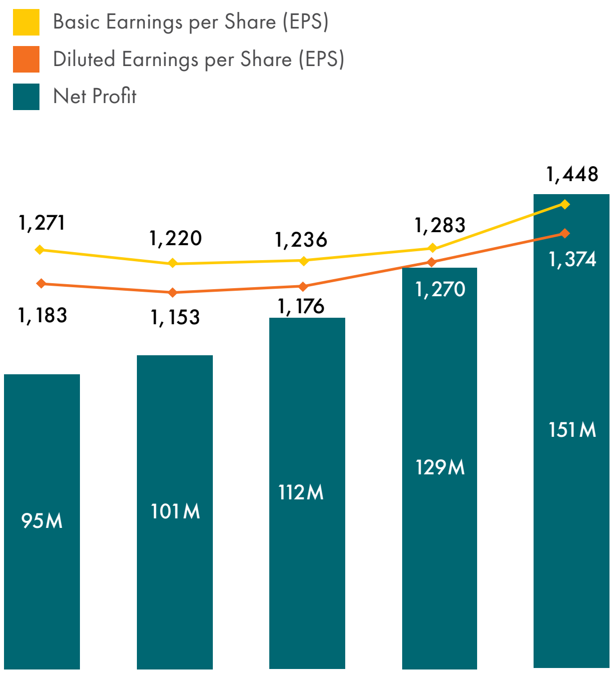
Dividend Per Share (DPS)

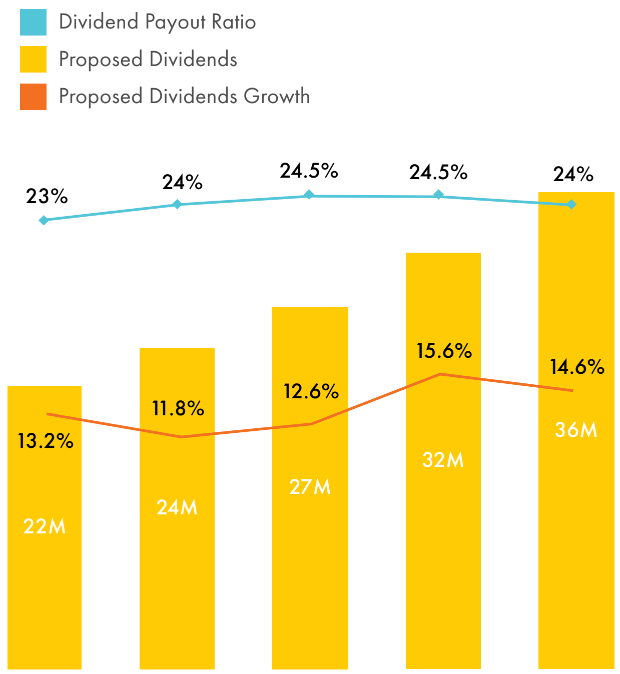
5 Year Trend (2015-2019)



Net Profit, Proposed Dividends, EPS and Ratio

Net Profit and Proposed dividend are in millions USD (EPS and Ratio are not)





Financial Strength Indicators

The table below depicts the Bank's key ratios for the year to December 2019 compared to 2018.

	December 2019	December 2018
PROFITABILITY RATIOS		
Return on Capital Employed	11.03%	11.57%
Return on Assets	2.55%	2.45%
EFFICIENCY RATIO		
Cost to Income Ratio	17.05%	15.45%
LEVERAGE RATIOS		
Total Debt to Equity	364%	349%
Total Capital and Reserves to Total Assets	20.8%	21.4%
Capital Adequacy Ratio	36.1%	35.4%
LIQUIDITY AND PORTFOLIO RATIOS		
Liquidity Ratio	20.66%	20.62%
Gross NPL Ratio	2.33%	2.35%

| Image courtesy of Shutterstock

BUSINESS OPERATIONS

LENDING OPERATIONS

Trade Finance

Trade Finance (TF), the short-term lending window of the Bank, continued to deliver significant impact in key sectors such as energy, agri-business, and financial services thereby promoting trade, financial sector deepening, and regional integration in line with the Bank's mandate.

During 2019, TF accelerated execution of its revitalised strategy focused on financial institutions (FIs), strategic suppliers, and open account trades. Leveraging on TDB's investment grade credit rating, TF continued to roll out limits on FIs across the Bank's footprint to enable letter of credit (LC) confirmations and discounting, refinancing, and forfaiting, addressing the financing gap created by the withdrawal of trade lines previously made available to African FIs by international banks. In 2019 disbursements under FI limits increased by 68% over 2018.

TF onboarded several regional and global suppliers importing and exporting strategic and essential commodities, positioning the Bank to grow with these suppliers from country to country. In recognition of the shifting global trade patterns which are resulting in an increasing proportion of trade being conducted on open accounts, TF began to 'future proof' the business to align with these changing dynamics. Invoice discounting, receivables financing, and other innovative open account based solutions were introduced in 2019. These initiatives widened the Bank's range of products and positioned it for expected future growth in these areas. Additionally, the initiatives, which align to the Bank's strategic goals of portfolio diversification by geography, sector, and product, contributed to strong performance in key metrics such as business volumes and revenues.

TF adopted innovation, efficiency, and customer focus as key overarching drivers in order to remain relevant, deliver high impact, and report consistent returns. In response to clients' requests, TF tested and successfully executed an LC confirmation and discounting transaction on a blockchain / distributed ledger technology platform, becoming the first African development finance institution to do so. This innovation significantly reduced the turnaround time for document checking and acceptance, a highly manual and time consuming but vital part of the process. Further, customer relationship management was enhanced through wider implementation of the Delta Model, a customer-centric approach to strategic management, to deepen customer engagement and facilitate the identification and pursuit of new business opportunities.

Project and Infrastructure Finance (PIF)

During 2019, Project and Infrastructure Finance (PIF), the long-term lending window of the Bank, targeted the priority sectors of infra-structure, energy, manufacturing, and agribusiness. In recognition of the fact that the burden of funding Africa's significant infrastructure gap largely falls on African sovereigns, PIF continued to experience demand from several Member States for sovereign funding related to infrastructure spending. As discussed further in the "Syndications" section of this Report, the Bank structured bespoke bankable and sustainable PIF transactions and crowded in regional and internation-al capital through several syndicated loan transactions to meet this demand.

In 2019, new potential PIF lending opportunities were sourced from new growth markets such as Djibouti, Madagascar, Mozambique, eSwatini, and the Democratic Republic of Congo. PIF also continued to focus on the SME sector due to the critical role which the sector plays in employment creation and development impact.

SYNDICATIONS

During 2019 and in tandem with the strategy adopted under the Bank's Sixth Five-Year Corporate Plan 2018 2022 (FYCP-VI) to develop focused partnerships and enhanced mobilisation of funds to support the Bank's growth, the Bank arranged USD 2.75 billion in syndicated loans for sovereign and corporate clients in its Member States. The Bank mobilized USD 1.67 billion from a diverse network of investors to fund these mandates, representing a mobilisation ratio of 3 times (that is, three US dollars for every dollar the Bank invested in syndicated loans it arranged during the year). Of the funding mobilised, 67% was from African investors, with the balance of 33% raised from non-African investors (19% from Europe, 8% from Asia and 6% from the USA).

During 2019, the Bank, acting as Initial Mandated Lead Arranger (IMLA), successfully arranged a USD 1.25 billion equivalent syndicated loan for the Government of Kenya to fund various infrastructure projects. The dual-currency, dual-tenor facility was oversubscribed 1.2 times, and was structured with a USD 450.00 million seven-year tranche, a ten-year USD 250.00 million tranche, and a EUR 485.00 million seven-year tranche. The Bank raised USD 1.00 billion from the market, of which 60% was mobilised from African commercial banks, and the remaining 40% from non-African commercial banks.

Further, the Bank, acting as IMLA successfully arranged a seven-year USD 1.00 billion syndicated loan for the Government of Tanzania, to fund various infrastructure projects. The facility was oversubscribed 1.3 times, with the Bank raising 31% of the mobilized funding from African DFIs, 38% from African commercial banks, and the remaining 31% from non-African commercial banks.

The Bank also selectively traded its loan assets in the secondary loans market as a core part of ordinary course drives for balance sheet optimization, portfolio management, and loan asset diversification. The Bank successfully distributed USD 400 million of loan assets in the secondary market, with 67% distributed to commercial banks, 33% to funds, alternative investors, and insurers.

As at 31 December 2019, the Bank's syndicated loan portfolio closed at USD 1.97 billion, representing 39% of the total loan portfolio on the Bank's balance sheet, of which 84% comprised syndicated deals arranged by the Bank and 16% represented participations in deals arranged by partner financial institutions.

TDB has emerged as a leading arranger of syndicated loans on the African market, closing the year with a top-ten ranking in all categories of the Bloomberg Africa Syndicated Loans League Table rankings (ranked No. 3 Mandated Lead Arranger, No. 4 Bookrunner, and No.7 Agent).

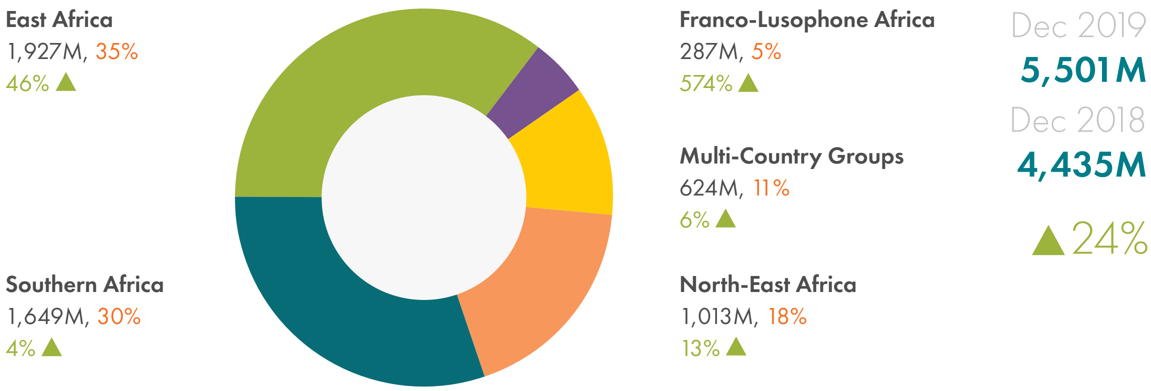
These achievements were as a result of the targeted execution of the Bank's co-financing and syndication strategy, which is based on pursuit of joint mandates with a wide range of syndicate partners, comprehensive automation of asset distribution and agency operations, and proactive secondary loan trading.

COVERAGE REGIONS

2019 was the second year of implementation of the hybrid coverage-product operational model which was implemented starting January 2018 in line with the Sixth Five-Year Corporate Plan 2018 2022 (FYCP-VI). The coverage-product operational model was approved by the Board of Directors in 2017 with the goal of advancing the Bank's diversification thrust and sub-regional presence for new business generation, while further improving the quality of the Bank's portfolio. It was recognised that the coverage-product operational model, an enhancement to the then existing structure, would enable the Bank to increase its deal pipeline and improve Member States' access to the Bank.

The most visible manifestation of the coverage-product operational model is through the establishment of coverage areas. Currently there are four coverage areas, namely North East Africa, East Africa, Southern Africa (Anglophone), and Franco-Lusophone Africa. The coverage areas work in collaboration with the product specialist teams for Trade Finance and Project and Infrastructure Finance housed under Lending Operations.

Gross On & Off-Balance Sheet Lending Portfolio Breakdown per Coverage Region

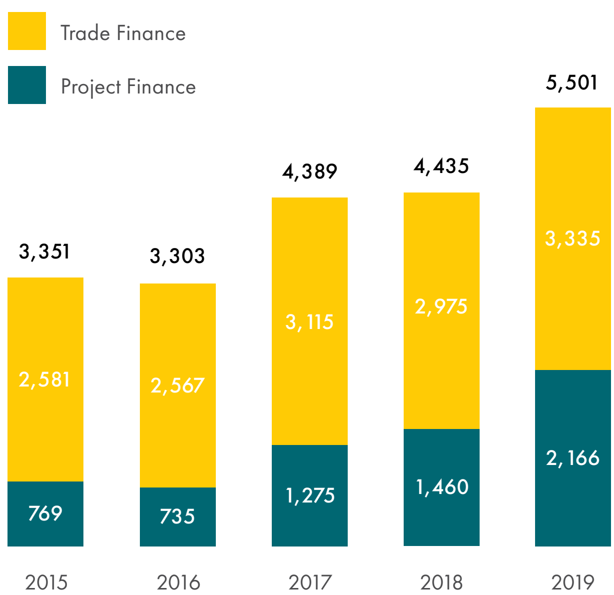


PORTFOLIO

Portfolio split by Business Segment

In 2019, the Bank's overall on- and off-balance sheet exposure[14] grew by 24%, closing the year at USD 5.50 billion as at 31 December 2019. This growth was mainly driven by the Project and Infrastructure Finance (PIF) business segment which grew by 48% from USD 1.50 billion in 2018 to USD 2.20 billion in 2019. The Trade Finance (TF) segment grew moderately by 12% from USD 2.97 billion in 2018 to USD 3.33 billion in 2019. The year-over-year growth was largely attributed to increased cash and LC disbursements arising from the Bank's FI and Strategic Suppliers strategies. The portfolio mix was slightly enhanced by the product, sector, and geographical diversification efforts pursued in 2019.

On & Off-Balance Sheet Exposure (in $ millions)

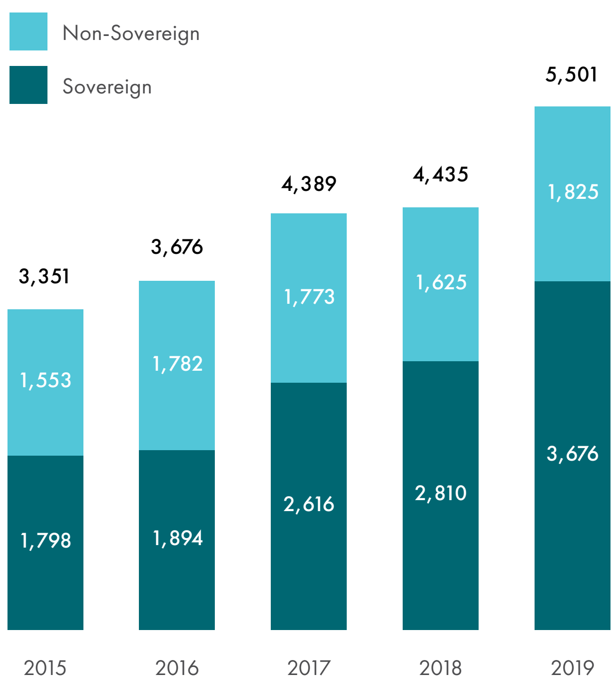


15. The Bank's NPL ratio is computed on the gross on-balance sheet portfolio
14. Off-balance sheet exposure comprises gross loan plus LCs and Guarantees

Portfolio split by Client Segment

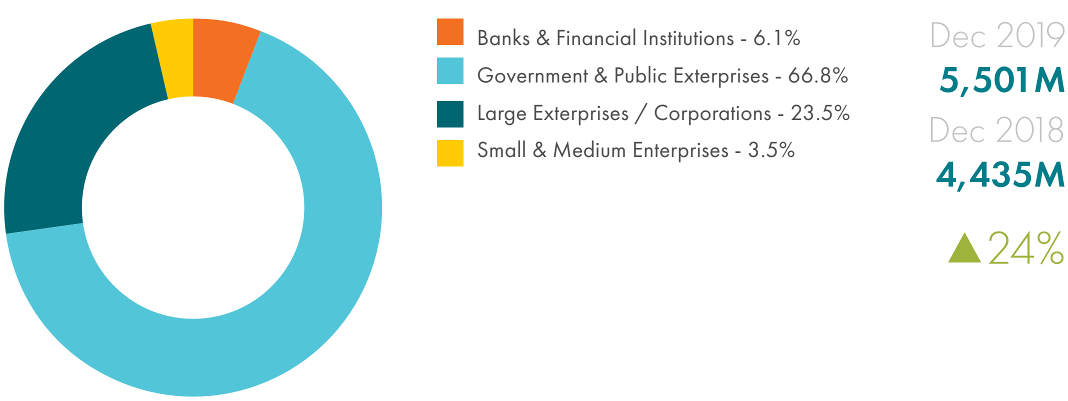
The sovereign portfolio continued to drive portfolio growth in 2019, mainly as part of a portfolio de-risking and diversification strategy for the Bank. As at 31 December 2019, sovereign lending programs had increased by 32%, to USD 3.7 billion from USD 2.8 billion in 2018, while non-sovereign loans increased by 13% to USD 1.8 billion from USD 1.6 billion in 2018. It is critical for the Bank to distribute exposure across well-rated sovereigns to maintain the Bank's strong risk bearing capacity. The significant growth in sovereign exposures is attributable mainly to medium tenor syndicated financing to both Kenya and Tanzania.

Trend on Portfolio-Sovereign and Non Sovereign



The emerging trend on the predominance of sovereign program lending was further evident in the portfolio mix as at 31 December 2019. The facilities made directly to sovereigns and public enterprises comprised 67% of the portfolio. The non-sovereign portfolio was stood at 33%, wherein large enterprises represented 23% of the portfolio, small and medium enterprises accounted for 4%, and banks and financial institutions represented 6% of the portfolio.

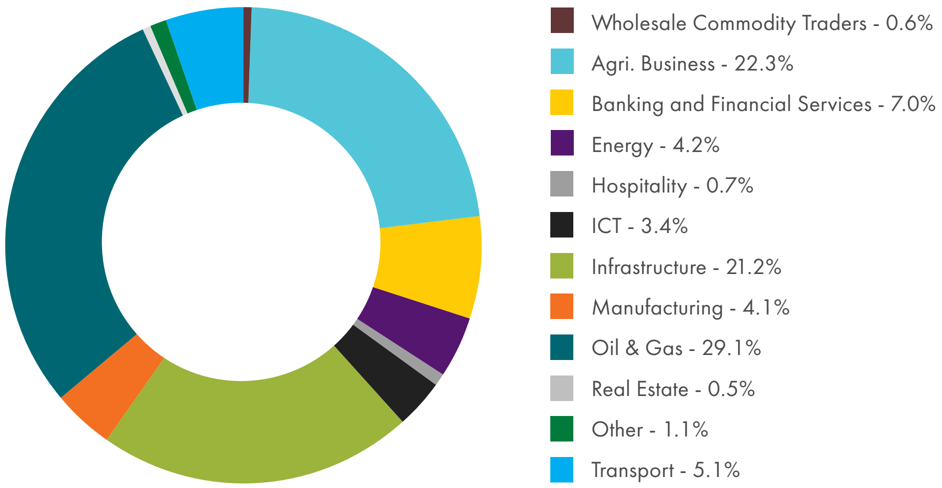
Portfolio Mix



Portfolio split by Sector

The portfolio's sector concentration profile was visibly within the prudential limits, and evenly distributed across the critical sectors that drive economic growth and regional integration in the region where the Bank operates. The top three sector exposures for 2019 were Oil & Gas at 29%, Agribusiness at 22%, and Infrastructure at 21%. The Bank continues to support growth in the Oil & Gas and Agribusiness sectors due to their spillover effects and productive contributions to the economies of Member States. Infrastructure development remains a key priority for the Bank's financial intermediation strategy, owing to the region's infrastructure funding gap and emphatic demand from Member States. Notably, the Bank's exposure to the Infrastructure sector in 2019 increased by USD 574.00 million, 97% growth year-on-year.

Portfolio Exposure by Sector

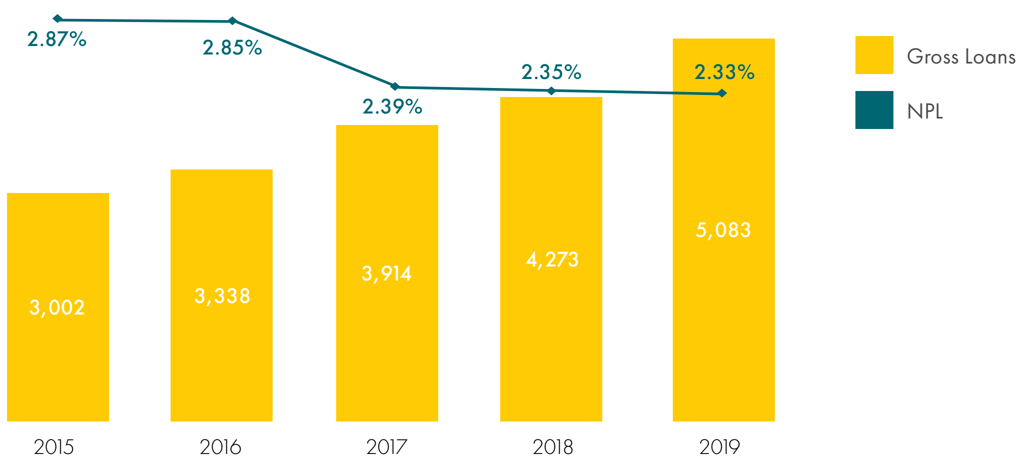


Dec 2019
5,501M
Dec 2018
4,435M
▲24%

Asset Quality

Proactive portfolio risk monitoring and prompt identification of covenant breaches have been key in determining remedial actions and minimizing potential portfolio impairment. The overall quality of the portfolio further improved in 2019, as shown by a downward trend in the NPL ratio, standing at 2.33% (or USD 118.48 million) as at 31 December 2019. The graph below shows NPL trends from 2015 to 2019. The downward trend is attributable mainly to the Bank's systematic approach in managing enterprise wide risk across the credit processes, prudent transaction risk profiling at origination, and proactive risk monitoring. The table to the right shows the Bank's NPL[15] ratio trend over 5 years.

Trend on Portfolio Growth vs Asset Quality



ASSET MANAGEMENT

The highlight for the Bank's asset management operations was the soft launch of the Eastern and Southern African Trade Fund (ESATF) on 1 August 2019, anchored by the Bank with an initial investment of USD 50.0 million. Since the launch, the Eastern and Southern African Trade Advisors Limited (ESATAL), a joint-venture fund manager established between the Bank (with 50% ownership + 1 share) and London-based GML Capital (with 50% ownership - 1 share), has managed the fund to deliver steady returns in line with expectations.

Looking forward, the key areas of focus for the Bank's asset management operations include: (1) growing ESATF by attracting new investors; and (2) developing other special purpose funds and pursuing related business opportunities through partnerships and networks.

ADVISORY SERVICES

The year 2019 was the maiden year for TDB's advisory services.

The Bank's advisory services deal with sovereign financing and debt management, focusing on four priority areas:

- Infrastructure finance
- Development Planning and Sovereign Debt Restructuring, Supporting the Coverage teams' structure specialized financing transactions
- Project Development

SMALL & MEDIUM ENTERPRISES (SMES)

TDB launched a pilot Small and Medium-Sized Enterprise (SME) Programme in the third quarter of 2018. The pilot SME Programme is a USD 3.00 million fund dedicated to addressing the "missing middle" in SME finance, particularly among women entrepreneurs. The "missing middle" refers to those enterprises that are too small to qualify for traditional bank financing and too big to access microfinance programmes. The pilot SME Programme targets agribusiness, light manufacturing, hospitality and tourism, healthcare, retail trade, mining, small renewable energy projects, public procurement, and fintech for financial inclusion, initially in six countries, namely Burundi, Ethiopia, Kenya, Malawi, Zambia, and Zimbabwe.

In the pilot phase, the programme provides term loans (3–5 years) to financial intermediaries with established SME lending business models for on-lending to Micro, Small, and Medium Enterprises (MSMEs); partial loan portfolio guarantees to those financial intermediaries to reduce the credit risk they face when lending to MSMEs; and technical assistance based on robust need assessments.

| Image courtesy of Abacum Pharma

RESOURCE MOBILISATION

In 2019 the Bank continued to pursue its funding diversification strategy. The Bank's resource mobilisation strategy focused on raising medium to long-term funding on the debt capital markets, growing and strengthening existing bilateral relationships, and attracting new relationships to further diversify the funding mix.

Notable funding transactions concluded in 2019 include Eurobond issuance in the amount of USD 750.00 million; Middle East syndicated loan of USD 450.00 million; Asian syndicated loan of USD 400.00 million; as well as loans from various multi-lateral institutions, national development finance institutions, and commercial banks in the aggregate amount of USD 650.00 million, including from African Development Bank (AfDB), Arab Bank for Economic Development in Africa (BADEA), European Investment Bank (EIB), KfW, Norfund, Citibank N.A., and Mashreq Bank, among others. The USD 120.00 million facility signed with EIB was particularly significant due to its focus on Small and Medium Sized Enterprises (SME) and Climate Action.

Looking forward, the Bank expects to benefit from improved liquidity in emerging markets and will seek to engage new and existing funding partners to further diversify its funding sources to catalyse and scale up trade finance and infrastructure investments in its Member States.

EXPORT CREDIT AGENCIES (ECAS)

The Bank continued to deepen its partnerships with leading ECAs in the Organization for Economic Co-operation and Development (OECD) countries and emerging markets, as well as ECA-backed lenders from across Asia, Europe, and the Americas, by entering into bilateral medium- to long-term credit facility agreements. This aggressive business development drive leveraging the Bank's unique position, strategic partnerships, and investment-grade status culminated in the realisation of an ECA-backed deal pipeline in excess of USD 1.00 billion.

As an illustration of its expanding relationship with ECAs, the Bank signed a USD 350.00 million ECA-backed facility with the Japan Bank for International Cooperation (JBIC) and Nippon Export and Investment Insurance (NEXI) to support the importation of Japanese goods into TDB's Member States. With utilisation tenors allowed to exceed 20 years, this first-of-its-kind facility was tailored to support infrastructure projects that require long-term funding.

Furthermore, the Bank received ECA credit line offers including major ECA-backed financial institutions amounting to a total of approximately USD 496.20 million. They include:

	From	Backed by
EUR 200.00 million (~USD 220.00 million)	Commerzbank	European ECAs
USD 100.00 million	Korea Eximbank (KEXIM	-
EUR 50.00 million (~USD 55.00 million)	Cassa Depositi e Prestiti (CDP	-
EUR 40.00 million (~USD 44.00 Million)	FMO	Atradius
EUR 40.00 million (~USD 44.00 million)	SMBC	SACE
USD 33.20 million	KfW	Euler Hermes

| Image courtesy of Pexels.

INSTITUTIONAL MANAGEMENT

RISK COMPLEX

Overview

The Risk Management Complex, under the leadership of the Chief Risk Officer, comprises the Compliance Unit, the Enterprise Risk Management Unit, and the Credit Risk Management Department. The Risk Complex is responsible for implementing the Risk Management Policy Framework (RMF), which stipulates how the Bank manages risk throughout the organisation. The RMF identifies processes, holds ownership of, and is responsible for, the risk oversight required to support effective implementation of risk management across the Bank.

Effective risk management is fundamental to the business activities of the Bank. While the Bank remains committed to increasing shareholder value by developing and growing its business within the Board-sanctioned risk appetite, due consideration is given to the interests of all stakeholders in pursuing this objective. The Bank therefore seeks to achieve an appropriate balance between risk and reward in its business, and hence, continues to build and enhance the risk management capabilities that assist in delivering the growth plans within a controlled environment.

The Bank operates in a risk environment of growing uncertainties. The Risk Complex focuses on the management of Volatility, Uncertainty, Complexity & Ambiguity (VUCA) at all times to assist in visualising, assessing, and mitigating the risks that may threaten its mission and avoid surprises. The overall responsibility of risk management within the Bank rests with the Board of Directors (the Board), while the day-to-day responsibility is delegated to a Bank-wide Integrated Risk Management Committee (BIRMC), which reviews the entire risk universe. The Board also delegates high-level risk functions to the Audit and Risk Committee (ARCO), and the Investment and Credit Standing Committee (INVESCO), with each Committee focusing on distinct aspects of Risk Management. Accountability for risk management resides at all levels within the Bank (everyone is a "risk manager"), from the top executive to each business manager and staff member.

The industry standard 'three lines of defence' model is embedded in the Bank's operating model. The first line of defence, Line Management, is responsible for risk management. The Risk Management Function represents the second line of defence, which is independent of Line Management. The Risk Management Function is accountable for establishing and maintaining the Bank's risk management framework, as well as for providing risk oversight and independent reporting of risks to senior management and the Board. The third line of defence consists of Internal and External Auditors who provide an independent assessment of the adequacy and effectiveness of the control environment. The Internal Auditors report independently to the Board Audit and Risk Committee.

The Bank's Enterprise-wide Risk Management (ERM) Framework places emphasis on accountability, responsibility, independence, reporting, communication, and transparency. The ERM approach to risk management takes a holistic view of the risks inherent in the Bank's strategy, operations, business; and the management of risks is embedded into the mainstream planning, business, and decision-making process.

Review for the Year

The Bank has a well-diversified portfolio achieved through the continuous process of balancing risks and rewards, as well as prudent approaches to credit risk management, while staying true to the Bank's development mandate. This was reflected in the quality of the assets in the loan portfolio.

During 2019, the following interventions were geared towards enhancement of the credit risk management capacity as follows:

- Implementation of the Bank's risk sharing strategy through Risk Participation Agreements (RPA) with strategic partners providing to the Bank credit enhancement, portfolio diversification, and treasury funding. The approach will further boost the Bank's capacity to achieve its mandate and provide access to a larger financial market to the region it serves.
- Enhancement of credit insurance on callable capital with the objective of strengthening the quality of shareholder support. This initiative is targeted at ensuring that the Bank's investment grade credit ratings are retained, as callable capital is a material consideration in determining TDB's credit rating.
- A feasibility study of the use of a captive insurance by TDB was undertaken. The study concluded that the establishment of a captive insurance structure would be a viable option for the Bank, as it would allow the Bank to realise efficiencies in risk management and accrue the benefits of placing insurance to TDB.

The Bank also recorded substantial progress in the management of operational risk with an enhanced risk culture taking hold throughout the institution. There has been a noted improvement in the use of operational risk tools, including Risk Control Self Assessments (RCSAs), to monitor risks within operational domains and effectively identify and report incidents timely. The risk culture has also been instrumental in achieving an audit finding closure rate of 96% during 2019.

Further, the Bank managed compliance risk through proactive measures premised on national and internationally accepted principles of risk management. The Compliance Unit undertook bank-wide training to enhance awareness and embed the Know Your Customer (KYC) culture throughout the organisation. Furthermore, the Compliance Unit updated and enhanced the Whistleblowing and Anti Bribery and Corruption (ABC) policies in line with best practices. The Anti-Money Laundering (AML) and Sanctions scanning system has been integrated with operational systems across the Bank in a drive to automate the checking process and to ensure checks are being done effectively and efficiently from inception of any relationship. The monitoring of the Bank's compliance objectives will ensure that the Bank conducts its business in compliance with applicable laws and regulations, its Board of Directors' directives, and its internal policies and procedures.

HUMAN RESOURCES

During 2019, various institutional capacity building initiatives were implemented to attract, develop, and retain a talented and motivated workforce needed to deliver the Bank's business objectives and to drive shareholder value in line with the Bank's Sixth Five-Year Corporate Plan 2018 2022 (FYCP-VI).

Talent Acquisition and Human Capital Development

In 2019, the Bank continued strengthening its human capital base and recruited 33 professionals, 5 through the Young Professionals Program (YPP) and 15 through the Mid-Career Program (MCP). Both YPP and MCP are intended to build a pipeline of young and experienced talent.

Staff Profile

The Bank's regular staff complement is 145, out of which 107 were professionals, representing 73.8% of the workforce. Female employees accounted for 43.45% of the total workforce. The next table gives a further breakdown:

In the year under review, the Bank provided various staff trainings, workshops, seminars, and management development programmes. The training programmes covered a variety of relevant topics, most of which were conducted through the TDB Academy. However, through the legacy training and development program, staff members attended specialised classroom and online courses to enhance specific technical skills and competencies.

Following its launch in 2018, the TDB Academy started implementing its programmes predicated around five core areas revolving around the key operations of the Bank. In that context, the TDB Academy organised several training and capacity building courses.

CATEGORY	MALE	FEMALE	TOTAL	%
Professional	68	39	107	73.8
Sub-Professional	3	12	15	10.3
General Service	11	12	23	15.9
Total	82	63	145	100

A total of 21 training courses were held translating to over 300 cumulative staff attendance, supplemented by twelve (12) discussion events under its brown bag dialogue sessions. A significant achievement for the TDB Academy in 2019 was the organisation of a Training of Trainers course where a total of 20 staff members drawn from across the Bank were trained to be trainers.

The eLearning training platform continued to provide several specialist and personal development courses for all staff members. In this regard, the Bank introduced a new web-based Learning Management System (LMS) where learners can access a wide range of micro-learning courses, videos, and audios. The new LMS is an intelligent, mobile, and intuitive learning platform designed to meet the needs of the modern learner, facilitating engaged accelerated learning and deliver industry leading skills. The platform is also accessible on smart mobile phones, providing staff with an opportunity to watch, read, and listen to learning content anywhere, anytime.

Business Process Improvement through Lean Six-Sigma

Having embarked on the Lean Six Sigma program, dubbed Project Wakanda, in April 2018, the Bank continued delivery of service excellence and much success has been realised through reduction of overall deal turnaround time.

In terms of proficiency in Six Sigma, the Bank has moved from a sub-2 Sigma institution to 3 Sigma for all its processes. In all, the Bank has gone through three project cycles completing a total of 18 initiatives. Most importantly, all this was achieved without compromising the quality of the loan book, translating into significant benefits, mainly from a time value of money perspective.

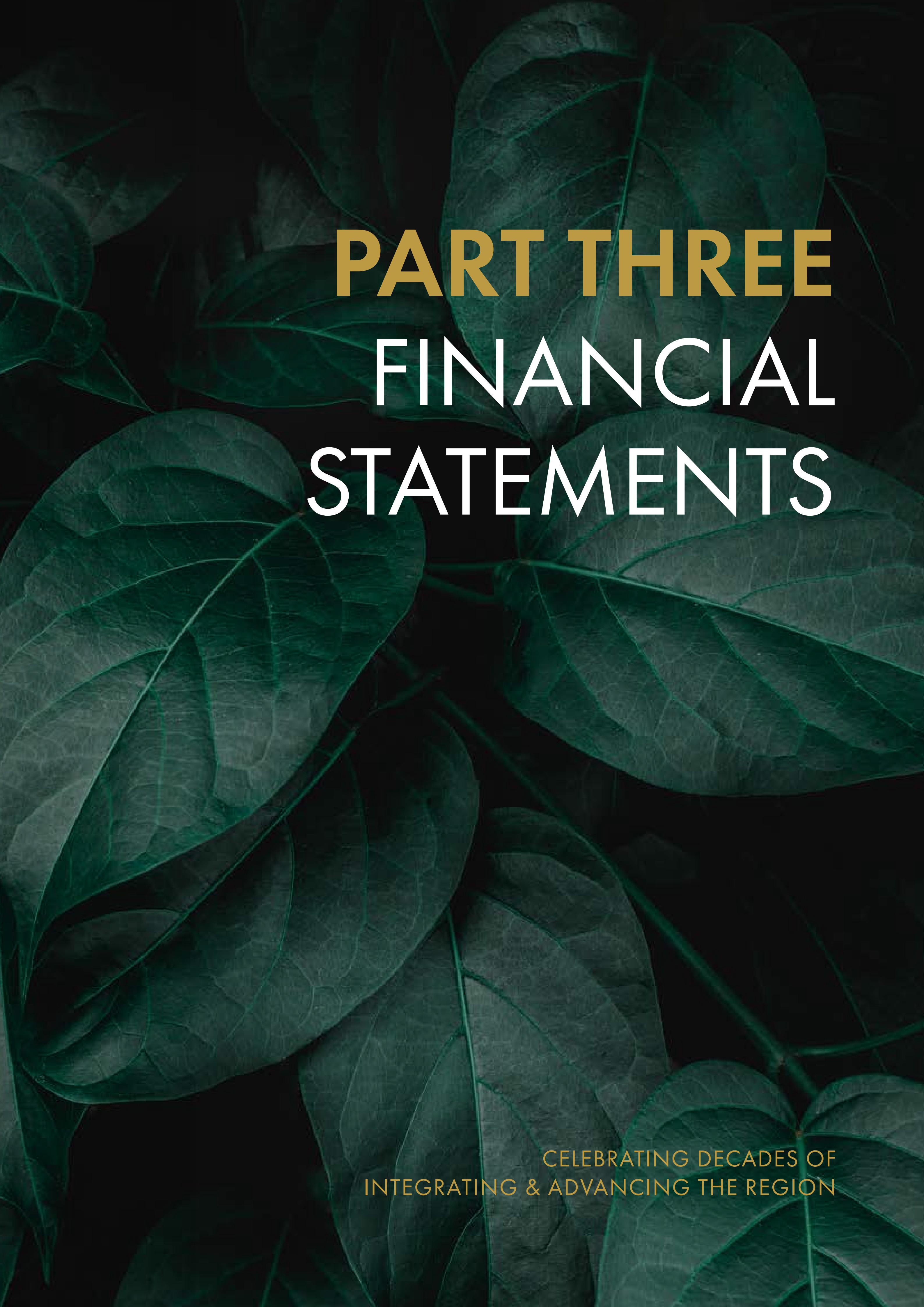
Office Promises

The Bank made significant progress in the development of the Nairobi office building. The construction of the basement, foundation, and substructures is complete, paving the way for the rest of the development. The project started in the first quarter of 2019 and is expected to be completed in 2021. During the year, construction progressed as planned and without cost overruns.

As part of the Bank's plans for establishing permanent premises in Mauritius, its second principal office, the Bank partnered with African Reinsurance Corporation (Africa Re) and jointly purchase a seven-storey building strategically situated in the financial district of Ebène, where many Mauritius-based international banks are located. The design and fitout work of the property is in progress and the building is expected to be functional in the third quarter of 2020.

| Image Courtesy of TDB


TDB
TRADE & DEVELOPMENT BANK
35 ANNIVERSARY YEARS



PART THREE
FINANCIAL STATEMENTS

CELEBRATING DECADES OF
INTEGRATING & ADVANCING THE REGION

CORPORATE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019

BOARD OF GOVERNORS

Shareholders (each shareholder is represented by a governor on the board of governors)

MEMBER STATES

Republic of Burundi

Union of the Comoros

Democratic Republic of Congo

Republic of Djibouti

Arab Republic of Egypt

State of Eritrea

Kingdom of eSwatini

Federal Democratic Republic of Ethiopia

Republic of Kenya

Republic of Madagascar

Republic of Malawi

Republic of Mauritius

Republic of Mozambique

Republic of Rwanda

Republic of Seychelles

Federal Republic of Somalia

Republic of South Sudan

Republic of the Sudan

United Republic of Tanzania

Republic of Uganda

Republic of Zambia

Republic of Zimbabwe

NON-REGIONAL MEMBERS

People's Republic of China – People's Bank of China

Republic of Belarus – JSC Development Bank of the Republic of Belarus

INSTITUTIONS

African Development Bank

African Economic Research Consortium

African Reinsurance Corporation

Arab Bank for Economic Development in Africa

Banco Nacional de Investimento

Eagle Insurance

Investment Fund for Developing Countries

National Pension Fund

National Social Security Fund

OPEC Fund for International Development

PTA Reinsurance Company

Rwanda Social Security Board

Sacos Insurance Group

Seychelles Pension Fund

TDB Staff Provident Fund

TDB Directors and Select Stakeholders Provident Fund

CORPORATE INFORMATION [continued]
FOR THE YEAR ENDED 31 DECEMBER 2019

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. Christian Rwakunda	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
Ms. Marie Gisele Masawa	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

CORPORATE INFORMATION [continued]

FOR THE YEAR ENDED 31 DECEMBER 2019

AUDITORS

DELOITTE & TOUCHE

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

OFFICES

MAURITIUS PRINCIPAL OFFICE
FRANCO-LUSOPHONE AFRICA

Africa FI Place, Lot No. 13,
Wall Street
P.O. Box 43 Cybercity, Ebene, Mauritius
+230 460 1500/07
info@tdbgroup.org

BUJUMBURA PRINCIPAL OFFICE

Chaussee Prince Louis,
Rwagasore
P. O. Box 1750 Bujumbura, Burundi
+257 22 224 966/75
info@tdbgroup.org

NAIROBI REGIONAL OFFICE
EAST AFRICA

197 Lenana Place, 1st Floor
Lenana Road
P. O. Box 48596 - 00100 Nairobi, Kenya
+254 732 192 000
info@tdbgroup.org

HARARE REGIONAL OFFICE
SOUTHERN AFRICA

70 Old Enterprise Road,
Newlands, Harare, Zimbabwe
+263 24 2788 336/7/8/9
FCT Line: +263 28 2 788 4955
info@tdbgroup.org

ADDIS ABABA REGIONAL OFFICE
NORTH-EAST AFRICA

UNDP Regional Service Centre,
Ground Floor, Bole Olympia Roundabout,
Addis Ababa, Ethiopia
+251 11 518 1730/31
info@tdbgroup.org

DR CONGO COUNTRY OFFICE
DR CONGO AND WEST AFRICA

Crown Tower Building, 3rd Floor, office 301
Batela Avenue, Boulevard du 30 Juin
Commune de la Gombe, Kinshasa, DRC
+243 97 77 92 970
info@tdbgroup.org

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

1. PRINCIPAL ACTIVITIES

The principal activity of the Group is to finance, where possible, viable projects and trade activities which have the potential to make the economies of the Member States increasingly complimentary to each other. The Bank is established by a Charter pursuant to Chapter 9 of the Treaty for the establishment of the Preferential Trade Area (PTA), as subsequently repealed and replaced by the Treaty for the Common Market for the Eastern and Southern African States (COMESA).

2. RESULTS

The results for the period are set out on page 74 and 75.

3. DIVIDEND

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

4. BOARD OF GOVERNORS

The current shareholders are shown on page 64.
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 65.

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

6. AUDITORS

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

BY ORDER OF THE BOARD

Chairman

26 MARCH 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

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

Director	Director
26 MARCH 2020	26 MARCH 2020

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Eastern and Southern African Trade and Development Bank (the "Bank") and its subsidiary (together the "Group") set out on pages 74 to 175, which comprise the consolidated and Bank statements of financial position at 31 December 2019, and the consolidated and Bank statements of profit or loss and other comprehensive income, consolidated and Bank statements of changes in equity and consolidated and Bank statements of cash flows for the year then ended, and notes, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

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

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

KEY AUDIT MATTER

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

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

Key Audit Matter	How the matter was addressed in the audit
IMPAIRMENT OF LOANS AND ADVANCES	

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

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

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

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

Accuracy of ECL models

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

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

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

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

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

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

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

With the support of our credit specialists, we:

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

Key Audit Matter	How the matter was addressed in the audit
IMPAIRMENT OF LOANS AND ADVANCES	
Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive). The assessment of the ECL of a financial asset or a portfolio of financial assets entails estimations of the likelihood of defaults occurring and of the default correlations between counterparties. The Bank measures ECL using probability of default (PD), exposure at default (EAD) and loss given default (LGD). These three components are multiplied together. The calculated ECL is then discounted using the original effective interest rate of the financial asset. The Bank has performed historical analyses and identified the key economic variables impacting credit risk and ECL for each portfolio. These economic variables and their associated impact of the PD. Refer to Note 3 (j) for the accounting policy on financial instruments; Note 3 (t) for the critical judgements used in determining the impairment losses; and Note 16, 17 and 18 for the disclosure on trade finance loans, project finance loans and impairment allowance respectively.	We found that the models used for the measurement of ECL to be appropriate and reasonable. In addition, the disclosures in the financial statements pertaining to the ECL measurement were found to be appropriate.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Deloitte & Touche

CERTIFIED PUBLIC ACCOUNTANTS (KENYA) ....30 March....... 2020

Nairobi, Kenya

CPA FREDRICK OKWIRI, PRACTISING CERTIFICATE NO. 1699
Signing partner responsible for the independent audit

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTE	2019 USD	2018 USD
INCOME			
Interest income	4	405,726,034	361,587,896
Interest expense	5	(221,574,428)	(198,468,902)
Other borrowing costs	6	(5,062,817)	(6,723,839)
Interest and similar expense		(226,637,245)	(205,192,741)
Net interest income		179,088,789	156,395,155
Fee and commission income	7(a)	72,390,670	44,192,454
Gains on financial assets designated at fair value through profit or loss - derivatives	15	16,006,006	23,974,890
Net trading income		267,485,465	224,562,499
Risk mitigation costs	7(b)	(35,979,543)	(34,541,104)
Other income	8	6,282,770	7,482,851
OPERATING INCOME		237,788,692	197,504,246
EXPENDITURE			
Operating expenses	9	(41,084,135)	(40,707,782)
Impairment on other financial assets	11	(3,755)	(3,226,125)
Impairment allowance on loans	18	(41,485,622)	(23,156,955)
Net foreign exchange loss		(3,682,121)	(1,087,992)
TOTAL EXPENDITURE		(86,255,633)	(68,178,854)
Profit before Taxation		151,533,059	129,325,392
Taxation charge	12 (a)	(3,494)	-
PROFIT FOR THE YEAR		151,529,565	129,325,392
OTHER COMPREHENSIVE INCOME			
Items that will not be subsequently reclassified to profit and loss: Fair value (loss)/gain on fair value through other comprehensive income - Equity investments	19	(465,000)	450,000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS		151,064,565	129,775,392
PROFIT FOR THE YEAR IS ATTRIBUTABLE TO:			
Owners of the Bank		151,417,188	65129,325,392
Non-controlling interest		112,377	-
TOTAL		151,529,565	129,325,392
TOTAL COMPREHENSIVE INCOME IS ATTRIBUTABLE TO			
Owners of the Bank		150,952,188	129,775,392
Non-controlling interest		112,377	-
TOTAL		151,064,565	129,775,392

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTE	2019 USD	2018 USD
INCOME			
Interest income	4	405,726,034	361,587,896
Interest expense	5	(221,574,428)	(198,468,902)
Other borrowing costs	6	(5,062,817)	(6,723,839)
Interest and similar expense		(226,637,245)	(205,192,741)
Net interest income		179,088,789	156,395,155
Fee and commission income	7(a)	72,390,670	44,192,454
Gains on financial assets designated at fair value through profit or loss – derivatives	15	16,006,006	23,974,890
Net trading income		267,485,465	224,562,499
Risk mitigation costs	7(b)	(35,979,543)	(34,541,104)
Other income	8	6,009,802	7,482,851
OPERATING INCOME		237,515,724	197,504,246
EXPENDITURE			
Operating expenses	9	(41,039,418)	(40,707,782)
Impairment on other financial assets	11	(3,755)	(3,226,125)
Impairment allowance on loans	18	(41,485,622)	(23,156,955)
Net foreign exchange loss		(3,682,116)	(1,087,992)
TOTAL EXPENDITURE		(86,210,911)	(68,178,854)
PROFIT FOR THE YEAR		1151,304,813	129,325,392
OTHER COMPREHENSIVE INCOME			
Items that will not be subsequently reclassified to profit and loss:			
Fair value (loss)/gain on fair value through other comprehensive income - Equity investments	19	(465,000)	450,000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS		150,839,813	129,775,392
EARNINGS PER SHARE			
Basic	13	1,448	1,283
Diluted	13	1,374	1,270

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTE	2019 **USD**	2018 **USD**
ASSETS			
Cash and balances held with other banks	14	1,382,403,564	1,145,918,378
Derivative financial instruments	15	40,049,341	54,042,940
Trade finance loans	16	2,865,166,921	2,733,444,885
Project loans	17	2,106,337,583	1,429,558,794
Investment in Government securities	22	44,897,636	-
Investment in Trade Fund	23	49,997,089	-
Other receivables	24	120,523,438	117,136,030
Equity investments at fair value through other comprehensive income	19	51,135,850	51,521,730
Investment in joint venture	20	317,010	386,994
Property and equipment	25	24,683,063	23,710,110
Right-of-use asset	26	3,912,012	-
Intangible assets	27	1,998,002	1,853,744
TOTAL ASSETS		6,691,421,509	5,557,573,605
LIABILITIES AND EQUITY			
LIABILITIES			
Collection account deposits	28	95,822,611	119,576,580
Lease liability	29	1,520,467	-
Short term borrowings	30	2,465,247,997	2,383,253,601
Provision for service and leave pay	33	8,551,510	7,828,640
Other payables	32	138,604,970	72,858,965
Long term borrowings	31	2,591,528,898	1,782,030,068
Current tax payable	12(c)	3,494	-
TOTAL LIABILITIES		5,301,407,764	4,365,547,854
EQUITY			
Share capital	34	499,107,472	461,742,558
Share premium	34	101,867,839	60,500,611
Retained earnings		722,081,828	607,076,151
Proposed dividend		36,313,155	31,684,721
Fair value reserve		10,713,799	11,178,799
Management reserve	35	19,842,911	19,842,911
Equity attributable to owners of the Bank		1,389,927,004	1,192,025,751
Non-controlling interest		86,741	-
TOTAL EQUITY		1,390,013,745	1,192,025,751
TOTAL LIABILITIES AND EQUITY		6,691,421,509	5,557,573,605

The notes on pages 82 to 175 are an integral part of these financial statements.

The financial statements were approved by the board of directors on 26th March 2020 and were signed on its behalf by:

President

Director

SEPARATE STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2019

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

The notes on pages 82 to 175 are an integral part of these financial statements.

The financial statements were approved by the board of directors on 26th March **2020 and were signed on its behalf by:**

President **Director**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTE	SHARE CAPITAL **USD**	SHARE PREMIUM **USD**	RETAINED EARNINGS **USD**	PROPOSED DIVIDEND **USD**	FAIR VALUE RESERVE **USD**	MANAGEMENT RESERVE* **USD**	TOTAL **USD**	NON-CONTROLLING INTEREST **USD**	TOTAL **USD**
AT 1 JANUARY 2018		431,225,426	52,968,478	529,278,391	27,406,782	10,728,799	-	1,051,607,876	-	1,051,607,876
Capital subscriptions	34	30,517,132	-	-	-	-	-	30,517,132	-	30,517,132
Share Premium	34	-	7,532,133	-	-	-	-	7,532,133	-	7,532,133
Proposed dividend	34	-	-	(31,684,721)	31,684,721	-	-	-	-	-
Dividend declared and paid	34	-	-	-	(25,049,089)	-	-	(25,049,089)	-	(25,049,089)
Dividend declared and payable	32	-	-	-	(2,357,693)	-	-	(2,357,693)	-	(2,357,693)
Equity Investments Reserve	19	-	-	-	-	450,000	-	450,000	-	450,000
Appropriation to the Management Reserve	35	-	-	(19,842,911)	-	-	19,842,911	-	-	-
Total comprehensive income for the year		-	-	129,325,392	-	-	-	129,325,392	-	129,325,392
AT 31 DECEMBER 2018		461,742,558	60,500,611	607,076,151	31,684,721	11,178,799	19,842,911	1,192,025,751	-	1,192,025,751
At 1 January 2019 – as previously reported		461,742,558	60,500,611	607,076,151	31,684,721	11,178,799	19,842,911	1,192,025,751	-	1,192,025,751
Effect of change of accounting policy for IFRS 16	2(a)	-	-	(98,356)	-	-	-	(98,356)	-	(98,356)
AT 1 JANUARY 2019 – RESTATED		461,742,558	60,500,611	607,977,795	31,684,721	11,178,799	19,842,911	1,191,927,395	-	1,191,927,395
Capital subscriptions	34	37,364,914	-	-	-	-	-	37,364,914	-	37,364,914
Acquisition of control	21	-	-	-	-	-	-	-	(25,636)	(25,636)
Share Premium	34	-	41,367,228	-	-	-	-	41,367,228	-	41,367,228
Proposed dividend	34	-	-	(36,313,155)	36,313,155	-	-	-	-	-
Dividend declared and paid	34	-	-	-	(20,208,849)	-	-	(20,208,849)	-	(20,208,849)
Dividend declared and payable	32	-	-	-	(11,475,872)	-	-	(11,475,872)	-	(11,475,872)
Equity Investments Reserve	19	-	-	-	-	(465,000)	-	(465,000)	-	(465,000)
Total comprehensive income for the year		-	-	151,417,188	-	-	-	151,417,188	112,377	151,529,565
AT 31 DECEMBER 2019		499,107,472	101,867,839	722,081,828	36,313,155	10,713,799	19,842,911	1,389,927,004	86,741	1,390,013,745

SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTE	SHARE CAPITAL **USD**	SHARE PREMIUM **USD**	RETAINED EARNINGS **USD**	PROPOSED DIVIDEND **USD**	FAIR VALUE RESERVE **USD**	MANAGEMENT RESERVE* **USD**	TOTAL **USD**
AT 1 JANUARY 2018		431,225,426	52,968,478	529,278,391	27,406,782	10,728,799	-	1,051,607,876
Capital subscriptions	34	30,517,132	-	-	-	-	-	30,517,132
Share Premium	34	-	7,532,133	-	-	-	-	7,532,133
Proposed dividend	34	-	-	(31,684,721)	31,684,721	-	-	-
Dividend declared and paid	34	-	-	-	(25,049,089)	-	-	(25,049,089)
Dividend declared and payable	32	-	-	-	(2,357,693)	-	-	(2,357,693)
Equity Investments Reserve	19	-	-	-	-	450,000	-	450,000
Appropriation to the Management Reserve	35	-	-	(19,842,911)	-	-	19,842,911	-
Total comprehensive income for the year		-	-	129,325,392	-	-	-	129,325,392
AT 31 DECEMBER 2018		461,742,558	60,500,611	607,076,151	31,684,721	11,178,799	19,842,911	1,192,025,751
At 1 January 2019 – as previously reported		461,742,558	60,500,611	607,076,151	31,684,721	11,178,799	19,842,911	1,192,025,751
Effect of change of accounting policy for IFRS 16	2(a)	-	-	(98,356)	-	-	-	(98,356)
AT 1 JANUARY 2019 – RESTATED		461,742,558	60,500,611	607,977,795	31,684,721	11,178,799	19,842,911	1,191,927,395
Capital subscriptions	34	37,364,914	-	-	-	-	-	37,364,914
Share Premium	34	-	41,367,228	-	-	-	-	41,367,228
Proposed dividend	34	-	-	(36,313,155)	36,313,155	-	-	-
Dividend declared and paid	34	-	-	-	(20,208,849)	-	-	(20,208,849)
Dividend declared and payable	32	-	-	-	(11,475,872)	-	-	(11,475,872)
Equity Investments Reserve	19	-	-	-	-	(465,000)	-	(465,000)
Total comprehensive income for the year		-	-	151,304,813	-	-	-	151,304,813
AT 31 DECEMBER 2019		499,107,472	101,867,839	721,969,453	36,313,155	10,713,799	19,842,911	1,389,814,629

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTE	2019 USD	2018 USD
OPERATING ACTIVITIES			
Net cash generated from/(used in) operations	36(a)	273,403,562	(167,618,832)
INVESTING ACTIVITIES			
Purchase of property and equipment	25	(4,323,518)	(4,979,569)
Purchase of intangible assets	27	(737,437)	(937,627)
Acquisition of equity investments	19	(79,120)	(84,974)
Acquisition of interest in joint venture	20	-	(17,501)
Proceeds from redemption of government securities	22	-	57,275,058
Investment in government securities	22	(44,897,636)	-
Investment in Trade Fund	23	(49,996,989)	-
Net cash (used in)/generated from investing activities		(100,034,700)	51,255,387
FINANCING ACTIVITIES			
Proceeds from capital subscriptions	34	37,364,914	30,517,132
Proceeds from share premium	34	41,367,228	7,532,133
Payment of dividends	34	(20,208,849)	(25,049,089)
Payment of lease liabilities	29	(585,250)	-
Net cash generated from financing activities		57,938,043	13,000,176
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		231,306,905	(103,363,269)
Foreign exchange gain on cash and cash equivalents		5,178,281	16,301,220
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,145,918,378	1,232,980,427
CASH AND CASH EQUIVALENTS AT END OF YEAR	36(c)	1,382,403,564	1,145,918,378
FACILITIES AVAILABLE FOR LENDING	36(d)	1,712,525,076	1,776,325,472

SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

New pronouncements issued as at 31 December 2019:

a. Impact of Application of IFRS 16 -Leases

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

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

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

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

Impact of the New Definition of a Lease

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS -IFRS [continued]

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

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

i. Former Operating Leases

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

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

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

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

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

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

ii. Former Finance Leases

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS -IFRS [continued]

Impact on Lessor Accounting

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

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

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

	2019 **USD**
IMPACT ON PROFIT OR LOSS	
Depreciation of right-of-use asset	389,764
Finance cost lease liability	83,031
Expenses relating to low value leases – other expenses	60,405
Decrease in rent expense	(585,250)
Increase in profit for the year	(52,050)

	AS PREVIOUSLY REPORTED **USD**	IFRS 16 ADJUSTMENTS **USD**	AFTER IFRS 16 ADJUSTMENT **USD**
IMPACT ON ASSETS, LIABILITIES AND EQUITY AS AT 1 JANUARY 2019			
Right-of-use assets (Note 26)	-	1,924,330	1,924,330
Lease Liabilities (Note 29)	-	2,022,686	2,022,686
Retained earnings	607,076,151	(98,356)	606,977,795

Financial Impact of the Initial Application of IFRS 16

The application of IFRS 16 has an impact on the consolidated statement of cash flows of the Group.

Under IFRS 16, lessees must present:

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS -IFRS [continued]

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

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

b. Amendments to IFRS 9 Prepayment Features with Negative Compensation

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

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

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

d. IAS 23 Borrowing Costs

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

e. IFRS 11 Joint Arrangements

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

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

The Group has adopted the amendments of IAS 19 for the first time in the current year. The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS -IFRS [continued]

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. The Group will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19:99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset).

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

NEW AND REVISED IFRS STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

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

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS -IFRS [continued]

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

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

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

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

Amendments to IFRS 3 Definition of a business

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

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

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

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

Amendments to IAS 1 and IAS 8 Definition of material

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

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS -IFRS [continued]

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

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

Amendments to References to the Conceptual Framework in IFRS Standards

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

a. Basis of Preparation

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

Statement of compliance

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

Presentation of financial statements

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

b. Basis of Consolidation

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES [continued]

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

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

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

c. Revenue Recognition

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

i. Interest Income from Loans and Investments

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

Effective Interest Rate

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

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES [continued]

Calculation of Interest Income

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

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

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

ii. Fees and Commissions

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

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

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES [continued]

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

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

f. Property and Equipment

All categories of property and equipment are stated at historical cost and subsequently stated at cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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

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

Freehold land and buildings are not depreciated.

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

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES [continued]

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.

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% (2018: 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 year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of prior year.

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.

3. SIGNIFICANT ACCOUNTING POLICIES [continued]

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, issued 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.

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)

A financial asset is classified into one of these categories on initial recognition. The previous categories of Held to Maturity, Loans and Receivables, and Available for Sale under IAS 39 have been replaced. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

3. SIGNIFICANT ACCOUNTING POLICIES [continued]

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES [continued]

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.

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:

3. SIGNIFICANT ACCOUNTING POLICIES [continued]

- 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.

Financial Liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES [continued]

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

Initial Measurement of Financial Liabilities

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

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

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

Derecognition

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

Reclassification

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

An entity shall not reclassify any financial liability.

Write-off

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES [continued]

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

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

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

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

No impairment loss is recognised on equity investments.

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

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

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES [continued]

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

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

Measurement of ECLs

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

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

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

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

Hedge Accounting

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

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

3. SIGNIFICANT ACCOUNTING POLICIES [continued]

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

Fair Value Hedges

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

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

Cash Flow Hedges

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in other comprehensive income. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net trading income in profit or loss.

When the hedged transaction affects profit or loss, the gain or loss on the hedging instrument is recorded in the corresponding income or expense line in profit or loss. When a hedging instrument expires, or is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the hedged forecast transaction is ultimately recognised in profit or loss. When a forecast is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to profit or loss.

k. Employee Entitlements

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

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 year to which they relate. The funds of the scheme are held independently of the Group's assets.

3. SIGNIFICANT ACCOUNTING POLICIES [continued]

m. Contingent Liabilities

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

n. Cash and Cash Equivalents

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

o. Leases

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES [continued]

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

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

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

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

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

p. Provisions for other Liabilities

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

q. Collection Accounts Deposits

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

r. Investment in Joint Venture

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES [continued]

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

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

s. Critical Judgments in Applying the Group's Accounting Policies

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

i. Fair Value of Financial Instruments

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

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

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

ii. Fair Value of Financial Instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values.

3. SIGNIFICANT ACCOUNTING POLICIES [continued]

The judgments include considerations of liquidity and model inputs such as volatility for 'longer–dated' derivatives and discount rates, prepayment rates and default rate assumptions for 'asset-backed' securities. The Group measures financial instruments, such as, derivatives, and non-financial assets, at fair value at each reporting date.

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

iii. Impairment Losses on Loans – Trade and Project Finance

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

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

The Group recognises loss allowance at an amount equal to either 12-month expected credit losses (ECLs) or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date. For credit exposures where there have not been significant increases in credit risk since initial recognition, the Group provides for 12-month ECLs. These are classified as Stage 1 assets.

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

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

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

iv. Classification and measurement of financial assets

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

The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

3. SIGNIFICANT ACCOUNTING POLICIES [continued]

Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets

v. Significant Increase of Credit Risk

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

Refer to note 2 for more details.

vi. Application of IFRS 16-Leases

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

- identifying whether a contract includes a lease;
- determining whether it is reasonably certain that an extension or termination option will be exercised.

t. Key sources of Estimation Uncertainty

i. Establishing the number and relative weightings of forward-looking scenarios for each type of product and determining the forward-looking information relevant to each scenario:

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

ii. Probability of Default:

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES [continued]

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.

4. INTEREST INCOME

	2019 **USD**	2018 **USD**
ON LOANS AND FACILITIES		
Project finance loans	162,719,962	125,422,165
Trade finance loans	209,703,194	204,323,254
	372,423,156	329,745,419
ON PLACEMENTS		
Deposits/Held at amortised cost	33,302,878	31,842,477
	405,726,034	361,587,896

5. INTEREST EXPENSE

	2019 USD	2018 USD
INTEREST PAYABLE ON FUNDS BORROWED FROM		
Banks and financial institutions	128,757,528	109,789,083
Regional and International Bond Markets	60,100,100	51,544,521
Other Institutions	32,716,800	37,135,298
	221,574,428	198,468,902

6. OTHER BORROWING COSTS

	2019 USD	2018 USD
Facility and management fees	1,588,874	3,556,994
Guarantee fees	-	437,562
Commitment fees	2,409,744	2,068,253
Agency fees	84,934	270,784
Other costs	862,040	271,745
Bank commission	117,225	118,501
	5,062,817	6,723,839

7. (A) FEE AND COMMISSION INCOME

	2019 USD	2018 USD
Upfront fees in trade finance	15,946,793	20,130,054
Letter of credit fees in trade finance	7,272,026	4,364,683
Management fees in trade finance	11,547,500	5,847,001
Facility fees in project finance	31,113,074	9,347,577
Drawdown fees in trade finance	745,362	683,225
Commitment fees in project finance	2,922,739	505,739
Drawdown fees in project finance	20,751	306,718
Other fees in trade finance	984,673	(87,999)
Restructuring fees in project finance	43,950	1,914,115
Appraisal fees in project finance	396,850	207,704
Management fees in project finance	345,748	380,105
Letter of credit fees in project finance	69,272	116,762
Document handling fees in trade finance	472,132	269,453
Other project fees	509,800	207,317
	72,390,670	44,192,454

7. (B) RISK MITIGATION COSTS

	2019 USD	2018 USD
Insurance cover costs*	34,017,764	32,139,864
Risk down-selling costs**	1,961,779	2,401,240
	35,979,543	34,541,104

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

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

8. OTHER INCOME

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

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

9. OPERATING EXPENSES

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

10. STAFF COSTS

	GROUP AND BANK	
	2019 **USD**	2018 **USD**
Salaries and wages	9,468,226	15,331,421
Other costs*	4,541,871	4,041,442
Staff Provident fund contributions - defined contribution plan	2,486,596	2,340,775
Service and leave pay expenses	1,452,987	1,644,260
Staff reward and recognition scheme	10,270,763	3,602,249
	28,220,483	26,960,147

*Other staff costs mainly relate to school fees, medical expenses and training costs.

11. IMPAIRMENT ON OTHER FINANCIAL ASSETS – GROUP AND BANK

	GROUP AND BANK	
	2019 **USD**	2018 **USD**
Other receivables (Note 24)	3,755	3,226,125

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

12. TAXATION

	GROUP		BANK	
	2019 **USD**	2018 **USD**	2019 **USD**	2018 **USD**
A) TAXATION CHARGE				
Current taxation based on the adjusted profit at 15%	3,494	-	-	-
(B) RECONCILIATION OF EXPECTED TAX BASED ON ACCOUNTING PROFIT TO TAX CHARGE				
Accounting profit before taxation	151,533,059	129,325,392	151,304,813	129,325,392
Tax at the applicable rate of 15%	22,729,959	19,398,809	22,729,959	19,398,809
Tax effect of expenses not deductible for tax purposes*	266	-	-	-
Tax effect of tax losses utilised	(31,009)	-	-	-
Tax effect of income not taxable**	(22,695,722)	(19,398,809)	(22,695,722)	(19,398,809)
	3,494	-	-	-
(C) TAXATION PAYABLE				
At 1 January	-	-	-	-
Charge for the year	3,494	-	-	-
	3,494	-	-	-

* Expenses not deductible for tax purposes relate to items of capital nature in the subsidiary.
**Income not taxable relates to the Bank which is exempt from corporate tax as per the Bank's charter

13. EARNINGS PER SHARE

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

	GROUP		BANK	
	2019 **USD**	2018 **USD**	2019 **USD**	2018 **USD**
EARNINGS				
Earnings for the purpose of the basic earnings per share being net profit attributable to shareholders	151,529,565	129,325,392	151,304,813	129,325,392
Earnings for the purpose of the diluted earnings per share	151,529,565	129,325,392	151,304,813	129,325,392
There were no earnings with a potential dilutive effect during the period (December 2018: NIL).				
NUMBER OF SHARES				
Weighted average number of shares for the purpose of basic earnings per share:				
Class A	79,115	78,643	79,115	78,643
Class B	25,366	22,151	25,366	22,151
	104,481	100,794	104,481	100,794
Weighted average number of shares for the purpose of diluted earnings per share:	110,096	101,853	110,096	101,853

* Expenses not deductible for tax purposes relate to items of capital nature in the subsidiary.
**Income not taxable relates to the Bank which is exempt from corporate tax as per the Bank's charter

13. EARNINGS PER SHARE [continued]

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

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

14. CASH AND BALANCES HELD WITH OTHER BANKS

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

15. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

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

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

16. TRADE FINANCE LOANS

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

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

17. PROJECT LOANS – GROUP AND BANK

	GROUP AND BANK 2019 USD	GROUP AND BANK 2018 USD
Loans disbursed	3,484,215,531	2,720,138,793
Interest capitalised*	116,695,511	56,582,529
Loans repaid	(1,508,489,914)	(1,350,947,319)
Principal loan balances	2,092,421,128	1,425,774,003
Interest receivable	54,574,428	34,144,315
Gross loans	2,146,995,556	1,459,918,318
Impairment on project loans (Note 18)	(40,657,973)	(30,359,524)
Net loans	2,106,337,583	1,429,558,794

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

	2019 USD	2018 USD
ANALYSIS OF GROSS LOANS BY MATURITY		
Maturing:		
Within one year	424,572,300	221,675,395
One year to three years	648,868,236	526,726,621
Three to five years	476,764,089	349,469,998
Over five years	596,790,931	361,589,304
	2,146,995,556	1,459,918,318

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

18. IMPAIRMENT ALLOWANCE

The movement in the allowance is as follows:

	PROJECT FINANCE LOANS USD	TRADE FINANCE LOANS USD	LOW CREDIT RISK ASSETS USD	OFF-BALANCE SHEET COMMITMENTS USD	TOTAL ALLOWANCE USD
At 1 January 2018	30,427,993	59,593,328	1,501,887	-	91,523,208
(Credit)/charge for the year	(68,469)	20,359,633	1,258,541	1,607,250	23,156,955
- Amount written back	(1,437,556)	-	-	-	(1,437,556)
- Provisions	1,369,087	20,359,633	1,258,541	1,607,250	24,594,511
At 31 December 2018	30,359,524	79,952,961	2,760,428	1,607,250	114,680,163
As 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)
(Income)/charge for the year	10,298,449	24,408,620	5,416,406	1,362,147	41,485,622
- Amount written back	-	-	-	-	-
- Provisions	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

19. EQUITY INVESTMENTS

	BEGINNING COST **USD**	ADDITIONS AT COST **USD**	TOTAL ENDING COST **USD**	INVESTMENT CARRYING VALUE AT YEAR END **USD**	INVESTMENT CARRYING VALUE PREVIOUS YEAR **USD**	FAIR VALUE ADJUSTMENT FOR DAY 1 **USD**	FAIR VALUE ADJUSTMENT FOR THE YEAR **USD**
(I) EQUITY PARTICIPATION							
At fair value through other comprehensive income:							
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	-	-
	40,342,931	79,120	40,422,051	51,135,850	51,521,730	-	(465,000)
AS AT 31 DECEMBER 2018							
African Export Import Bank	2,364,160	-	2,364,160	6,589,000	2,364,160	4,224,840	-
ZEP Reinsurance	31,938,654	-	31,938,654	38,886,000	31,938,654	6,947,346	-
Tononoka	628,653	-	628,653	1,835,000	628,653	1,206,347	-
Tanruss	1,755,000	-	1,755,000	276,000	1,755,000	(1,691,000)	212,000
Africa Trade Insurance Company	1,000,000	-	1,000,000	1,015,000	1,000,000	(223,000)	238,000
Gulf African Bank	1,978,734	-	1,978,734	2,243,000	1,978,734	264,266	-
Pan African Housing Fund	592,756	84,974	677,730	677,730	592,756	-	-
	40,257,95	84,974	40,342,931	51,521,730	40,257,957	10,728,799	450,000

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 are disclosed in note 8.

	GROUP AND BANK	
	2019 **USD**	2018 **USD**
II) INSTALMENTS PAID		
Total subscribed capital*	41,865,201	41,865,201
Less: Instalments not due – Note 19 (iii)	(1,443,150)	(1,522,270)
Instalments paid as at end of year – Note 19 (i) and (iv)	40,422,051	40,342,931
III) UNPAID SUBSCRIPTIONS EXPRESSED IN US DOLLARS AT YEAR-END RATES COMPRISED		
African Export-Import Bank*	1,200,000	1,200,000
Pan African Housing Fund*	243,150	322,270
*Unpaid subscriptions are payable on call.	1,443,150	1,522,270
IV) MOVEMENT IN THE INSTALMENTS PAID		
At beginning of year	40,342,931	40,257,957
Net additions at cost – Note 19 (i)	79,120	84,974
At end of year	40,422,051	40,342,931

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 2019 USD	GROUP AND BANK 2018 USD
Current assets - cash and cash equivalents	634,021	773,988
Non-current assets	-	-
Total Assets	634,021	773,988
Liabilities	-	-
Equity	634,021	773,988
Bank's carrying ammount of the investment	317,010	386,994

ESAIF is yet to start operations. The joint venture had no contingent liabilities or capital commitments at 31 December 2019. ESAIF cannot distribute its profits without the consent from the venture partners.

	GROUP AND BANK 2019 USD	GROUP AND BANK 2018 USD
Movement in joint venture:		
At 1 January	386,994	369,493
Additional investment*	-	17,501
Reduction in investment**	(69,984)	-
At 31 December	317,010	386,994

* The movement relates to additional investment in ESAIF.

** The movement relates to classification of investment in Eastern and Southern African Trade Advisers Limited - ESATAL (See Note 20) to a subsidiary after TDB gained control over the entity. TDB's share capital in ESATAL is USD 69,984.

21. INVESTMENT IN SUBSIDIARY

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 NO OF SHARE	BANK ORDINARY SHARE USD
AS AT 31 DECEMBER 2019		
Total issued and fully paid	139,967	139,967
TDB's share -50% + 1 share	69,984	69,984

21. INVESTMENT IN SUBSIDIARY [continued]

The ordinary shares have the following rights:

i. 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
ii. The right to an equal share of dividends as may be declared and paid by the company
iii. The right to an equal share in the distribution of the surplus assets of the Company

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	
	NO OF SHARE	ORDINARY SHARE **USD**
SUMMARISED STATEMENT OF FINANCIAL POSITION		
Total assets	400,411	141,877
Total liabilities	131,311	97,530
Net assets	269,100	44,347
Non-controlling interest	50%	50%
SUMMARISED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME		
Profit before taxation	228,247	(29,474)
Taxation charge	(3,494)	-
	224,753	(29,474)
Profit for the year is attributable to owners of the Bank	112,376	-
Profit for the year is attributable to non-controlling interest	112,377	(29,474)
Total comprehensive income for the year	224,753	(29,474)
SUMMARISED STATEMENT OF CASH FLOWS		
Net cash from/(used in) operating activities	183,312	(40,045)
Net cash from financing activities	-	60,000
Net increase in cash and cash equivalents	183,312	19,955
Cash and cash equivalents at beginning of year	109,671	89,716
Cash and cash equivalents at end of year	292,983	109,671

22. INVESTMENTS IN GOVERNMENT SECURITIES

	GROUP AND BANK	
	2019 **USD**	2018 **USD**
HELD AT AMORTISED COST		
Treasury Notes and Treasury Bonds:		
At 1 January	-	57,275,058
Additions: Treasury Bonds*	44,897,636	-
Matured securities: Treasury Notes**	-	(57,275,058)
At 31 December	44,897,636	-

22. INVESTMENT IN GOVERNMENT SECURITIES [continued]

*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.
**The treasury notes were issued by the Government of Malawi and held as investments in Malawi Kwacha equivalent. They matured in 2019, hence the nil balance as 31 December 2019.

23. INVESTMENT IN TRADE FUND

	GROUP		BANK	
	2019 **USD**	2018 **USD**	2019 **USD**	2018 **USD**
INVESTMENT IN ESATF – AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME				
At 1 January	-	-	-	-
Additions during the year	49,997,089	-	49,996,989	-
At 31 December	49,997,089	-	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.

24. OTHER RECEIVABLES

	GROUP		BANK	
	2019 **USD**	2018 **USD**	2019 **USD**	2018 **USD**
Down-sold assets*	70,000,000	70,000,000	70,000,000	70,000,000
Prepayments and other receivables**	48,797,741	44,886,422	48,690,413	44,886,422
Staff loans and advances***	1,047,994	1,216,404	1,047,994	1,216,404
Appraisal fees****	677,703	1,033,204	677,703	1,033,204
	120,523,438	117,136,030	120,416,110	117,136,030
Appraisal fees receivable****				
As at 1 January	1,033,204	614,835	1,033,204	614,835
Accrued income	396,850	5,198,448	396,850	5,198,448
Receipts	(748,596)	(1,553,954)	(748,596)	(1,553,954)
Amounts written off (Note 11)	(3,755)	(3,226,125)	(3,755)	(3,226,125)
At 31 December	677,703	1,033,204	677,703	1,033,204
MATURITY ANALYSIS				
Amounts due within one year	120,330,250	116,834,370	120,222,922	116,834,370
Amounts due after one year	193,188	301,660	193,188	301,660
	120,523,438	117,136,030	120,416,110	117,136,030

*Down-sold assets represent loan assets sold to the Group's counterparties on a non-funded basis. The amount will be settled within 6 months after year end. Down-selling receivable does not attract interest.
**Prepayments and other receivables comprise mainly of 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.

25. PROPERTY AND EQUIPMENT – GROUP AND BANK

	FREEHOLD LAND **USD**	LEASEHOLD LAND **USD**	BUILDING UNDER CON-STRUCTION **USD**	BUILDINGS **USD**	MOTOR VEHICLES **USD**	FURNITURE AND FITTINGS **USD**	OFFICE EQUIPMENT **USD**	TOTAL **USD**
YEAR ENDED 31 DECEMBER 2019:								
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 year	-	-	-	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

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 upon adoption of IFRS 16 Leases.

Building Under Construction:
The Group is in the process of constructing an office building. 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.

25. PROPERTY AND EQUIPMENT – GROUP AND BANK [continued]

	FREEHOLD LAND USD	LEASEHOLD LAND USD	BUILDING UNDER CON-STRUCTION USD	BUILDINGS USD	MOTOR VEHICLES USD	FURNITURE AND FITTINGS USD	OFFICE EQUIPMENT USD	TOTAL USD
YEAR ENDED 31 DECEMBER 2018:								
COST								
At 1 January 2018	140,400	2,453,865	463,157	22,699,181	588,349	1,551,287	2,043,603	29,939,842
Additions	-	-	603,982	3,883,342	136,920	210,023	145,302	4,979,569
Disposals	-	-	-	-	-	(10,586)	(11,741)	(22,327)
At 31 December 2018	140,400	2,453,865	1,067,139	26,582,523	725,269	1,750,724	2,177,164	34,897,084
ACCUMULATED DEPRECIATION								
At 1 January 2018	-	51,636	-	7,319,065	411,879	880,198	1,645,114	10,307,892
Charge for the year	-	24,783	-	430,094	85,544	127,335	231,001	898,757
Disposals	-	-	-	-	-	(8,645)	(11,030)	(19,675)
At 31 December 2018	-	76,419	-	7,749,159	497,423	998,888	1,865,085	11,186,974
NET CARRYING AMOUNT								
At 31 December 2018	140,400	2,377,446	1,067,139	18,833,364	227,846	751,836	312,079	23,710,110

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 upon adoption of IFRS 16 Leases.

Building Under Construction:
The Group is in the process of constructing an office building. 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.

26. RIGHT OF USE ASSET

The Group leases office space for its use. Approximately half of the leases expired in 2019 and were replaced with new leases for the same underlying properties. This resulted in a right-of-use asset of USD 1,406,642 (2018: nil). Information about the leases in which the Group is a lessee is presented below:

	GROUP AND BANK	
	2019 **USD**	2018**USD**
COST		
At the beginning of the year	-	-
Lease asset recognised	1,924,330	-
Reclassification (Note 25)	2,453,865	-
At the end of the year	4,378,195	-
ACCUMULATED AMORTISATION		
At the beginning of the year	-	-
Reclassification (Note 25)	76,419	-
Charge for the year	389,764	-
At the end of the year	466,183	-
NET BOOK VALUE		
At the end of the year	3,912,012	-
Amounts recognized in profit and loss:		
Depreciation expense-right-of-use asset	364,981	-
Interest Expense	83,031	-
Expense relating to short term lease contracts	60,405	-
	508,417	-

27. INTANGIBLE ASSETS

	GROUP AND BANK	
	2019 **USD**	2018**USD**
COST		
At beginning of year	4,276,392	3,338,765
Additions	737,437	937,627
Impairment	(1,394,909)	-
At the end of the year	3,618,920	4,276,392
AMORTISATION		
At beginning of year	2,422,648	2,000,735
Charge for the year	593,179	421,913
Impairment	(1,394,909)	-
At the end of the year	1,620,918	2,422,648
NET CARRYING AMOUNT		
At the end of the year	1,998,002	1,853,744

Intangible assets relate to cost of acquired computer software.
Computer software are amortised over their estimated useful lives, which is 5 years on average.

28. COLLECTION ACCOUNT DEPOSITS

	GROUP AND BANK	
	2019 **USD**	2018 **USD**
At 1 January 2019	119,576,580	127,796,131
Increase	6,893,456	43,519,141
Reduction	(30,647,425)	(51,738,692)
At 31 December 2019	95,822,611	119,576,580

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	
	2019 **USD**	2018 **USD**
Undiscounted future minimum lease payment under operating lease at 1 January	139,393	-
Impact of discounting	(3,927)	-
Leases not yet commenced at 1 January	1,887,220	-
At 1 January	2,022,686	-
The movement in the lease liabilities is as follows:		
At 1 January	2,022,686	-
Payment of lease liabilities	(585,250)	-
Interest on lease liabilities	83,031	-
At 31 December	1,520,467	-
MATURITY ANALYSIS OF UNDISCOUNTED CASH FLOWS		-
Year 1	558,110	-
Year 2	619,586	-
Year 3	477,678	
Total discounted lease liabilities	1,655,374	-

30. SHORT TERM BORROWINGS

	GROUP AND BANK 2019 USD	2018 USD
(A) CERTIFICATES OF DEPOSITS		
Lender		
African Trade Insurance Agency	1,680,450	1,243,996

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

	DATE OF RENEWAL/ ADVANCE	MATURITY DATE	CURRENCY	GROUP AND BANK 2019 USD	2018 USD
(B) OTHER SHORT-TERM BORROWINGS					
Syndicated Loan- Middle First Abu Dhabi Bank PJSC	Dec-19	Dec-22	USD	451,471,994	329,301,555
First Abu Dhabi Bank PJSC	Apr-19	Apr-20	USD	50,000,000	-
Standard Bank Isle of Man	Dec-19	Nov-20	EUR	56,015,000	-
Syndicated Loan - Citibank	Oct-18	Oct-21	USD	460,000,000	460,000,000
Syndicated Loan - Asia (I)	Jun-19	Jun-22	USD	400,000,000	340,000,000
The Bank of Tokyo Mitsubishi UFJ, Ltd	Jun-19	Jun-21	USD	150,000,000	75,000,000
Samurai Syndication	Dec-18	Dec-21	USD	146,763,016	146,220,401
Syndicated Loan - Asia (II)	Dec-17	Dec-20	USD	237,000,000	237,000,000
Mashreq Bank	Dec-19	Dec-20	USD	100,000,000	100,000,000
Citibank	Sep-19	Apr-20	USD	79,511,339	29,952,505
Mizuho Bank London	Dec-18	Nov-20	USD	75,000,000	75,000,000
Nedbank	Dec-18	Nov-21	USD	50,000,000	60,912,877
Sumitomo Mitsui Banking Corporation Euro	Dec-19	Dec-20	USD	50,000,000	58,931,935
KfW	Dec-19	Dec-20	USD	46,500,000	40,000,000
Africa 50 Financement de Projets	Oct-19	Mar-20	USD	31,446,755	39,761,916
NORFUND	Dec-19	Jun-20	USD	30,000,000	-
Bank One Ltd	Dec-19	Mar-20	EUR	22,406,000	22,871,000
Standard Chartered Bank London	Jul-19	Jun-20	USD	14,149,861	193,806,513
BHF BANK	Oct-19	Mar-20	USD	8,233,539	2,140,494
African Trade Insurance Agency	Jan-19	Sep-20	USD	4,242,949	3,677,350
Cargill Kenya Limited	Dec-17	Dec-19	USD	-	148,247,850
Standard Bank South Africa	Sep-18	Jan-19	USD	-	5,141,589
ABSA Bank	Oct-18	Apr-19	USD	-	4,632,718
Commerzbank Frankfurt am Main	Jul-18	Jan-19	USD	-	307,260
Sub-total for other short-term borrowings				2,462,740,453	2,372,905,964
INTEREST PAYABLE				827,094	9,103,641
Certificate of Deposits (Note 30a)				1,680,450	1,243,996
Total short-term borrowings				2,465,247,997	2,383,253,601

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.

31. LONG TERM BORROWINGS

LENDER	DATE OF RENEWAL / DISBURSEMENT	MATURITY DATE	CURRENCY	AMOUNT IN CURRENCY	GROUP AND BANK 31 DECEMBER 2019			GROUP AND BANK 31 DECEMBER 2018		
					BALANCE OUTSTANDING **USD**	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	207,500,000	207,500,000	18,750,000	188,750,000	158,746,264	11,250,000	147,496,264
Africa Agriculture and Trade Investment Fund	Sep-12	Sep-19	USD	-	-	-	-	10,000,000	10,000,000	-
China Development Bank	Dec-08	Dec-19	USD	-	-	-	-	20,000,000	20,000,000	-
KBC Bank	Various	Various	USD	-	-	-	-	3,144,827	2,515,862	628,965
Exim Bank of India Loan	Various	Various	USD	-	-	-	-	7,850	7,850	-
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	700,000,000	-	700,000,000
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	-	-	-
Development Bank of Southern Africa	Mar-07	Jun-23	USD	14,062,500	14,062,500	9,375,000	4,687,500	23,437,500	9,375,000	14,062,500
OPEC Fund for International Development	Mar-19	Aug-23	USD	20,000,000	20,000,000	2,925,278	17,074,722	-		
Private Export Funding Corporation	Aug-11	Oct-21	USD	11,155,339	11,155,339	5,949,514	5,205,825	17,104,853	5,949,514	11,155,339
KfW	Dec-13	Dec-31	USD	151,428,572	151,428,572	5,714,286	145,714,286	107,142,857	5,714,286	101,428,571
KFW IPEX	Sep-16	Dec-28	USD	109,747,199	109,747,199	13,364,622	96,382,577	123,111,820	13,364,622	109,747,198
European Investment Bank	Aug-16	Sep-26	USD	82,239,046	82,239,046	11,749,333	70,489,713	88,120,000	5,874,667	82,245,333
CDC Group	Oct-16	Dec-25	USD	72,727,273	72,727,273	16,267,380	56,459,893	81,818,182	14,889,746	66,928,436
Standard Chartered Bank / USAID	Sep-17	Mar-24	USD	21,157,142	21,157,142	4,227,906	16,929,236	13,478,240	2,449,520	11,028,720
Japan Bank for International Corporation (JBIC)	Jul-17	Feb-24	USD	29,204,255	29,204,255	6,696,563	22,507,692	20,306,413	7,365,175	12,941,238
AFD -Agence Francaise De Development	Dec-17	Mar-32	USD	57,000,000	57,000,000	3,125,000	53,875,000	57,000,000		57,000,000
The Exim -Import Bank of China	Dec-17	Dec-23	USD	250,000,001	250,000,001	-	250,000,001	250,000,001	25,274,725	224,725,276
Tanzania local currency fixed rate bond	Jun-15	May-20	TZS	2,242,404,954	982,821	982,821	-	2,351,638	1,369,446	982,192
Tanzania local currency floating rate bond	Jun-15	May-20	TZS	2,240,669,845	980,815	980,815	-	2,350,022	1,369,446	980,576
IDC – Industrial Development Corporation	Mar-18	Dec-27	USD	87,156,493	87,156,493	13,408,691	73,747,802	100,565,184	11,173,909	89,391,275
BADEA	Feb-18	Sep-27	USD	14,999,940	14,999,940	1,250,000	13,749,940	5,001,933	-	5,001,933
Oldenburgische Landesbank AG	Various	Feb-20	USD	628,965	628,965	628,965	-	-	-	-
African Economic Research Consortium	Nov-19	Nov-26	USD	2,993,975	2,993,975	-	2,993,975	-	-	-
Sub-total for long term borrowings					2,583,964,336	115,396,174	2,468,568,162	1,783,687,584	147,943,768	1,635,743,816
Interest payable					28,520,393	28,520,393	-	25,024,959	25,024,959	-
Total					2,612,484,729	143,916,567	2,468,568,162	1,808,712,543	172,968,727	1,635,743,816
Deferred Expenditure					(20,955,831)	(8,677,535)	(12,278,296)	(26,682,475)	(26,682,475)	-
Total long-term borrowings					2,591,528,898	135,239,032	2,456,289,866	1,782,030,068	146,286,252	1,635,743,816

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.

32. OTHER PAYABLES

	GROUP		BANK	
	2019 **USD**	2018 **USD**	2019 **USD**	2018 **USD**
Accrued expenses	4,197,989	9,374,066	4,197,989	9,374,066
Accrued fees-Trade Finance	401,256	850,382	401,256	850,382
Provident fund*	7,492,768	1,243,471	7,492,768	1,243,471
Other creditors**	102,089,407	54,008,954	101,961,590	54,008,954
Accrued reward & recognition	5,552,242	4,971,407	5,552,242	4,971,407
Accrued fees-Project Finance	24,478	1,370	24,478	1,370
Rental deposit	51,622	51,622	51,622	51,622
Dividends payable (Note 34)	11,475,872	2,357,693	11,475,872	2,357,693
Accrued Long Term Incentive Scheme	4,939,849	-	4,939,849	-
Accrued Syndication fees	2,507,304	-	2,507,304	-
	138,732,787	72,858,965	138,604,970	72,858,965
ANALYSIS OF OTHER PAYABLES BY MATURITY				
Amounts due within one year	134,555,523	65,535,685	134,427,706	65,535,685
Amounts due after one year	4,177,264	7,323,280	4,177,264	7,323,280
	138,732,787	72,858,965	138,604,970	72,858,965

*Provident fund relates to the Group's contribution to the fund that is payable.

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

33. PROVISION FOR SERVICE AND LEAVE PAY

	GROUP AND BANK	
	2019 **USD**	2018 **USD**
(I) PROVISION FOR SERVICE PAY		
At beginning of year	6,040,190	5,081,470
Increase in provision	1,099,333	1,155,218
Payment of service pay	(539,372)	(196,497)
At end of year	6,600,151	6,040,191
(II) PROVISION FOR LEAVE PAY		
At beginning of year	1,788,449	1,477,218
Increase in provision	257,172	402,898
Payment of leave pay	(94,262)	(91,667)
At end of year	1,951,359	1,788,449
TOTAL PROVISION FOR SERVICE AND LEAVE PAY	8,551,510	7,828,640

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

34. SHARE CAPITAL

	GROUP AND BANK					
	As at 31 December 2019			As at 31 December 2018		
	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)	(166,443,703)	-	(166,443,703)
- Class 'B'	-	(872,565,554)	(872,565,554)	-	(895,282,523)	(895,282,523)
SUBSCRIBED CAPITAL						
- 85,686 Class 'A' (2018: 80,891) ordinary shares of USD 22,667 each	1,942,244,564	-	1,942,244,564	1,833,556,297	-	1,833,556,297
- 28,110 Class 'B' (2018: 23,099) ordinary shares of USD 4,533.40 each	-	127,434,446	127,434,446	-	104,717,477	104,717,477
Less: Callable capital	(1,553,795,650)	-	(1,553,795,650)	(1,466,845,038)	-	(1,466,845,038)
Payable capital	388,448,914	127,434,446	515,883,360	366,711,259	104,717,477	471,428,736
Less: Amounts not yet due	(15,597,120)	-	(15,597,120)	(6,404,787)	-	(6,404,787)
Capital due	372,851,794	127,434,446	500,286,240	360,306,472	104,717,477	465,023,949
Less: Subscriptions in arrears	(1,178,768)	-	(1,178,768)	(3,281,391)	-	(3,281,391)
PAID UP CAPITAL	371,673,026	127,434,446	499,107,472	357,025,081	104,717,477	461,742,558
Movement in paid up share capital at beginning of year	357,025,081	104,717,477	461,742,558	333,838,490	97,386,936	431,225,426
African Economic Research Consortium	-	793,349	793,349	-	-	-
African Development Bank	485,074	10,880,209	11,365,283	1,128,817	4,352,084	1,128,817
BADEA – Arab Bank for Economic Development in Africa	-	-	-	-	389,875	4,352,084
Investment Fund for Developing Countries	-	7,910,819	7,910,819	-	-	-
National Social Security Fund- Uganda	-	367,207	367,207	-	376,274	389,875
Sacos Group Limited	-	13,600	13,600	-		
Rwanda Social Security Board	-	1,967,504	1,967,504	-		376,274
TDB Staff Provident Fund	-	693,613	693,613	-	2,030,972	2,030,972
TDB Directors & Select Stakeholders Provident Fund	-	90,668	90,668	-	181,336	181,336
Belarus	122,402	-	122,402	1,222,205	-	1,222,205
Burundi	199,470	-	199,470	462,407	-	462,407
China	553,075	-	553,075	1,282,952	-	1,282,952
Comoros	22,667	-	22,667	40,801	-	40,801
Congo DRC	680,010	-	680,010	3,540,695	-	3,540,695
Djibouti	45,334	-	45,334	108,802	-	108,802
Egypt	870,413	-	870,413	2,012,830	-	2,012,830
Eritrea	49,431	-	49,431	45,216	-	45,216
Eswatini	414,353	-	414,353	409,820	-	409,820
Ethiopia	1,870,481	-	1,870,481	2,012,830	-	2,012,830
Kenya	9,067	-	9,067	2,012,830	-	2,012,830
Madagascar	405,286	-	405,286	400,753	-	400,753
Malawi	213,070	-	213,070	498,674	-	498,674
Mauritius	408,006	-	408,006	952,014	-	952,014
Mozambique	4,120,449	-	4,120,449	145,069	-	145,069
Rwanda	2,244,740	-	2,244,740	539,475	-	539,475
Seychelles	45,334	-	45,334	99,735	-	99,735
Somalia	65,496	-	65,496	59,912	-	59,912
South Sudan	276,537	-	276,537	13,600	-	13,600
Tanzania	99,735	-	99,735	1,944,829	-	1,944,829
Uganda	699,504	-	699,504	2,520,571	-	2,520,571
Zambia	748,011	-	748,011	1,731,754	-	1,731,754
Paid up during the period	14,647,945	22,716,969	37,364,914	23,186,591	7,330,541	30,517,132
AT THE END OF YEAR	371,673,026	127,434,446	499,107,472	357,025,081	104,717,477	461,742,558

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.

34. SHARE CAPITAL [continued]

	GROUP AND BANK			
	NUMBER OF **SHARES**	SHARE VALUE **USD**	PRICE PAID **USD**	SHARE PREMIUM **USD**
SHARE PREMIUM – CLASS B				
As at 31 December 2019:				
At 1 January 2019	23,099	104,717,477	165,218,088	60,500,611
Additions during the year	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				
As at 31 December 2019:				
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
As 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
SHARE PREMIUM – CLASS B				
As at 31 December 2018:				
As at 1 January 2018:	21,482	97,386,936	150,355,414	52,968,478
Additions during the year	1,617	7,330,541	14,862,674	7,532,133
As at 31 December 2018	23,099	104,717,477	165,218,088	60,500,611

CLASS A AND B SHARES

As at 31 December 2019, there were 85,686 'A' ordinary shares (2018: 80,891) and 28,110 Class 'B' ordinary shares (2018: 23,099). 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 (2018: USD 6,929.60) 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 hence nil balance in 2018.

	2019 **USD**	2018 **USD**
DIVIDENDS ON ORDINARY SHARES DECLARED AND PAID		
Final dividend for 2018: USD 315.93 per share (2017: 308.67 per share)		
- Declared and paid	20,208,849	25,049,089
- Declared and not paid/payable	11,475,872	2,357,693
	31,684,721	27,406,782
PROPOSED DIVIDENDS ON ORDINARY SHARES		
Dividend for 2019: USD 342.01 per share (2018: USD 315.93 per share)	36,313,155	31,684,721

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

(A) RECONCILIATION OF PROFIT FOR THE YEAR TO NET CASH GENERATED FROM/(USED IN) OPERATIONS

	GROUP 2019 **USD**	BANK 2019 **USD**	GROUP AND BANK 2018 **USD**
Profit for the year	151,533,059	151,304,813	129,325,392
ADJUSTMENTS			
Depreciation on property and equipment (Note 25)	973,437	973,437	898,757
Depreciation of right of use asset (Note 26)	389,764	389,764	-
Amortisation of intangible assets (Note 27)	593,179	593,179	421,913
(Gain)/loss from disposal of property and equipment	(318)	(318)	2,652
Gain in foreign exchange	(5,178,281)	(5,178,281)	(16,301,220)
Interest received	(276,163,851)	(276,163,851)	(271,215,413)
Interest paid	212,690,235	212,690,235	182,199,807
Management reserve	-	-	19,842,913
Provision for impairment	41,485,622	41,485,622	23,156,955
Increase in provision for service and leave pay	89,236	89,236	981,788
Impairment of off-balance sheet items	(6,778,553)	(6,778,553)	(2,865,791)
Interest on lease liability	83,031	83,031	-
Profit before changes in operating assets and liabilities	119,716,560	119,488,314	66,447,753
WORKING CAPITAL CHANGES			
Increase in other receivables	(3,355,301)	(3,280,080)	(10,658,542)
Decrease/(Increase) in hedging derivative instruments-Assets	13,993,599	13,993,599	(54,042,940)
Decrease in hedging derivative instruments-Liabilities	-	-	(4,797,549)
Increase in trade finance loans	(156,130,658)	(156,130,658)	(182,556,237)
Increase in project loans	(687,077,238)	(687,077,238)	(194,370,177)
Decrease in collection accounts deposits	(23,753,969)	(23,753,969)	(8,219,550)
Increase/(decrease) in other payables	51,054,792	54,270,135	(11,157,197)
Provision for service and leave pay paid	633,634	633,634	288,164
Interest received	276,163,851	276,163,851	271,215,413
Interest paid	(212,690,235)	(212,690,235)	(182,199,807)
Net increase in borrowings (Note 36 (b))	891,493,226	891,493,226	142,431,837
Net cash generated from/(used in) operations	273,403,562	273,110,579	(167,618,832)

36. NOTES TO THE STATEMENT OF CASH FLOWS

(B) ANALYSIS OF CHANGES IN BORROWINGS

	GROUP AND BANK 2019 USD	2018 USD
SHORT TERM BORROWINGS		
At beginning of year	2,383,253,601	2,314,562,284
Loans received	2,609,097,356	2,634,377,484
Repayments	(2,527,102,960)	(2,565,686,167)
At end of year	2,465,247,997	2,383,253,601
LONG TERM BORROWINGS		
At beginning of year	1,782,030,068	1,708,289,548
Loans received	1,055,979,537	547,625,476
Repayments	(246,480,707)	(473,884,956)
At end of year	2,591,528,898	1,782,030,068
TOTAL BORROWINGS		
At beginning of year	4,165,283,669	4,022,851,832
Loans received	3,665,076,893	3,182,002,960
Repayments	(2,773,583,667)	(3,039,571,123)
At end of year	5,056,776,895	4,165,283,669
Increase in total borrowings (Note 36(a))	891,493,226	142,431,837

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 generated from operations.

(C) ANALYSIS OF CASH AND CASH EQUIVALENTS

	GROUP		BANK	
	2019 USD	2018 USD	2019 USD	2018 USD
Cash and balances with other banks - Note 14	1,382,403,564	1,145,918,378	1,382,110,581	1,145,918,378

(D) FACILITIES AVAILABLE FOR LENDING

As at 31 December 2019 the following facilities were available to the Group for lending:

	GROUP AND BANK		
	FACILITIES AVAILABLE USD	FACILITIES UTILISED USD	FACILITIES UNUTILISED USD
SHORT-TERM FACILITIES 2019			
Lender			
Syndicated Loan - Global	460,000,000	460,000,000	-
Syndicated Loan- Middle East	451,471,994	451,471,994	-
Syndicated Loan - Asia (I)	400,000,000	400,000,000	-
Syndicated Loan - Asia (II)	237,000,000	237,000,000	-
AFREXIM	168,045,000	-	168,045,000
Standard Chartered Bank London	150,000,000	43,369,843	106,630,157
The Bank of Tokyo Mitsubishi UFJ, Ltd	150,000,000	150,000,000	-
Samurai Syndication	146,763,016	146,763,016	-
ING Bank	136,762,266	136,762,266	-
Citibank	120,000,000	106,642,507	13,357,493
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
Mizuho Bank London	89,913,143	89,913,143	-
Commercial Bank of Africa	80,000,000	-	80,000,000

36. NOTES TO THE STATEMENT OF CASH FLOWS [continued]

		GROUP AND BANK	
	FACILITIES AVAILABLE **USD**	FACILITIES UTILISED **USD**	FACILITIES UNUTILISED **USD**
SHORT-TERM FACILITIES 2019 [CONTINUED]			
Lender			
BNP Paribas Group	75,000,000	-	75,000,000
Deutsche Bank	60,000,000	-	60,000,000
Standard Bank Isle of Man	56,015,000	56,015,000	
First Abu Dhabi Bank PJSC	50,000,000	50,000,000	
Sumitomo Mitsui Banking Corporation	50,000,000	50,000,000	-
Rand Merchant Bank	50,000,000	-	50,000,000
Nedbank	50,000,000	50,000,000	-
KfW IPEX	46,500,000	46,500,000	-
BHF Bank	33,609,000	8,422,990	25,186,010
Africa 50 Financement de Projets	31,446,755	31,446,755	-
Natixis	30,000,000	-	30,000,000
NORFUND	30,000,000	30,000,000	-
KBC Bank	28,007,500	-	28,007,500
Bank One	22,406,000	22,406,000	-
Barclays/Absa Bank	20,000,000	8,249,457	11,750,543
DZ Bank	15,158,226	-	15,158,226
Banque de Commerce de placement	9,686,500	-	9,686,500
African Trade Insurance Agency	5,923,399	5,923,399	-
Total	3,628,707,799	2,680,886,370	947,821,429
LONG-TERM FACILITIES 2019			
Lender			
Eurobond	1,450,000,000	1,450,000,000	-
Japan Bank for International Corporation	430,000,000	7,275,000	422,725,000
African Development Bank	330,000,000	330,000,000	-
Export 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	57,000,000	18,000,000
Development Bank of the Republic of Belarus	72,000,000	-	72,000,000
Private Export Funding Corporation	60,000,000	60,000,000	-
OPEC Fund for International Development	60,000,000	20,000,000	40,000,000
Finnish Export Credit -Sumitomo Mitsui Banking Corporation	56,811,725	28,679,449	28,132,276
Oldenburgische Landesbank AG	51,403,510	36,854,139	14,549,371
Standard Chartered Bank / USAID	50,000,000	25,703,000	24,297,000
Tanzania Shillings Local Currency Bond	16,506,555	16,506,555	-
Arab Bank for Economic Development in Africa	15,000,000	15,000,000	-
African Economic Research Consortium	2,993,975	2,993,975	-
Exim Bank USA	No limit	-	-
Total	3,816,536,236	3,051,832,589	764,703,647
TOTAL FACILITIES: 31 DECEMBER 2019	7,445,244,035	5,732,718,959	1,712,525,076

Facilities utilised include outstanding letters of credit amounting to USD 346,981,327 (2018: USD161,393,239) as disclosed in note 39(b).

36. NOTES TO THE STATEMENT OF CASH FLOWS [continued]

As at 31 December 2018 the following facilities were available to the Group for lending:

	GROUP AND BANK		
	FACILITIES AVAILABLE **USD**	FACILITIES UTILISED **USD**	FACILITIES UNUTILISED **USD**
SHORT-TERM FACILITIES 2018			
Lender			
Asian Syndicated Loan 1	340,000,000	340,000,000	-
Middle East Syndication 2018 (First Abu Dhabi Bank PJSC)	329,301,555	329,301,555	-
Cargill Kenya	148,247,850	148,247,850	-
African Trade Insurance Agency	4,921,346	4,921,346	-
BHF Bank	34,306,500	4,972,880	29,333,620
AFREXIM	171,532,500	-	171,532,500
NIC Bank	40,000,000	-	40,000,000
Natixis	30,000,000	-	30,000,000
ING Bank	102,919,500	-	102,919,500
KBC Bank	28,588,750	-	28,588,750
DZ Bank	15,158,226	-	15,158,226
Standard Chartered Bank	330,000,000	221,419,972	108,580,028
Asian Syndication 11, 2018 (Standard Chartered Bank)	237,000,000	237,000,000	-
BNP Paribas Group	75,000,000	-	75,000,000
Mauritius Commercial Bank	90,000,000	-	90,000,000
Standard Bank South Africa	90,000,000	5,141,589	84,858,411
Deutsche Bank	60,000,000	-	60,000,000
Commercial Bank of Africa	80,000,000	-	80,000,000
Mizuho	80,000,000	75,000,000	5,000,000
Sumitomo Mitsui Banking Corporation	220,000,000	73,665,000	146,335,000
Rand Merchant Bank	50,000,000	-	50,000,000
Bank of Tokyo Mitsubishi	221,220,401	221,220,401	-
Banque de Commerce de placement	9,865,500	-	9,865,500
State Bank of Mauritius	25,000,000	-	25,000,000
Mashreqbank	100,000,000	100,000,000	-
FimBank	28,588,750	-	28,588,750
FBN Bank London	5,000,000	-	5,000,000
Societe Generale	95,000,000	-	95,000,000
Barclays/Absa Bank	24,000,000	23,358,811	641,189
Banque BIA, France	22,871,000	-	22,871,000
BMCE Bank	28,588,750	-	28,588,750
British Arab Commercial Bank	57,177,500	-	57,177,500
Citibank	65,000,000	49,554,598	15,445,402
Syndicated Loan Oct 2019 (Citibank)	460,000,000	460,000,000	-
Nedbank	85,000,000	64,098,885	20,901,115
United Bank Limited	5,000,000	-	5,000,000
Africa50	39,761,917	39,761,917	-
Bank One	22,871,000	22,871,000	-
KFW IPEX	40,000,000	40,000,000	-
Total	3,891,921,045	2,460,535,804	1,431,385,241
LONG-TERM FACILITIES 2018			
Lender			
Eurobond	700,000,000	700,000,000	-
Exim Bank India	100,000,000	75,000,000	25,000,000
European Investment Bank	88,120,000	88,120,000	-
African Development Bank	330,000,000	270,000,000	60,000,000
Development Bank of South Africa	95,000,000	95,000,000	-
Private Export Funding Corporation	60,000,000	60,000,000	-
BKB Bank	51,403,510	36,854,139	14,549,371
Africa Agriculture Trade and Investment Fund	30,000,000	30,000,000	-
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	-
BHF Bank	18,000,000	7,300,000	10,700,000
Japan Bank for International Corporation	80,000,000	23,040,956	56,959,044
Tanzania Shillings Local Currency Bond	16,506,555	16,506,555	-
CDC Group	100,000,000	100,000,000	-
Arab Bank for Economic Development in Africa	15,000,000	5,000,000	10,000,000
Industrial Development Corporation	105,000,000	100,565,184	4,434,816
Standard Chartered Bank / USAID	50,000,000	14,703,000	35,297,000
Agence Francaise De Development	75,000,000	57,000,000	18,000,000
The Exim -Import Bank of China	250,000,000	250,000,000	-
OPEC Fund for International Development	60,000,000	-	60,000,000
Exim Bank USA	No Limit	-	No Limit
Total	2,640,065,352	2,295,125,121	344,940,231
TOTAL FACILITIES: 31 DECEMBER 2018	6,531,986,397	4,755,660,925	1,776,325,472

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.

	GROUP AND BANK			
	LEVEL 1 **USD**	LEVEL 2 **USD**	LEVEL 3 **USD**	TOTAL **USD**
As 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
Investment in joint venture	-	-	317,010	317,010
	-	90,046,430	51,452,860	141,499,290
At 31 December 2018: LIABILITIES				
Net derivative financial instruments	-	54,042,940	-	54,042,940
Equity investments at fair value through other comprehensive income	-	-	51,521,730	51,521,730
Investment in joint venture	-	-	386,994	386,994
	-	54,042,940	51,908,724	105,951,664

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

37. FAIR VALUE OF FINANCIAL INSTRUMENTS [continued]

Transfers between Level 1, 2 and Level 3

As at 31 December 2019 and 31 December 2018, 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 swaps 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 debit 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

	GROUP AND BANK					
	As at 31 December 2019			As at 31 December 2018		
	REALISED **USD**	UNREALISED **USD**	TOTAL (LOSSES) **USD**	REALISED **USD**	UNREALISED **USD**	TOTAL GAINS **USD**
ASSETS						
Equity investments – at fair value through other comprehensive income	-	(465,000)	(465,000)	-	450,000	450,000

Quantitative information of significant unobservable inputs – Level 3

DESCRIPTION	VALUATION TECHNIQUE	VALUATION TECHNIQUE	RANGE (WEIGHTED AVERAGE)	DECEMBER 2019 **USD**	DECEMBER 2018 **USD**
Equity investments – at fair value through other comprehensive income	Equity method-% of net assets	Professional Investment Managers Valuation	n/a	51,135,850	51,521,730

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:

			Effect on fair value GROUP AND BANK	
DESCRIPTION	INPUT	SENSITIVITY USED	2019 **USD**	2018 **USD**
Equity investments – at fair value through other comprehensive income	Professional Investment Managers Valuation	5%	2,556,793	2,576,087

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	
	2019 **USD**	2018 **USD**
Balance as at 31 January	51,521,730	40,257,957
IFRS 9 adjustment	-	10,728,799
Balance as at 31 January-Restated	51,521,730	50,986,756
FV gains and losses	(465,000)	450,000
Additions	79,120	84,974
Balance as at 31 December	51,135,850	51,521,730

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.

38. SEGMENT REPORTING [continued]

(A) STATEMENT OF COMPREHENSIVE INCOME

	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
For the year ended 31 December 2019									
Income									
Interest income	119,335,164	102,046,112	91,043,323	5,598,800	54,399,757	372,423,156	33,302,878	-	405,726,034
Interest expense and other borrowing costs	(66,718,523)	(57,169,921)	(50,708,654)	(3,175,994)	(30,261,273)	(208,034,365)	(18,602,880)	-	(226,637,245)
Net interest income	52,616,641	44,876,191	40,334,669	2,422,806	24,138,484	164,388,791	14,699,998	-	179,088,789
Fee and commission income	34,447,645	3,629,308	20,611,034	8,483,507	5,219,176	72,390,670	-	-	72,390,670
Fair value gains on financial assets - derivatives	-	-	-	-	-	-	16,006,006	-	16,006,006
Net Trading Income	87,064,286	48,505,499	60,945,703	10,906,313	29,357,660	236,779,461	30,706,004	-	267,485,465
Risk Mitigation Costs	(13,535,724)	(2,759,791)	(15,742,527)	-	-	(32,038,042)		-	(35,979,543)
Other Income	2,449,063	-	2,910,000	-	-	5,359,063	(3,941,501)	272,968	6,282,770
Depreciation and amortisation	-	-	-	-	-	-	650,739	-	(1,956,380)
Operating expenditure	(963,651)	(553,993)	(541,216)	(945,118)	(3,351,349)	(6,355,327)	(1,956,380)	(410,780)	(39,127,755)
Impairment allowance on loans	(13,009,762)	(23,734,106)	(4,066,891)	(312,386)	(362,477)	(41,485,622)	(32,361,648)	-	(41,485,622)
Impairment on other assets	-	-	-	-	-	-	-	-	(3,755)
Net foreign exchange loss	-	-	-	-	-	-	(3,755)	(5)	(3,682,121)
							(3,682,116)		
Profit before taxation	62,004,212	21,457,609	43,505,069	9,648,809	25,643,834	162,259,533	(10,588,657)	(137,817)	151,533,059
Taxation	-	-	-	-	-	-	-	(3,494)	(3,494)
Profit for the year	62,004,212	21,457,609	43,505,069	9,648,809	25,643,834	162,259,533	(10,588,657)	(141,311)	151,529,565

38. SEGMENT REPORTING [continued]

(A) STATEMENT OF COMPREHENSIVE INCOME [continued]

	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
For the year ended 31 December 2018								
Income								
Interest income	91,440,363	111,132,038	76,846,704	2,396,245	47,930,069	329,745,419	31,842,477	361,587,896
Interest expense and other borrowing costs	(50,559,206)	(63,454,029)	(44,238,902)	(1,381,908)	(27,331,490)	(186,965,535)	(18,227,206)	(205,192,741)
Net interest income	40,881,157	47,678,009	32,607,802	1,014,337	20,598,579	142,779,884	13,615,271	156,395,155
Fee and commission income	11,977,476	988,364	20,435,473	2,338,308	8,452,833	44,192,454	-	44,192,454
Fair value gains on financial assets - derivatives	-	-	-	-	-	-	23,974,890	23,974,890
Net Trading Income	52,858,633	48,666,373	53,043,275	3,352,645	29,051,412	186,972,338	37,590,161	224,562,499
Risk Mitigation Costs	(8,221,032)	(9,019,064)	(14,032,706)	-	(279,333)	(31,552,135)	(2,988,969)	(34,541,104)
Other Income	1,564,251	-	2,533,153	49,940	-	4,147,344	3,335,507	7,482,851
Depreciation and amortisation	-	-	-	-	-	-	(1,320,670)	(1,320,670)
Operating expenditure	(897,995)	(389,952)	(450,054)	(748,743)	(3,415,261)	(5,902,005)	(33,485,107)	(39,387,112)
Impairment allowance on loans	(11,012,333)	(1,103,071)	(7,233,548)	(638,737)	(1,910,725)	(21,898,414)	(1,258,541)	(23,156,955)
Impairment on other assets	(471,125)	-	-	(255,000)	-	(726,125)	(2,500,000)	(3,226,125)
Net foreign exchange loss	-	-	-	-	-	-	(1,087,992)	(1,087,992)
Profit for the year	33,820,399	38,154,286	33,860,120	1,760,105	23,446,093	131,041,003	(1,715,611)	129,325,392

38. SEGMENT REPORTING [continued]

The table below analyses the breakdown of segmental income and expenses:

(A) STATEMENT OF COMPREHENSIVE INCOME [continued]

	TRADE FINANCE **USD**	PROJECT FINANCE **USD**	OTHER **USD**	SUBSIDIARY **USD**	TOTAL **USD**
For the year ended 31 December 2019					
Gross interest income	209,703,194	162,719,962	33,302,878	-	405,726,034
Interest expense and other borrowing costs	(85,902,669)	(107,030,332)	(33,704,244)	-	(226,637,245)
Net interest income	123,800,525	55,689,630	(401,366)	-	179,088,789
Fee and commission income	36,968,485	35,422,185	-	-	72,390,670
Fair value gains on financial assets – derivatives	-	-	16,006,006	-	16,006,006
Risk mitigation costs	(19,705,323)	(12,102,304)	(4,171,916)	-	(35,979,543)
Other income	-	-	650,739	272,968	923,707
Other assets written-off	(3,755)	-	-	-	(3,755)
Other assets recovered	-	5,359,063	-	-	5,359,063
Operating expenses	(18,571,804)	(20,145,171)	-	(410,780)	(39,127,755)
Depreciation and amortisation	(908,477)	(1,018,846)	(29,057)	-	(1,956,380)
Impairment on assets	(24,408,620)	(10,298,449)	(5,416,406)		(40,123,475)
Impairment on off-balance sheet commitments	-	(1,362,147)	-	-	(1,362,147)
Net foreign exchange loss	(3,682,116)	-	-	(5)	(3,682,121)
Profit before taxation	93,488,915	51,543,961	6,638,000	(137,817)	151,533,059
Taxation charge	-	-	-	(3,494)	(3,494)
Profit for the year	109,495,239	51,543,961	(9,368,324)	(141,311)	151,529,565
For the year ended 31 December 2018	USD	USD	USD	USD	USD
Gross interest income	204,323,254	125,422,165	31,842,477	-	361,587,896
Interest expense and other borrowing costs	(116,941,399)	(70,024,156)	(18,227,206)	-	(205,192,741)
Net interest income	87,381,855	55,398,029	13,615,271	-	156,395,155
Fee and commission income	31,206,418	12,986,036	-	-	44,192,454
Fair value gains on financial assets – derivatives	-	-	23,974,890	-	23,974,890
Risk mitigation costs	(23,385,321)	(7,905,473)	(3,250,310)	-	(34,541,104)
Other income	-	-	1,052,485	-	1,052,485
Interest on capital arrears	-	-	2,073,647	-	2,073,647
Other assets written-off	(2,500,000)	(726,125)		-	(3,226,125)
Other assets recovered	503,410	3,850,173	3,136	-	4,356,719
Operating expenses	(19,781,660)	(19,605,452)	-	-	(39,387,112)
Depreciation and amortisation	(662,813)	(657,857)		-	(1,320,670)
Impairment on assets	(20,359,633)	68,469	(1,258,541)	-	(21,549,705)
Impairment on off-balance sheet commitments	(744,814)	(862,436)	-	-	(1,607,250)
Net foreign exchange loss	(1,087,992)	-	-	-	(1,087,992)
Profit for the year	74,544,340	42,545,364	12,235,688	-	129,325,392

(B) REVENUE FOR MAJOR GROUPS

	2019 **USD**	2018 **USD**
Groups contributing 10% or more of revenue	196,183,199	223,371,145
All other customers	248,630,627	150,566,918
Total Revenue	444,813,826	373,938,063

38. SEGMENT REPORTING [continued]

(C) STATEMENT OF FINANCIAL POSITION

	TRADE FINANCE USD	PROJECT FINANCE USD	OTHER USD	SUBSIDIARY USD	TOTAL USD
As at 31 December 2019					
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 other comprehensive income	-	51,135,850	-	-	51,135,850
Investment in Joint Ventures	-	317,010	-	-	317,010
Property and equipment	-	-	24,683,063	-	27,035,726
Right of use asset	-	-	3,9012,012	-	3,9012,012
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					
		-	-		2,465,247,997
Short term borrowings	2,465,247,997	2,591,528,898	-		2,591,528,898
Long term borrowings	-	-	-		95,822,611
Collection account deposits	95,822,611	-	1,520,467		1,520,467
Lease Liability					
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	5,301,276,453	5,301,407,764
Equity	-	-	1,389,814,629	112,375	1,389,927,004
Non-controlling interest	-	-		86,741	86,741
TOTAL EQUITY AND LIABILITIES	2,561,070,608	2,591,528,898	1,538,491,576	330,427	6,691,421,509
As at 31 December 2018					
ASSETS					
Cash and balances held with other banks	56,296,236	-	1,089,622,142		1,145,918,378
Derivative financial instruments	54,042,940	-	-		54,042,940
Other receivables	-	-	117,136,030		117,136,030
Trade finance loans	2,733,444,885	-	-		2,733,444,885
Project loans	-	1,429,558,794	-		1,429,558,794
Equity investments at fair value other comprehensive income	-	51,521,730	-		51,521,730
Investment in Joint Ventures	-	386,994	-		386,994
Property and equipment	-	-	23,710,110		23,710,110
Intangible assets	-	-	1,853,744		1,853,744
Total Assets	2,843,784,061	1,481,467,518	1,232,322,026		5,557,573,605
LIABILITIES					
Short term borrowings	2,383,253,601	-	-		2,383,253,601
Long term borrowings	-	1,782,030,068	-		1,782,030,068
Collection account deposits	119,576,580	-	-		119,576,580
Provision for service and leave pay	-	-	7,828,640		7,828,640
Other payables	-	-	72,858,965		72,858,965
Total Liabilities	2,502,830,181	1,782,030,068	80,687,605		4,365,547,854
Equity	-	-	1,192,025,751		1,192,025,751
TOTAL EQUITY AND LIABILITIES	2,502,830,181	1,782,030,068	1,272,713,356		5,557,573,605

39. CONTINGENT LIABILITIES AND COMMITMENTS

(A) APPROVED CAPITAL EXPENDITURE

	GROUP AND BANK	
	2019 **USD**	2018 **USD**
Approved but not contracted	22,883,600	17,294,830
Approved and contracted	508,418	10,105,737

(B) LOANS COMMITTED BUT NOT DISBURSED

	GROUP AND BANK	
	2019 **USD**	2018 **USD**
Project finance loans	490,097,321	263,569,643
Trade finance loans	184,214,397	265,445,719
	674,311,718	529,015,362

(C) LETTERS OF CREDIT AND GUARANTEES

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	
	2019 **USD**	2018 **USD**
Letters of Credit		
- Project finance loans	2,286,780	280,000
- Trade Finance loans	346,981,327	161,393,239
Guarantee	69,186,144	17,000,000
	418,454,851	178,673,239

(D) 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 31 December 2019, there were no material legal proceedings involving the Group (2018 – 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.

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

(B) LOANS TO MEMBER STATES

	GROUP AND BANK	
	2019 **USD**	2018 **USD**
Outstanding loans at 1 January	1,802,387,616	1,907,869,877
Loans disbursed during the year	1,012,848,585	453,571,429
Loans repaid during the year	(417,832,378)	(559,053,690)
Outstanding loan balances at 31 December	2,397,403,823	1,802,387,616

Loans to related parties are subject to commercial negotiations on the terms and conditions of varying interest rates and terms. Outstanding balances at year-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 (2018: Nil). General provisions have been raised as applicable.

(C) BORROWINGS FROM MEMBERS

	GROUP AND BANK	
	2019 **USD**	2018 **USD**
Outstanding borrowings at 1 January	158,746,264	266,009,640
Borrowings received during the year	69,807,613	8,513,580
Borrowings repaid during the year	(21,053,878)	(115,776,956)
Outstanding balances at 31 December	207,499,999	158,746,264

Borrowings from related parties are subject to commercial negotiations on the terms and conditions. The outstanding balances as at year-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.

40. RELATED PARTY TRANSACTIONS [continued]

(D) INCOME AND EXPENSES

	GROUP AND BANK	
	2019 **USD**	2018 **USD**
Interest income from loans to Member States earned during the year	205,331,885	180,127,858
Interest expense on borrowings from Member States incurred during the year	(9,154,252)	(9,367,901)
Fees and commission earned from Member States during the year	40,025,185	20,406,465

(E) OTHER RELATED PARTIES

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

	2019 **USD**	2018 **USD**
Salaries and other short-term benefits	4,340,442	4,520,153
Post employment benefits: Defined contribution: Provident Fund	266,610	705,313
Board of Directors and Board of Governors allowances	359,819	258,775
Other long-term employee benefits	671,857	279,153
	5,638,728	5,763,394

(F) SHARE CAPITAL

During the year, Class 'B' shares with a value of USD 1,176,054 (2018: USD 2,212,308) were issued to the TDB Staff Provident Fund and to TDB Directors and Select Stakeholder Provident Fund.

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:

	2019 **USD**	2018 **USD**
British Pound	0.7623	0.7885
Euro	0.8926	0.8745
United Arab Emirates Dirham	3.6729	3.6729
Zambian Kwacha	13.9600	11.9500
South Africa Rand	14.1017	14.3717
Zimbabwe Dollar	16.7394	00.0000
Ethiopian Birr	31.9500	28.3273
Mauritian Rupee	36.4408	34.1500
Sudanese Pound	47.6100	28.8370
Kenya Shilling	101.3950	101.8000
Japanese Yen	108.8050	110.4350
Malawi Kwacha	732.7564	728.7700
Burundi Franc	1,866.0000	1,756.0000
Tanzania Shilling	2,281.6000	2,281.6000
Uganda Shilling	3,662.2500	3,726.2500

42. EVENTS AFTER THE REPORTING DATE

From the beginning of the year after the reporting date (Q1-2020), 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 growth rates decline and revenue targets remain unmet. The Bank's gross portfolio exposure to Sovereigns including public enterprises constitute 67% (USD 3.60 billion).

It seems likely at this point that travel, tourism, entertainment, automotive, oil & gas and health sectors will be most affected 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 (28%), Agribusiness (23%), Infrastructure (23%), Banking and Financial Institutions (5%) and Transport & Logistics (6%).

From a credit perspective, the Bank is in the process of rapidly identifying sectors and clients most likely to be affected. The Bank is conducting 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 year 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.

43. FINANCIAL RISK MANAGEMENT [continued]

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.

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 31 December 2019.

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.

43. FINANCIAL RISK MANAGEMENT [continued]

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.

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: 46 and 47 of the Financial Statements contain further country exposure analysis as at 31 December 2019 and 31 December 2018.

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 (31 December 2019) and loans and receivables (31 December 2018). 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 2 (b) and 3 (j).

43. FINANCIAL RISK MANAGEMENT [continued]

B. CREDIT RISK [continued]

	As at 31 December 2019				As at 31 December 2018
	STAGE 1 **USD**	STAGE 2 **USD**	STAGE 3 **USD**	TOTAL **USD**	TOTAL **USD**
PROJECT FINANCE LOANS					
Pass/Acceptable	1,927,357,463	-	-	1,927,357,463	1,254,771,124
Special mention	-	171,275,360	-	171,275,360	180,999,353
Substandard, Doubtful & Loss	-	-	48,362,733	48,362,733	24,147,841
	1,927,357,463	171,275,360	48,362,733	2,146,955,556	1,459,918,318
Loss Allowance	(4,611,448)	(8,649,252)	(27,397,273)	(40,657,973)	(30,359,524)
Carrying amount	1,922,746,015	162,626,108	20,965,460	2,106,297,583	1,429,558,794
TRADE FINANCE LOANS					
Pass/ acceptable	2,711,660,871	-	-	2,711,660,871	2,527,025,580
Special mention	-	153,870,032	-	153,870,032	211,163,777
Substandard, Doubtful & Loss	-	-	70,115,393	70,115,393	75,208,489
	2,711,660,871	153,870,032	70,115,393	2,935,646,296	2,813,397,846
Loss Allowance	(1,387,516)	(4,860,111)	(64,231,748)	(70,479,375)	(79,952,961)
Carrying amount	2,710,273,355	149,009,921	5,883,645	2,865,166,921	2,733,444,885
UNDISBURSED COMMITMENTS					
Pass/ Acceptable	607,732,507	-	-	607,732,507	566,479,040
Special mention	-	-	-	-	2,457,056
	607,732,507	-	-	607,732,507	568,936,096
Loss Allowance	(864,399)	-	-	(864,399)	(1,544,636)
Carrying amount	606,868,108	-	-	606,868,108	567,391,460
LETTERS OF CREDIT					
Pass/acceptable	158,138,671	-	-	19,121,521	19,121,521
Special mention	-	-	-	-	-
	158,138,671	-	-	158,138,671	19,121,521
Loss Allowance	(149,839)	-	-	(149,839)	(62,614)
Carrying amount	157,988,832	-	-	157,988,832	19,058,907
TOTAL OFF-BALANCE SHEET ITEMS					
Pass/ Acceptable	765,871,178	-	-	765,871,178	585,600,561
Special mention	-	-	-	-	2,457,056
	765,871,178	-	-	765,871,178	588,057,617
Loss Allowance	(1,014,238)	-	-	(1,014,238)	(1,607,250)
Carrying amount	764,856,940	-	-	764,856,940	586,450,367

43. FINANCIAL RISK MANAGEMENT [continued]

B. CREDIT RISK [continued]

Maximum Exposure to Credit Risk before Collateral Held:

Credit Exposures

	GROUP AND BANK			
	2019 **USD**	%	2018 **USD**	%
ON – STATEMENT OF FINANCIAL POSITION ITEMS				
Cash and Balances held with other banks	1,382,110,581	20	1,145,918,378	21
Investment in Government securities	44,897,636	1	-	-
Investment in Trade Fund	49,996,989	1	-	-
Other receivables	71,725,697	1	72,249,608	1
Derivative financial instruments	40,049,341	1	54,042,940	1
Loans and advances	5,082,641,852	76	4,273,316,164	77
- Project loans	2,146,995,556		1,459,918,318	
- Trade finance loans	2,935,646,296		2,813,397,846	
Sub total	6,671,422,096	100	545,527,090	100
OFF – STATEMENT OF FINANCIAL POSITION ITEMS				
Letters of Credit	349,268,107	32	161,673,239	23
Loan Commitments not disbursed	674,311,718	62	529,015,362	75
Guarantees and Performance Bonds	69,186,744	6	17,000,000	2
Sub total	1,092,766,569	100	707,688,601	100
Total Credit Exposure	7,764,188,665		6,253,215,691	

The above figures represent the worst-case scenario of credit exposure for the two years without taking into account any collateral held or other credit enhancements. Loan and advances and off-statement of financial position items took up 79.54% in 2019 (2018 – 79.66%) of the total maximum credit exposure.

Other than cash and bank balances amounting to USD 1,145,918,378 (2018 -USD 1,232,980,427) Investment in government securities of USD 44,897,636 (2018-USD 57,275,058) and investment in the trade fund of USD 49,996,989 (208 -NIL), 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 31 December 2019, the fair value of collateral held for impaired loans and advances was USD 102,156,645 (2018 – USD 251,217,197) and the gross exposure was USD 118,478,127 (2018-USD 100,614,870) after deducting the impairment allowances.

43. FINANCIAL RISK MANAGEMENT [continued]

B. CREDIT RISK [continued]

Classification of Loans and advances

Ageing of arrears for past due loans and advances not impaired

	GROUP AND BANK	
	2019 **USD**	2018 **USD**
Below 30 Days	314,171,355	49,728,080
31 to 90 Days	1,274,804	4,326,490
91-180 Days	1,895,403	4,153,855
181-360 Days	1,679,778	40,221,656
Over 360 Days	6,124,051	30,359,097
Total arrears	325,145,392	128,789,178

Ageing of arrears for impaired loans and advances

	GROUP AND BANK	
	2019 **USD**	2018 **USD**
Below 30 Days	2,143,130	195,265
31-90 Days	377,692	301,917
91-180 Days	10,266,824	739,049
181-360 Days	2,573,168	2,989,861
Over 360 Days	74,956,254	74,751,873
Total arrears	90,317,068	78,977,965
Amounts not in arrears	28,161,059	13,823,888
Total	118,478,127	100,614,870

Loans and advances that are neither past due nor impaired

The Group classifies loans and advances under this category for borrowers that are up to date with their principal and interest payments and conforming to all the agreed terms and conditions. Such borrowers are financially sound and demonstrate capacity to continue to service their debts in the future. The Group classifies such loans as 'Low Risk-PTAR 1 and Satisfactory Risk-PTAR 2' in line with its Loan Classification Policy.

Past due but not impaired

Loans under this category are performing well but exhibit potential weaknesses which may, if not corrected in good time, weaken the borrower's capacity to repay. These weaknesses may also result in the Group's interest not being adequately protected. Such weaknesses include temporary cash flow constraints and deteriorating economic conditions. The Group classifies such loans as 'Fair Risk-PTAR 3 and Watch Risk- PTAR 4' in line with its Loan Classification Policy. Sovereign loans that are past due are not considered impaired unless otherwise approved by the Group's Board of Directors.

Impaired loans and advances

The Group, depending on the severity of default and deterioration of borrower's financial condition and collateral, classifies impaired loans into three categories 'Substandard-PTAR 5', 'Doubtful-PTAR 6' and 'Loss-PTAR 7'. Thus, impaired loans range from those that are not adequately protected by their current sound worth and paying capacity of the obligor to those that are considered uncollectible or of such little value that their continuance as bankable assets is not warranted.

43. FINANCIAL RISK MANAGEMENT [continued]

B. CREDIT RISK [continued]

Collateral Held for Loan Portfolio

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.

	2019 **USD**	2018 **USD**
(I) TOTAL PORTFOLIO		
Mortgages on properties	349,615,291	587,971,517
Fixed charge on plant and equipment	420,609,012	786,375,582
Cash security deposits	936,482,697	1,087,466,651
Sovereign undertakings	141,549,070	381,906,582
Insurance and Guarantees	2,494,249,874	2,979,738,078
Other floating all asset debenture	601,852,034	63,678,563
Total security cover	4,944,357,978	5,887,136,973
Gross portfolio	(5,082,641,852)	(4,273,316,164)
Net cover	(138,283,874)	1,613,820,809
(II) LOANS NOT IMPAIRED		
Mortgages on properties	284,512,453	493,631,052
Fixed charge on plant and equipment	416,039,226	661,389,974
Cash security deposits	935,889,800	1,087,466,651
Sovereign undertakings	141,549,070	381,906,582
Insurance and Guarantees	2,462,358,750	2,947,846,954
Other floating all asset debenture	601,852,034	63,678,563
Total security cover	4,842,201,333	5,635,919,776
Gross portfolio	(4,964,163,725)	(4,172,701,294)
Net cover	(121,962,392)	1,463,218,482
(III) IMPAIRED LOANS		
Mortgages on properties	65,102,838	94,340,465
Fixed charge on plant and equipment	4,569,786	124,985,608
Insurance and Guarantees	31,891,124	31,891,124
Cash security deposits	592,897	-
Total security cover	102,156,645	251,217,197
Gross portfolio	(118,478,127)	(100,614,870)
Net cover	(16,321,482)	150,602,327

43. FINANCIAL RISK MANAGEMENT [continued]

B. CREDIT RISK [continued]

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 PTAR 3 and 4; and
- a backstop of 30 days past due.

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

GRADING	12-MONTH WEIGHTED AVERAGE PD
Very Low risk	0.11%
Low risk Moderate risk	5.10%
High risk Substandard	100%

43. FINANCIAL RISK MANAGEMENT [continued]

B. CREDIT RISK [continued]

Project Finance Loans

GRADING	12-MONTH WEIGHTED AVERAGE PD
Very Low risk	0.41%
Low risk Moderate risk	13.94%
High risk Substandard Bad & Doubtful Loss	100%

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 PTAR 3 and PTAR 4 or being in arrears for a period of 30 to 89 days. The Group will develop an internal rating model going forward and 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 in default 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 PTAR 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.

43. FINANCIAL RISK MANAGEMENT [continued]

B. CREDIT RISK [continued]

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.

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).

43. FINANCIAL RISK MANAGEMENT [continued]

B. CREDIT RISK [continued]

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.

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.

43. FINANCIAL RISK MANAGEMENT [continued]

B. CREDIT RISK [continued]

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.

Amount arising from ECL

Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by Segment. Comparative amounts for 2018 are shown in Note 17, and they represent the allowance account for credit losses and reflect the measurement basis under IAS 39.

43. FINANCIAL RISK MANAGEMENT [continued]

B. CREDIT RISK [continued]

	As at 31 December 2019			
	STAGE 1 **USD**	STAGE 2 **USD**	STAGE 3 **USD**	TOTAL **USD**
PROJECT FINANCE LOANS				
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)	(123,996)	-	(132,988)
Balance at 31 December	4,611,445	8,864,252	27,397,276	40,657,974
TRADE FINANCE LOAN				
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
UNDISBURSED COMMITMENTS				
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
LETTERS OF CREDIT				
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

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.

43. FINANCIAL RISK MANAGEMENT [continued]

B. CREDIT RISK [continued]

Gross Loans and advances

The following tables show reconciliations from the opening to the closing balance of the gross loans by Segment. Comparative amounts for 2018 represent the allowance account for credit losses and reflect the measurement basis under IAS 39.

		As at 31 December 2019			As at 31 December 2018
	STAGE 1 **USD**	STAGE 2 **USD**	STAGE 3 **USD**	TOTAL **USD**	TOTAL **USD**
PROJECT FINANCE LOANS					
Balance at 1 January	1,254,771,124	180,999,353	24,147,841	1,459,918,318	1,249,632,224
Transfer to 12 months ECL	2,868,676	(2,868,676)	-	-	-
Transfer to Lifetime ECL not credit impaired	(36,445,833)	36,445,833	-	-	
Transfer to Lifetime ECL credit impaired	-	(33,878,560)	33,878,560	-	-
Net remeasurement of loss allowance	144,268,617	(2,272,590)	(9,663,668)	132,332,359	-
New financial assets originated	572,470,055	-	-	572,470,055	240,036,560
Financial assets derecognised	(10,575,176)	(7,150,000)	-	(17,725,176)	(28,312,910)
Financial assets written off					(1,437,556)
Balance at 31 December	1,927,357,463	171,275,360	48,362,733	2,146,995,556	1,459,918,318
TRADE FINANCE LOANS:					
Balance at 1 January	2,527,025,580	211,163,777	75,208,489	2,813,397,846	2,681,280,568
Transfer to 12 months ECL	-	-	-	--	-
Transfer to Lifetime ECL not credit impaired	(145,976,186)	145,976,186	-	-	-
Transfer to Lifetime ECL credit impaired	-	(29,529,122)	29,529,122	-	-
Net remeasurement of loss allowance	289,126,191	(173,740,809)	(636,405)	114,748,976	290,016,485
Net financial assets originated	75,496,336	-	-	75,496,336	
Financial assets derecognised	(34,011,050)	-	(33,985,813)	(67,996,863)	(157,899,207)
Balance at 31 December	2,711,660,871	153,870,032	70,115,393	2,935,646,296	2,813,397,846
UNDISBURSED COMMITMENTS					
Balance at 1 January	566,479,040	2,457,056	-	568,936,096	412,375,360
Net financial assets originated or purchased	198,209,021	-	-	198,209,021	427,218,461
Net remeasurement of loss allowance	259,414,754	-	-	259,414,754	-
Financial assets derecognised	(416,370,306)	(2,457,056)	-	(418,827,362)	(270,657,725)
Balance at 31 December	607,732,507	-	-	607,732,507	568,936,096
LETTERS OF CREDIT					
Balance at 1 January	19,121,521	-	-	19,121,521	70,631,296
Net financial assets originated or purchased	153,654,028	-	-	153,654,028	4,797,522
Net remeasurement of loss allowance	(14,636,878)	-	-	(14,636,878)	-
Financial assets derecognized	-	-	-	-	(66,937,297)
Balance at 31 December	158,138,671	-	-	158,138,671	19,121,521

43. FINANCIAL RISK MANAGEMENT [continued]

B. CREDIT RISK [continued]

Concentration of Risk by Sector

	Gross Exposure								
	ON-STATEMENT OF FINANCIAL POSITION **USD**	%	OFF-STATEMENT OF FINANCIAL POSITION **USD**	%	CASH COLLATERAL/ IN TRANSIT **USD**	INSURANCE **USD**	OTHER MITIGATIONS **USD**	NET EXPOSURE **USD**	%
As at 31 December 2019									
Agri-Business	1,169,535,433	23	159,975,844	15	(93,233,460)	(471,499,850)	(72,399,560)	692,378,407	22
Banking and Financial Services	252,620,207	5	407,788,468	37	(3,249,878)	(149,703,601)	-	507,455,196	16
Construction	15,912,468	0	-	0	-	-	-	15,912,468	1
Education	585,293	0	-	0	-	-	-	585,293	0
Energy	227,641,858	4	98,889,990	9	(607,837)	(13,320,937)	-	312,603,075	10
Health Services	19,598,954	0	15,563,915	1	-	-	-	35,162,869	1
Hospitality	37,458,389	1	14,288,001	1	-	-	-	51,746,390	2
ICT	189,283,341	4	4,678,805	0	-	-	-	193,962,146	6
Infrastructure	1,163,859,598	23	55,591,053	5	-	(525,000,000)	(200,000,000)	494,450,651	16
Manufacturing and Heavy Industries	207,112,021	4	19,168,218	2	-	-	-	226,280,239	7
Oil & Gas	1,435,411,818	28	216,822,276	20	(747,351,883)	(496,091,494)	(151,675,409)	257,115,307	8
Other	19,502,584	0	100,000,000	10	-	-	-	119,502,584	4
Real Estate	27,920,827	1	0	0	-	-	-	27,920,827	1
Transport	281,963,011	6	-	0	-	(82,894,502)	(46,697,214)	152,371,295	5
Wholesale Commodities	34,236,050	1	-	0	-	-	-	34,236,050	1
	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

	ON-STATEMENT OF FINANCIAL POSITION **USD**	%	OFF-STATEMENT OF FINANCIAL POSITION **USD**	%	CASH COLLATERAL/ IN TRANSIT **USD**	INSURANCE **USD**	NET **USD**	%
As at 31 December 2018								
Agribusiness	1,074,418,460	25	199,350,368	28	(140,559,232)	(476,138,225)	657,071,371	25
Banking and Financial Services	198,917,764	5	204,013,500	29	(149)	(61,391,880)	341,539,235	13
Education	2,308,796	-	-	-	-	-	2,308,796	-
Hospitality	34,547,045	1	15,000,000	2	-	-	49,547,045	2
Manufacturing and Heavy Industries	223,670,818	5	3,763,300	1	-	-	227,434,118	8
Other	7,642,328	-	388,775	-	(204,720)	-	7,826,383	-
Health Services	11,985,131	-	15,000,000	2	-	-	26,985,131	1
Energy	192,794,558	5	145,128,143	20	-	(19,179,459)	318,743,242	13
Oil & Gas	1,412,473,215	33	33,422,949	5	(709,659,400)	(496,091,494)	240,145,270	9
Real Estate	38,024,424	1	-	-	-	-	38,024,424	1
Telecommunications	4,620,074	-	6,663,365	1	-	(4,047,378)	7,236,061	-
Infrastructure	589,779,418	14	83,300,000	12	-	(314,011,050)	359,068,368	13
Transport and Logistics	259,221,780	6	1,658,201	-	-	(61,200,000)	199,679,981	7
Wholesale Commodities	91,986,022	2	-	-	-	(19,000,000)	72,986,022	3
ICT	130,926,331	3	-	-	-	-	130,926,331	5
	4,273,316,164	100	707,688,601	100	(850,423,501)	(1,451,059,486)	2,679,521,778	100

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

43. FINANCIAL RISK MANAGEMENT [continued]

B. CREDIT RISK [continued]

Concentration of Risk by Country

	Gross Exposure ON-STATEMENT OF FINANCIAL POSITION USD	%	OFF-STATEMENT OF FINANCIAL POSITION USD	%	CASH COLLATERAL/ IN TRANSIT USD	INSURANCE USD	OTHER MITIGANTS USD	NET EXPOSURE USD	%
As at 31 December 2019									
Burundi	13,633,604	0	-	0	(592,897)	-	-	13,040,707	1
Comoros	12,769,196	0	15,563,915	1	-	-	-	28,333,111	1
Congo DRC	8,939,758	0	-	0	-	-	-	8,939,758	1
Djibouti	44,251,088	1	-	0	-	-	-	44,251,088	1
Egypt	29,529,122	1	-	0	-	-	-	29,529,122	1
Eswatini	7,029,752	0	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)	(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	-	0	-	-	-	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	-	0	(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

	ON-STATEMENT OF FINANCIAL POSITION USD	%	OFF-STATEMENT OF FINANCIAL POSITION USD	%	CASH COLLATERAL/ IN TRANSIT USD	INSURANCE USD	NET USD	%
As at 31 December 2018								
Burundi	13,102,481	-	-	-	-	(4,047,378)	657,071,371	-
Congo DRC	12,958,133	-	-	-	-	-	341,539,235	-
Djibouti	48,980,244	2	-	-	-	-	2,308,796	3
Egypt	29,529,122	1	-	-	-	(19,000,000)	49,547,045	-
Ethiopia	184,184,481	4	108,576,800	15	(149)	-		11
Kenya	657,625,678	15	6,663,365	1	-	(280,000,000)	227,434,118	14
Malawi	439,317,346	10	125,364,368	18	(85,303,325)	(248,000,000)	7,826,383	9
Mauritius	138,937,939	3	78,725,000	11	-	-	26,985,131	8
Mozambique	4,736,869	-	48,133,750	7	-	-	318,743,242	3
Rwanda	460,312,576	11	28,466,575	3	(150,000,000)	(61,200,000)	240,145,270	10
Seychelles	4,318,402	-	-	-	(880)	-	38,024,424	-
Sudan	648,191,877	15	-	-	(214,546,597)	(228,138,225)	7,236,061	8
Tanzania	222,677,538	5	48,911,673	7	382,512	-	359,068,368	10
Uganda	166,941,115	4	118,147,070	17	-	(34,011,050)	199,679,981	9
Zambia	686,824,380	16	60,500,000	9	(955,062)	(496,091,494)	72,986,022	9
Zimbabwe	554,677,983	14	84,200,000	12	(400,000,000)	(80,571,339)	130,926,331	6
	4,273,316,164	100	707,688,601	100	(850,423,501)	(1,451,059,486)	2,679,521,778	100

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

43. FINANCIAL RISK MANAGEMENT [continued]

B. CREDIT RISK [continued]

Restructured 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 financial assets where the restructuring does not result in de-recognition.

	2019 **USD**	2018 **USD**
FINANCIAL ASSETS RESTRUCTURED DURING THE YEAR*		
Gross carrying amount before restructuring	78,998,101	56,600,390
Loss allowance before restructuring		(1,525,044)
Net amortised cost before restructuring	78,998,101	55,075,336
Net restructuring loss	(159,793)	(209,376)
Net amortised cost after restructuring	78,838,308	54,865,960

Financial assets restructured since initial recognition at a time when loss allowance was based on lifetime ECL.

Gross carrying amount of financial assets for which loss allowance has changed in the period from lifetime to 12-month ECL cost after restructuring.

C. 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.

43. FINANCIAL RISK MANAGEMENT [continued]

C. LIQUIDITY RISK [continued]

Maturities of financial assets and 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 31 December 2019							
ASSETS							
Cash and balances with other banks	973,305,486	33,449,454	-	5,364,894	369,990,747	-	1,382,110,581
Investment in Government securities	4,263,801	-	-	-	40,633,835	-	44,897,636
Investment in Trade Fund	49,996,989	-	-	-	-	-	49,996,989
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	1,568,362,894	78,919,659	301,392,563	753,166,087	4,109,345,145	770,119,963	7,621,940,146
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	128,293,978	260,343	390,514	781,028	4,421,508	4,405,977	138,553,348
Total liabilities	288,979,776	68,882,908	138,579,777	966,750,525	2,917,782,043	910,178,826	5,291,153,855
Net liquidity gap	1,279,383,118	10,036,751	162,812,786	(213,584,438)	1,232,196,937	(140,058,863)	2,330,786,291
CUMULATIVE GAP	1,279,383,118	1,289,419,869	1,452,232,655	1,238,648,217	2,470,845,154	2,330,786,291	2,330,786,291

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.

43. FINANCIAL RISK MANAGEMENT [continued]

C. LIQUIDITY RISK [continued]

	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 31 December 2018							
ASSETS							
Cash and balances with other banks	958,325,687	-	182,967,472	4,625,219	-	-	1,145,918,378
Other receivables	71,396,778	117,481	164,047	269,642	301,660	-	72,249,608
Derivative financial instruments	54,042,940	-	-	-	-	-	54,042,940
Trade finance loans	190,018,891	88,866,009	344,140,366	494,825,692	2,177,224,269	41,639,354	3,336,714,581
Project loans	55,099,605	59,790,767	58,900,733	169,856,644	1,359,940,100	642,159,604	2,345,747,453
Equity investment at fair value through OCI	-	-	-	-	51,521,730	-	51,521,730
Investment in joint venture	-	-	-	-	386,994	-	386,994
Total asstes	1,328,883,901	148,774,257	586,172,618	669,577,197	3,589,374,753	683,798,958	7,006,581,684
LIABILITIES							
Short term borrowings	252,645,244	109,832,041	496,795,236	645,204,854	893,220,401	-	2,397,697,776
Long term borrowings	13,560,334	53,351,287	33,689,541	138,683,519	1,552,411,862	357,760,071	2,149,456,614
Collection Account	119,576,580	-	-	-	-	-	119,576,580
Other payables	64,311,909	226,454	333,016	664,306	4,750,909	5,520,749	75,807,343
Total liabilities	450,094,067	163,409,782	530,817,793	784,552,679	2,450,383,172	363,280,820	4,742,538,313
Net liquidity gap	878,789,834	(14,635,525)	55,354,825	(114,975,482)	1,138,991,581	320,518,138	2,264,043,371
CUMULATIVE GAP	878,789,834	864,154,309	919,509,134	804,533,652	1,943,525,233	2,264,043,371	2,264,043,371

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.

43. FINANCIAL RISK MANAGEMENT [continued]

C. LIQUIDITY RISK [continued]

Maturities of financial assets and 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 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
At 31 December 2018							
Guarantees	-	17,000,000	-	-	-	-	17,000,000
Letters of credit	56,946,523	98,867,112	5,859,604	-	-	-	161,673,239
Loan commitments	52,901,536	105,803,072	158,704,609	211,606,145	-	-	529,015,362
TOTAL	109,848,059	221,670,184	164,564,213	211,606,145	-	-	707,688,601

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.

43. FINANCIAL RISK MANAGEMENT [continued]

D. MARKET RISK [continued]

i. Interest Rate Risk

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

	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
At 31 December 2019							
FINANCIAL ASSETS							
Cash and balances with other banks	939,207,302	33,449,454	5,364,894	-	369,990,747	34,098,184	1,382,110,581
Investment in Government securities	-	-	-	-	44,897,636	-	4,263,601
Investment in Trade Fund	-	-	-	-	-	49,996,989	49,996,989
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	3,148,224,782
Project finance loans	14,327,581	1,902,020,209	-	-	183,584,929	6,404,864	2,833,482,260
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	957,293,768	3,126,970,997	5,364,894	-	2,268,197,370	253,910,579	6,611,737,608
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	138,553,348
Total financial liabilities	946,788,079	2,061,462,822	337,486,223	-	1,721,429,313	223,986,417	5,291,152,854
Net interest rate exposure	10,505,689	1,065,508,175	(332,121,329)	-	546,768,057	29,924,162	1,320,584,754
CUMULATIVE INTEREST RATE EXPOSURE	10,505,689	1,076,013,864	743,892,535	743,892,535	1,290,660,592	1,320,584,754	1,320,584,754

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

43. FINANCIAL RISK MANAGEMENT [continued]

D. MARKET RISK [continued]

i. Interest Rate Risk [continued]

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

	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
At 31 December 2018							
FINANCIAL ASSETS				-	-		
Cash and balances with other banks	902,029,451	182,967,472	4,625,219	-	914,339	56,296,236	1,145,918,378
Other receivables	-	-	-	-		71,335,269	72,249,608
Derivative financial instruments	-	-	-	-	1,270,551,813	54,042,940	54,042,940
Trade finance loans	203,086,043	781,557,716	478,249,313	-	109,732,871	-	2,733,444,885
Project finance loans	72,530,429	1,247,295,494	-	-	-	-	1,429,558,794
Equity Investments at fair value through other comprehensive income	-	-	-	-	-	51,521,730	51,521,730
Investment in Joint Venture	-	-	-	-	-	386,994	386,994
Total financial assets	1,177,645,923	2,211,820,682	482,874,532		1,381,199,023	233,583,169	5,487,123,329
FINANCIAL LIABILITIES							
Short term borrowings	436,539,339	1,628,889,926	315,290,536	-	2,533,800	-	2,383,523,601
Long term borrowings	280,695,902	801,334,166	-	-	700,000,000	-	1,782,030,068
Collection Accounts	-	-	-	-	-	119,576,580	119,576,580
Other payables	-	-	-	-	8,660,284	64,147,059	72,807,343
Total financial liabilities	717,235,241	2,430,224,092	315,290,536	-	711,194,084	183,723,639	4,357,667,592
Net interest rate exposure	460,410,682	(218,403,410)	167,583,996	-	670,004,939	49,859,530	1,129,455,737
CUMULATIVE INTEREST RATE EXPOSURE	460,410,682	242,007,272	409,591,268	-	1,079,596,207	1,129,455,737	1,129,455,737

43. FINANCIAL RISK MANAGEMENT [continued]

D. MARKET RISK [continued]

i. Interest Rate Risk [continued]

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.

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 year 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 year 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 year,
- 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 year ended 31 December 2019 of USD 151,304,813 (2018: USD 129,325,392) would increase or decrease by USD 7,887,902 (2018 - USD 4,098,006) as follows:

Effect on the Group's Net Profit

The profit for the year ended 31 December 2019 would increase to USD 159,192,715 (2018: USD 133,423,398) or decrease to USD 121,230,312 (2018: USD 125,227,386).

The potential change is 5.2% (2018 – 3.2%) of the year'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.

43. FINANCIAL RISK MANAGEMENT [continued]

D. MARKET RISK [continued]

ii. Currency Risk

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

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

	USD	GBP	EURO	KIES	SDG	UGX	AED	MWX	TZSH	JPY	OTHER	TOTAL
FINANCIAL ASSETS												
Cash and balances with other banks	1,122,492,237	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	1,382,110,581
Investment in Government securities	44,897,636	-	-	-	-	-	-	-	-	-	-	44,897,636
Investment in Trade Fund	49,996,989	-	-	-	-	-	-	-	-	-	-	49,996,989
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	6,419,142,623	16,750	59,503,455	1,491,533	34,098,184	5,369,665	18,449,578	59,262,988	9,074,994	33,945	5,293,894	6,611,737,608
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	138,406,239	-	-	131,356	-	-	-	-	-	-	15,753	138,553,348
Total financial liabilities	4,897,455,933	-	259,024,687	131,356	33,468,065	-	-	59,172,497	2,553,069	36,763,016	2,584,231	5,291,152,854
NET POSITION	1,521,686,690	16,750	(199,521,232)	1,360,177	630,119	5,369,665	18,449,578	90,491	6,521,925	(36,729,071)	2,709,663	1,320,584,754

43. FINANCIAL RISK MANAGEMENT [continued]

D. MARKET RISK [continued]

ii. Currency Risk

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

The Group's currency position as at 31 December 2018 was as follows:

	USD	GBP	EURO	KIES	SDG	UGX	AED	MWX	TZSH	OTHER	TOTAL
FINANCIAL ASSETS											
Cash and balances with other banks	975,223,472	17,258	18,937,550	5,038	34,091,883	4,632,245	18,456,873	85,631,536	2,805,352	6,117,171	1,145,918,378
Other receivables	2,249,608	-	70,000,000	-	-	-	-	-	-	-	72,249,608
Derivative Financial Investment	1,088,955,690		(1,034,912,750)	-	-	-	-	-	-	-	54,042,940
Trade finance loans	1,591,736,052	-	1,141,708,833	-	-	-	-	-	-	-	2,733,444,885
Project finance loans	1,402,654,661	-	20,336,543	-	-	-	-	-	6,567,590	-	1,429,558,794
Equity Investments at fair value through other comprehensive income	51,521,730	-	-	-	-	-	-	-	-	-	51,521,730
Investment in joint Venture	386,994	-	-	-	-	-	-	-	-	-	386,994
Total financial assets	5,112,728,207	17,258	216,070,176	5,038	34,091,883	4,632,245	18,456,873	85,631,536	9,372,942	6,117,171	5,487,123,329
FINANCIAL LIABILITIES											
Short term borrowings	2,285,474,141	-	97,779,460	-	-	-	-	-	-	-	2,383,253,601
Long term borrowings	1,777,327,209	-	-	-	-	-	-	-	4,702,859	-	1,782,030,068
Collection account	205,749.05				33,461,879			85,519,973	(587,232)	976,211	119,576,580
Other payables	72,649,235	-	-	152,773	-	-	-	-	-	5,335	72,807,343
Total financial liabilities	4,135,656,334	-	97,779,460	152,773	33,461,879	-	-	85,519,973	4,115,627	981,546	4,357,667,592
NET POSITION	977,071,873	17,258	118,290,716	(147,735)	630,004	4,632,245	18,456,873	111,563	5,257,315	5,135,625	1,129,455,737

43. FINANCIAL RISK MANAGEMENT [continued]

D. MARKET RISK [continued]

ii. 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 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.

The Group has operations in and lends to customers in Zimbabwe but all the transactions are made in USD.

	GBP	EURO	KIES	TSH	AED	SDG	UGX	JPY
2019	2,058	(19,601,775)	(270)	286	502,316	1,324	8,820	(87,560)
2018	2,291	10,778,941	(1,110)	230	502,451	2,135	(11,150)	-

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.

44. CAPITAL MANAGEMENT [continued]

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.

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.

	2019 **USD**	2018 **USD**
RISK WEIGHTED ASSETS		
On-Statement of financial position assets	3,747,696,334	3,336,944,081
Off- Statement of financial position assets	100,013,828	32,334,648
Total risk weighted assets	3,847,710,162	3,369,278,729
CAPITAL		
Paid up capital	499,107,472	461,742,558
Retained earnings and reserves	890,707,157	730,283,193
Total capital	1,389,814,629	1,192,025,751
CAPITAL ADEQUACY RATIO	36.1%	35.4%

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

45. FINANCIAL INSTRUMENTS CATEGORIES

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

	AMORTISED COST USD	AT FAIR VALUE THROUGH PROFIT OR LOSS USD	AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME USD	TOTAL CARRYING AMOUNT USD
As at 31 December 2019:				
FINANCIAL ASSETS				
Cash and balances held with banks	1,382,110,581	-	-	1,382,110,581
Investment in Government securities	44,897,636	-	-	44,897,636
Investment in Trade Fund	-	-	49,996,989	49,996,989
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	6,470,238,418	40,049,341	101,449,849	6,611,737,608
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	138,732,787	-	-	138,732,787
Total financial liabilities	5,291,332,293	-	-	5,291,332,293

The classification as at 31 December 2019 is based on IFRS 9. There are no assets pledged as security for liabilities.

	AMORTISED COST USD	AT FAIR VALUE THROUGH PROFIT OR LOSS USD	AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME USD	TOTAL CARRYING AMOUNT USD
As at 31 December 2018:				
FINANCIAL ASSETS				
Cash and balances held with banks	1,145,918,378	-	-	1,145,918,378
Other receivables	72,249,608	-	-	72,249,608
Trade finance loans	2,733,444,885	-	-	2,733,444,885
Project finance loans	1,429,558,794	-	-	1,429,558,794
Equity investments at fair value through other comprehensive income	-	-	51,521,730	51,521,730
Investment in joint ventures	-	-	386,994	386,994
Derivative financial instruments	-	54,042,940	-	54,042,940
Total financial assets	5,381,171,665	40,049,341	51,908,724	5,487,123,329
FINANCIAL LIABILITIES				
Collection account deposits	119,576,580	-	-	119,576,580
Short term borrowings	2,383,253,601	-	-	2,383,253,601
Long term borrowings	1,782,030,068	-	-	1,782,030,068
Other payables	72,807,343	-	-	72,807,343
Total financial liabilities	4,357,667,592	-	-	4,357,667,592

The classification as at 31 December 2018 is based on IFRS 9. There are no assets pledged as security for liabilities.

46. TRADE FINANCE LOAN PORTFOLIO

COUNTRY	As at 31 December 2019 BALANCE OUTSTANDING **USD**	AMOUNTS DUE WITHIN SIX MONTHS **USD**	AMOUNTS DUE AFTER SIX MONTHS **USD**	As at 31 December 2018 BALANCE OUTSTANDING **USD**	AMOUNTSVDUE WITHIN SIX MONTHS **USD**	AMOUNTS DUE AFTER SIX MONTHS **USD**
Congo DRC	669,476	336,141	333,335	10,053,966	53,966	10,000,000
Djibouti	5,888,470	3,745,968	2,142,501	5,338,371	29,200	5,309,171
Egypt	29,529,122	29,529,122	-	29,529,122	29,529,122	-
Ethiopia	163,602,340	163,602,340	-	110,056,653	31,343,679	78,712,974
Eswatini	7,029,752	7,029,752	-	-	-	-
Kenya	43,994,735	36,709,434	7,285,300	30,493,663	980,363	29,513,300
Malawi	488,200,928	383,602,428	104,598,500	439,317,346	173,701,598	265,615,748
Mauritius	4,995,515	4,995,515	-	10,852,025	10,852,025	-
Rwanda	2,369,700	2,369,700	-	196,309,241	1,309,241	195,000,000
Seychelles	196,697,214	165,197,214	31,500,000	-	-	-
Sudan	619,002,822	201,880,534	417,122,288	611,176,960	138,770,894	472,406,066
Tanzania	155,836,721	151,797,109	4,039,612	179,263,850	113,323,337	65,940,513
Uganda	48,917,843	45,372,215	3,545,628	78,938,128	37,321,450	41,616,678
Zambia	692,267,632	358,105,878	334,161,755	670,633,392	134,633,392	536,000,000
Zimbabwe	476,644,026	19,630,440	457,013,586	441,435,129	12,430,788	429,004,341
Gross loans	2,935,646,296	1,573,903,790	1,361,742,505	2,813,397,846	684,279,055	2,129,118,791
Less: Impairment on trade finance loans (Note 18)	(70,479,375)	-	(70,479,375)	(79,952,961)	-	(79,952,961)
Net loans	2,865,166,921	1,573,903,790	1,291,263,130	2,733,444,885	684,279,055	2,049,165,830

47. PROJECT LOAN PORTFOLIO

COUNTRY	AMOUNTS DISBURSED USD	INTEREST DISBURSED USD	AMOUNTS REPAID USD	INTEREST RECEIVABLE USD	As at 31 December 2019 BALANCE OUTSTANDING USD	As at 31 December 2019 DUE WITHIN ONE YEAR USD	As at 31 December 2019 DUE AFTER ONE YEAR USD	As at 31 December 2018 BALANCE OUTSTANDING USD	As at 31 December 2018 DUE WITHIN ONE YEAR USD	As at 31 December 2018 DUE AFTER ONE YEAR USD
Burundi	26,176,875	1,192,186	(15,253,149)	1,517,693	13,633,604	6,242,983	7,390,621	13,102,482	4,788,604	8,313,878
Comoros	12,848,585	-	(168,111)	88,722	12,769,196	11,343,852	1,425,344			
Congo DRC	44,200,000	-	(2,946,666)	2,328,279	43,581,612	38,306,667	5,274,945	2,904,168	2,388,540	41,253,333
Djibouti	4,500,000	1,213,337	(2,878,337)	216,288	3,051,288	1,594,688	1,456,600	43,641,874	600,730	2,303,438
Eritrea	403,652	-	(403,652)	-	-	-	-	-	-	-
Ethiopia	162,536,049	10,343,409	(49,973,662)	3,662,643	126,568,438	103,788,562	22,779,876	74,127,827	5,466,504	68,661,323
Kenya	1,032,539,929	50,692,748	(393,942,167)	27,601,573	716,892,082	635,415,710	81,476,372	627,132,014	67,539,019	559,592,995
Malawi	60,793,337	2,920	(60,796,257)	-	-	-	0	-	-	-
Mauritius	138,914,516	-	(12,499,446)	2,408,350	128,823,420	8,567,221	120,256,199	128,085,915	19,892,107	108,193,807
Mozambique	33,527,477	-	(1,653,059)	115,953	31,990,370	31,874,418	115,953	4,736,869	70,619	4,666,250
Rwanda	383,920,506	3,612,691	(140,965,446)	3,381,350	249,949,102	205,992,905	43,956,197	264,003,335	33,772,051	230,231,284
Seychelles	96,305,258	-	(41,364,276)	993,678	55,934,659	52,690,941	3,243,718	4,318,402	1,363,856	2,954,546
Sudan	45,106,625	17,056,064	(25,392,904)	3,181,091	39,950,876	36,769,785	3,181,091	37,014,916	245,132	36,769,784
Tanzania	717,758,972	682,910	(192,288,821)	1,193,082	527,346,143	464,852,730	62,493,414	43,413,688	11,762,367	31,651,321
Uganda	268,865,598	6,103,522	(171,061,078)	7,511,429	111,419,472	86,757,998	24,661,474	88,002,986	23,749,363	64,253,624
Zambia	131,225,915	25,086,069	(144,610,011)	-	11,701,973		11,701,973	16,190,988	7,601,691	8,589,297
Zimbabwe	324,592,237	709,655	(252,292,872)	374,297	73,383,321	38,224,796	35,158,523	113,242,854	42,434,812	70,808,043
Gross loans	3,484,215,531	116,695,511	(1,508,489,914)	54,574,428	2,146,995,556	1,722,423,256	424,572,300	1,459,918,318	221,675,395	1,238,242,923
Less: Impairment on trade finance loans (Note 18)					(40,657,973)	-	(40,657,973)	(30,359,524)	-	(30,359,524)
Net loans					2,106,337,583	1,722,423,256	383,914,327	1,429,558,794	221,675,395	1,238,242,923

48. STATEMENT OF SUBSCRIPTIONS TO THE CAPITAL STOCK

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**
As at 31 December 2019:							
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

48. STATEMENT OF SUBSCRIPTIONS TO THE CAPITAL STOCK [continued]

CLASS 'B' SHARES	NUMBER OF SHARES	PERCENTAGE OF TOTAL	PAYABLE CAPITAL USD	INSTALMENTS DUE AS AT YEAR END USD	PAID UP CAPITAL USD	SHARE PREMIUM USD	TOTAL PAID USD
As at 31 December 2019:							
TOTAL SHARES ISSUED							
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 Investmento	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

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.

48. STATEMENT OF SUBSCRIPTIONS TO THE CAPITAL STOCK

CLASS 'A' SHARES	SHARES SUBSCRIBED	PERCENTAGE OF TOTAL	VALUE **USD**	CALLABLE CAPITAL **USD**	PAYABLE CAPITAL **USD**	INSTALMENTS DUE AS AT 31.12.2018 **USD**	INSTALMENTS PAID AS AT 31.12.2018 **USD**
As at 31 December 2019:							
Belarus	1,205	1.49	27,313,735	21,850,988	5,462,747	5,462,747	5,462,747
Burundi	1,602	1.98	36,312,534	29,050,027	7,262,507	7,262,507	7,262,507
China	4,433	5.48	100,482,811	80,386,249	20,096,562	20,096,562	20,096,562
Comoros	173	0.21	3,921,391	3,137,113	784,278	784,278	784,278
Djibouti	380	0.47	8,613,460	6,890,768	1,722,692	1,722,692	1,722,692
Congo DRC	5,607	6.93	127,093,869	101,675,095	25,418,774	25,418,774	25,418,774
Egypt	6,962	8.61	157,807,654	126,246,123	31,561,531	31,561,531	31,561,531
Eritrea	240	0.30	5,440,080	4,352,064	1,088,016	1,088,016	709,306
Ethiopia	6,962	8.61	157,807,654	126,246,123	31,561,531	31,561,531	31,561,531
Kenya	6,962	8.61	157,807,654	126,246,123	31,561,531	31,561,531	31,561,531
Madagascar	442	0.55	10,018,814	8,015,051	2,003,763	400,753	400,753
Malawi	1,721	2.13	39,009,907	31,207,926	7,801,981	7,801,981	7,801,981
Mauritius	3,293	4.07	74,642,431	59,713,945	14,928,486	14,928,486	14,928,486
Mozambique	2,252	2.78	51,046,084	40,836,869	10,209,215	6,208,944	4,208,806
Rwanda	1,957	2.42	44,359,319	35,487,455	8,871,864	8,871,864	8,871,864
Seychelles	351	0.43	7,956,117	6,364,894	1,591,223	1,591,223	1,591,223
Somalia	318	0.39	7,208,106	5,766,485	1,441,621	1,441,621	939,830
South Sudan	2,209	2.73	50,071,403	40,057,122	10,014,281	10,014,281	10,014,281
Sudan	5,277	6.52	119,613,759	95,691,007	23,922,752	23,922,752	23,922,752
eSwatini	444	0.55	10,064,148	8,051,318	2,012,830	1,211,324	810,572
Tanzania	6,735	8.33	152,662,245	122,129,796	30,532,449	30,532,449	30,532,449
Uganda	5,129	6.34	116,259,043	93,007,234	23,251,809	23,251,809	23,251,809
Zambia	5,989	7.40	135,752,663	108,602,130	27,150,533	27,150,533	27,150,533
Zimbabwe	6,337	7.83	143,640,779	114,912,623	28,728,156	28,728,156	28,728,156
African Development Bank	3,911	4.83	88,650,637	70,920,510	17,730,127	17,730,127	17,730,127
	80,891	100	1,833,556,297	1,466,845,038	366,711,259	360,306,472	357,025,081

48. STATEMENT OF SUBSCRIPTIONS TO THE CAPITAL STOCK [continued]

CLASS 'B' SHARES	NUMBER OF SHARES	PERCENTAGE OF TOTAL	PAYABLE CAPITAL USD	INSTALMENTS DUE AS AT YEAR END USD	PAID UP CAPITAL USD	SHARE PREMIUM USD	TOTAL PAID USD
As at 31 December 2018:							
TOTAL SHARES ISSUED	220,584	100%	1,000,000,000				
African Development Bank	3,333	14.43	15,109,890	15,109,890	15,109,890	4,890,110	20,000,000
Africa Reinsurance Corporation	780	3.38	3,536,068	3,536,068	3,536,068	1,832,411	5,368,479
BADEA – Arab Bank for Economic Development in Africa	960	4.16	4,352,084	4,352,084	4,352,084	5,649,196	10,001,280
Banco Nacional de Investmento	888	3.84	4,025,677	4,025,677	4,025,677	1,488,038	5,513,715
Mauritian Eagle Insurance Company Limited	270	1.17	1,224,024	1,224,024	1,224,024	395,976	1,620,000
National Pension Fund–Mauritius	1,787	7.74	8,101,222	8,101,222	8,101,222	2,973,564	11,074,786
National Social Security Fund Uganda	2,966	12.84	13,446,125	13,446,125	13,446,125	12,381,427	25,827,552
OPEC Fund for International Development (OFID)	2,054	8.89	9,311,645	9,311,645	9,311,645	10,688,153	19,999,798
People's Republic of China	3,556	15.39	16,120,843	16,120,843	16,120,843	5,976,999	22,097,842
Rwanda Social Security Board	3,066	13.27	13,899,467	13,899,467	13,899,467	7,893,485	21,792,952
Sacos Group Limited	121	0.52	548,544	548,544	548,544	454,304	1,002,848
Seychelles Pension Fund	1,029	4.45	4,664,890	4,664,890	4,664,890	2,343,654	7,008,544
TDB Directors and Select Stakeholders Provident Fund	87	0.38	394,408	394,408	394,408	145,292	539,700
TDB Staff Provident Fund	1,368	5.92	6,201,717	6,201,717	6,201,717	2,164,875	8,366,592
ZEP-RE (PTA Reinsurance Company)	834	3.61	3,780,873	3,780,873	3,780,873	1,223,127	5,004,000
	23,099	100	104,717,477	104,717,477	104,717,477	60,500,611	165,218,088