TDB

TRADE & DEVELOPMENT BANK

INTEGRATING &
ADVANCING THE REGION

ANNUAL REPORT & FINANCIAL STATEMENTS 2020

EASTERN AND SOUTHERN AFRICAN
TRADE & DEVELOPMENT BANK
BANQUE DE COMMERCE ET DE DÉVELOPPEMENT
DE L'AFRIQUE DE L'EST ET AUSTRALE

ANNUAL REPORT & FINANCIAL STATEMENTS 2020

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TABLE OF CONTENTS

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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 2020. 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

The year 2020, which marked the Trade and Development Bank's 35th anniversary, was without a doubt a year where the agility, systems, and spirit of innovation of public and private sector institutions globally were put to the test.

Over and above the extraordinary health shocks, global demand contracted, supply chains were disrupted, commodity prices became volatile, and liquidity tightened due to the heightened macro-prudential constraints. This put great pressure on all TDB Group Member States to act with speed in managing their fiscal spaces as they simultaneously responded in the best possible ways to urgent health, economic, social and environmental demands.

When Covid-19 struck, TDB Group acted swiftly, demonstrating its resilience, strength and dexterity in assessing and innovatively adapting to the situation. TDB Group reprioritized its operations to help Member States mitigate heath and economic shocks. TDB Group worked diligently to provide balanced support for countries' urgent needs in the short-term while collaborating towards their sustainable growth trajectory in the long-term.

In addition to supporting its employees and communities via its Covid-19 Emergency Response Programme (CERP), TDB Group immediately re-positioned itself to cater for the new and ongoing needs of its clients, including sovereigns, financial institutions, large corporations, as well as MSMEs, while shoring up the confidence of funding partners to scale-up the availability of impact driven financing in the Bank's operating regions during these difficult times.

As TDB Group continues to align its interventions to the Sustainable Development Goals (SDGs), the Paris Agreement, and the African Union's Agenda 2063, financial institutions from across the globe are increasingly turning to TDB Group to commit their capital to financing impact investments in TDB's Member States, inspired by TDB Group's consistent track record. In 2020, TDB mobilized an unprecedented USD 2 billion in new funding, risk-sharing, and other types of funding partnerships.

Highlighting the sustained confidence of the community of institutional investors in TDB Group's ability to deliver commercial and SDG returns, TDB welcomed in 2020 its 18th Class B shareholder, Djibouti's Caisse Nationale de Sécurité Sociale (CNSS). Moreover, as evidence of their confidence in TDB Group, Denmark's Investment Fund for Developing Countries (IFU) injected an additional USD 20 million in TDB's risk capital, effectively doubling its equity investment in the Group to USD 40 million.

In 2020, TDB Group's existing shareholders, through the Board of Governors, also underscored their continued support and sustained confidence in TDB Group's ability to deliver triple bottom-line results, by approving a historic capital increase programme of USD 1.5 billion, doubling the Bank's authorised capital stock from USD 3 billion to USD 6 billion, and authorizing the issuance of up to USD 1 billion of a new Class C share segment with a view to attracting equity investments from even more non-traditional pools of impact and other types of investors.

Among its major institutional innovations during the year under review, TDB Group established the Trade and Development Fund (TDF), a not-for-profit subsidiary focused on providing grants, donations, technical assistance, and financial assistance under non commercial terms, and undertaking activities of an educational nature, including training and capacity building activities. The establishment of TDF has allowed TDB Group to consolidate under a single governance structure various programmes the Bank has been incubating for a number of years, such as the SME Programme and TDB Academy.

The Group's remarkable trend of growth, performance, quality, and impact has not gone unnoticed, even amidst the Covid-19 pandemic. In 2020, among other awards, TDB was declared "African Bank of the Year" by African Bankers Awards.

On behalf of the Board of Directors, I wish to salute the efforts which have led to our Group's brilliant performance this year despite the crosswinds brought about by the Covid-19 pandemic. I would also like to recognize the women and men who make up the TDB Group, and who made it possible for us to grow and continue to impact the peoples we serve, through their continued professionalism, agility, and spirit of innovation.

While we must all stay resolute in our determination to neutralize the adverse effects of this terrible pandemic, I am confident that TDB Group's exceptional track record over the past 35 years, including in 2020 against all odds, will lead to another 35 successful years to come.

JUSTE RWAMABUGA
TDB GROUP CHAIRMAN OF THE BOARD OF DIRECTORS

Photo credits: TDB

GROUP MANAGING DIRECTOR'S STATEMENT

In 2020, in a global context characterized by uncertainty, TDB Group was able to showcase its true colours, right on time to immortalize its 35th anniversary.

When the gravity of the Covid-19 pandemic dawned on everyone, TDB Group promptly adjusted to the environment. Not only did TDB ensure its business continuity, it also put in place the tracks necessary for the implementation of the build-forward-better agenda.

First, TDB Group put in motion a comprehensive safety-first and business continuity programme for staff. Then, the Group launched the Covid-19 Emergency Response Programme (CERP), through which it has been providing regionally procured personal protective and medical equipment to communities in the region, thereby catering for pressing health imperatives while at the same time supporting the region's private sector and employment.

In parallel, TDB Group surveyed its clients to understand their most immediate needs, and ensured that, in the face of the global liquidity crunch, it continued to make financial resources available to address short- and long-term trade and corporate finance needs of its clients, in line with its triple bottom-line commitments.

In those interventions, the Bank prioritized the provision of hard currency solutions to minimize supply chain disruptions; support trade; sustain business in general; enhance the resilience of healthcare systems; and address foreign currency and productivity challenges with the promotion of exports, and the importation of critical inputs, equipment, and strategic commodities, including food. In the syndication market where TDB Group continued to be one of the leading participants in Africa, the Bank's interventions provided fiscal breathing room to its Member States, allowing them to stay on track with their infrastructure projects and deal with Covid-19 external shocks. As a result of all those interventions, in 2020, despite the very challenging context, TDB's gross project and infrastructure portfolio grew by 7% year-over-year to USD 2.3 billion, while its gross on-balance sheet trade finance portfolio grew by 8% year-over-year to USD 3.2 billion.

Having become, in 2019, the first African development finance institution to execute a trade finance transaction using blockchain, in the year 2020, TDB concluded the first intra-African trade finance transaction harnessing the same technology. This successful integration of blockchain technology in the Bank's operations enabled it to finance and execute critical international trade transactions for clients despite the inability of paper documents to move between various parties due to Covid-19 related disruptions to global logistics.

TDB Group's agility in the execution of international trade finance transactions was recognized in the year under review through various industry awards, including "Best Trade Financier in Africa" by Trade Finance Global and "Best Trade Finance Bank" in both Kenya and Ethiopia by Global Trade Review.

Still against all odds, TDB Group mobilized a record amount of capital resources in 2020. TDB Group was able to raise close to USD 30 million in fresh equity capital injections. As for debt, TDB Group mobilized around USD 2 billion in the forms of funding, risk-sharing, ECA-backed transactions, and other partnerships involving multilateral and bilateral development finance institutions and commercial banks. This included around USD 500 million dedicated to transactions aimed at dealing with the issue of climate change and extending facilities to SMEs. New strategic partnerships also comprised a debut 19-year USD 415 million facility from the World Bank's International Development Association, to finance infrastructure, especially renewable energy, and a ground-breaking EUR 334 million MIGA 10-year guarantee for a loan provided by commercial banks to support trade.

With the year 2020 now ended, TDB Group is proud to publish its second Sustainability and Development Impact Report, recounting the story of its journey to achieve impact and create employment, and to align financial flows to SDGs, the Paris Agreement, and Agenda 2063. Guided by its robust ESG framework, policies, and standards, sustainability-themed debt is further infusing impact-driven requirements in the deployment of capital in the region and leading to a shift in TDB's portfolio towards more SDG and climate action content. In fact, 74% of TDB's portfolio exposure this year was for transactions that had low or no environmental or social risk.

To step-up its impact further, in 2020, TDB Group formalized the integration of the Bank's SME Programme, the TDB Academy, and technical assistance programmes under its new non-profit subsidiary, the Trade and Development Fund (TDF). In 2020, TDF extended loans and guarantees to support marginalized groups, with a focus on women-led MSMEs, provided thought-leadership and learning opportunities to TDB Group staff and industry peers, and leveraged technical assistance to prepare for more impact.

The financial results achieved in 2020 are a testament to TDB Group's resilience through the Covid-19 pandemic. Assets grew by 8%, loan portfolio by 6%, net profits by 4%, equity by 12%, and operating income by 12%, while return-on-equity remained above 10% and non-performing loans under 3%, highlighting continued high asset quality. Furthermore, TDB's investment-grade credit ratings were affirmed in 2020 despite a deterioration in the credit quality of some of its sovereign clients.

TDB Group has come a long way since inception. The implementation of forward-looking reforms and policies, the establishment of world-class risk, operations, treasury, and human resource management complexes, an engrained client centric approach, and the setting-up of innovative systems have made it possible for TDB Group to continue delivering value and impact to shareholders, partners, clients and communities in 2020, just when these were needed the most.

I am delighted that on the eve of our 36th anniversary, as we closed the most turbulent year our region has seen since the establishment of the Bank, TDB Group remains strong, still growing, still innovating, and poised for more impact. With our expanding community of like minded stakeholders, we look forward to further scaling-up, speeding-up and synergizing to build forward better.

ADMASSU Y. TADESSE
GROUP MANAGING DIRECTOR,
PRESIDENT EMERITUS

Photo credits: TDB

GOVERNANCE

STATEMENT ON CORPORATE GOVERNANCE

The Eastern and Southern African Trade and Development Bank (TDB or 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 designation Eastern and Southern African Trade and Development Bank Group (TDB Group or the Group) refers to TDB and its subsidiaries.

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

CORPORATE GOVERNANCE STANDARDS

As a multilateral development finance institution (DFI), the TDB 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 DFIs.

To underpin its commitment to sound corporate governance, TDB signed a joint approach statement on corporate governance alongside 30 international DFIs in October 2007, which led to the development of the Corporate Governance Development Framework (CGDF). The aim of the CGDF is to encourage 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. TDB also engages closely with other multilateral institutions to ensure that it is up to date on best corporate governance practices.

GOVERNANCE STRUCTURE

CHARTER

TDB 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 TDB 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 the respective charters establishing them. TDB is thus regulated and governed by its Charter. The Charter, which is binding on all Members of TDB, sets out the objectives, membership, capital structure, and organisation of TDB. The Charter also identifies the types of transactions that TDB may undertake. It also sets out the immunities, exemptions, and privileges enjoyed by TDB and its subsidiaries. Additionally, the Charter contains provisions with respect to the allocation of capital subscriptions. The Charter is reviewed periodically to ensure alignment with TDB's growth, corporate strategy, shareholders' interests, and governance best practices. The latest amendments to TDB's Charter were approved by the Board of Governors at its 35th Annual Meeting in August 2019.

BOARD OF GOVERNORS

All powers of TDB Group are vested in the Board of Governors. Each Member of TDB Group 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 Managing Director of the Group and Non-Executive Directors (NEDs) of the Board of Directors. It delegates other powers to the Board of Directors. Ordinarily it convenes once a year. Although it has delegated other powers to the Board of Directors, certain specific powers, such as the increase or decrease of the Group's authorised capital, amendments to the Charter, and final approval of the Group's consolidated audited accounts, are retained by the Board of Governors.

In 2020, one new shareholder completed the formalities to join the membership of TDB Group and the Board of Governors of TDB Group, namely, the Caisse Nationale de la Sécurité Sociale of Djibouti.

BOARD OF DIRECTORS

Board Composition

TDB Group's Charter outlines specific roles and responsibilities for the Board of Directors. Article 27(6) of the Group's Charter provides that the Board of Directors shall be responsible for the conduct of the general operations of TDB Group. The Charter provides for a Board composition of not more than 10 NEDs (in addition to the Group Managing Director 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 of Directors are reserved for independent NEDs in line with good corporate governance.

At its Second Annual Meeting, the Board of Governors of the Group 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 Group 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 Group's Board of Directors is three years, the previous Board of Directors' term of office terminated by lapse of time on 30 September 2019.

As at 31 December 2020, the Board of Directors, including the Group Managing Director, consisted of 11 members.

Board Meetings

Board meetings are held at any of the Group'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 Group Managing Director works jointly with the Chairperson and Vice-Chairperson. The role and responsibilities of the Chairperson and of the Group Managing Director 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 TDB. In 2020, 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 TDB's Enterprise Risk Management Framework, internal control, and financial reporting practices. It serves in an advisory capacity to the Board of Directors. The ARCO also ensures that TDB Group'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 TDB'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 TDB Group.

The Remuneration and Nominations Committee (REMCO) is mandated to review, recommend, and improve the Group'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 Group Managing Director is a member of INVESCO, FINCO and REMCO and attends ARCO in an ex-officio capacity.

The table below shows attendance by Board Members in 2020.

	Board Meetings	ARCO Meetings	INVESCO Meetings	REMCO Meetings	FINCO Meeting
Mr. Mohamed Kalif	4/4	4/4			4/4
Dr. Abdel Rahman Taha	4/4			4/4	4/4
Mr. Mingzhi Liu	3/3		3/3		3/3
Ms. Shuo Zhou	1/1		1/1		1/1
Mr. Said Mhamadi	4/4	4/4	4/4		
Mr. Juste Rwamabuga	4/4		4/4	4/4	
Mr. Veenay Rambarassah	3/3	3/3		3/3	
Mr. Gerard Bussier	4/4		4/4		4/4
Mr. Peter Simbani	4/4		3/4		4/4
Mr. Peter Molu Ibrae	2/2		2/2		2/2
Ms. Isabel Sumar	4/4	4/4		4/4	
Mr. Admassu Tadesse	4/4		4/4	4/4	4/4
Ms. Busisiwe Alice Dlamini	4/4	4/4	4/4		

EXECUTIVE MANAGEMENT BOARD

In October 2020, the Board of Directors strengthened TDB Group's Executive Committee and upgraded it into an Executive Management Board on the premise that a strengthened executive committee would formally link the various management committees of the Group's constituents and enhance coordination and preparations for management submissions to the Board. Thus, the Executive Management Board serves as a coordination mechanism under the authority of the Group Managing Director as Chairperson.

GROUP MANAGING DIRECTOR

Pursuant to TDB's Charter, the Group Managing Director must be a person of integrity and of the highest competence to matters pertaining to the activities, management, and administration of TDB Group. The Group Managing Director presides over the affairs of TDB Group and serves as the legal representative of TDB Group.

THE CHIEF EXECUTIVE OFFICER

In accordance with TDB's Charter, the Chief Executive Officer of the Bank must be a person of integrity with proven track record and highest competence in the business and commercial operations pertaining to his or her function. The Chief Executive Officer works closely with the Group Managing Director in conducting 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

TDB Group has two principal offices, one in Burundi and another in Mauritius. Mauritius was approved by the Board of Governors to host a second principal office of the Group effective 31 December 2016, in recognition of the existing domicilium of the Group's special purpose funds in Mauritius such as the Eastern and Southern African Trade Fund (ESATF) and earlier the COMESA Infrastructure Fund. Mauritius is also the domicile for TDB Group's two new constituent subsidiaries established in 2020, namely, the Trade and Development Fund (TDF) and TDB Captive Insurance Company (TCIC).

The purpose of establishing Mauritius as the second domicilium was to strengthen the positioning of TDB Group with one headquarters located in the COMESA Member State with the highest (investment grade) credit rating and a well-established domicilium for international funds and financial institutions in Africa. The Group's Mauritius principal office serves as the hub and address for the Group'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 Group. In addition to its two principal offices, TDB Group 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 in which it operates and enhance its portfolio management capabilities, TDB Group established a new country office in Kinshasa (Democratic Republic of Congo) in partnership with two other COMESA institutions, ZEP-RE (PTA Reinsurance Company) and African Trade Insurance Agency (ATI).

OUR SHAREHOLDERS

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

MEMBER COUNTRIES

JSC Development Bank of the Republic of Belarus

People's Bank of China

INSTITUTIONAL MEMBERS

African Development Bank (AfDB)

African Economic Research Consortium (AERC)

African Reinsurance Corporation (Africa-Re)

Arab Bank for Economic Development in Africa (BADEA)

Banco Nacional de Investimento (BNI, Mozambique)

Caisse Nationale de Sécurité Sociale (Djibouti)

Eagle Insurance (Mauritius)

Investment Fund for Developing Countries (IFU, Denmark)

National Pensions Fund (NPF, Mauritius)

National Social Security Fund (NSSF, Uganda)

OPEC Fund for International Development (the OPEC Fund)

PTA Reinsurance Company (ZEP-RE)

Rwanda Social Security Board (RSSB)

Sacos Insurance Group (Seychelles)

Seychelles Pension Fund (SPF)

Photo credits: African Banker Awards

RECOGNITIONS

AWARDS

TDB was acclaimed as "2020's African Bank of the Year" by the African Banker Awards. As described by the African Banker Awards, "This award goes to the bank in Africa that has demonstrated a high performance across various metrics. It is a bank that has considerably changed the banking landscape by reaching out to new customers, offering new services, adopting inclusiveness by bringing the unbanked into the banking space, making use of new technologies, and helping to drive growth through a stronger financial sector".

TDB was also honoured as the Best Trade Financier in Africa at the International TFG Awards 2020, in recognition of its outstanding contribution to international trade on the African continent.

The excellence and palpable impact of TDB's trade finance work in the region was also recognized by Global Trade Review (GTR) in 2020, awarding it "Best Trade Finance Bank in Kenya" and "Best Trade Finance Bank in Ethiopia" for the year 2020.

TDB was recognised by Global Finance Magazine's Outstanding Crisis Leadership in 2020, in the Finance & Business category, as one of the "banks and corporations that went above and beyond in responding to the global pandemic crisis—those that went above and beyond to assist their customers, protect their employees and provide critical support to society at large".

CUSTOMER AND PARTNER SATISFACTION SURVEY

TDB conducts a Customer and Partner Satisfaction Survey (CPSS) on a yearly basis to gain insight on the Group's partners, clients and shareholders' views, attitudes, opinions, perceptions and level of satisfaction towards TDB's offer as it pertains to each stakeholder segment specifically. The survey produces recommendations for consideration by relevant departments, with the objective to continuously improve customer service and level of satisfaction pertaining to the Bank's offerings.

The 2020 survey highlighted stakeholders' higher preference for TDB in the market, as well as the Bank's increased digital presence, and fast turn-around time. The survey also revealed a growing awareness for TDB's products and services, and prevalent perceptions of the Bank's approach to business and solutions as innovative and efficient. In 2020, positive depictions of TDB also rose. The 2020 report determined an overall score of 4.34 out of a maximum of 5.


Photo credits: Lake Turkana Wind Power Project

SUSTAINABILITY

SUSTAINABILITY REPORTING STATEMENT

Commitment to environmental, social, and governance (ESG) factors continues to define TDB's values-based sustainability agenda, its overall risk appetite but more so the Bank's ambition to invest responsibly. Internally, the Bank has converted commitment into practise through active enhancement and integration of its Environmental and Social Management System (ESMS), the Corporate Social Responsibility (CRS) policy, and the Sustainability and Development Monitoring Impact System (SDIMS). Since 2015, the Bank has continued to integrate ESG and sustainability into its internal credit processes and, most importantly, it has enhanced the criteria for assessing ESG-related risks and opportunities in its investment activities. These enhancements have focused on embedding social and environmental aspects in the core business operations of the Bank and on onboarding international best practice principles of sustainable banking and finance in its investment activities. The efforts have enabled the Bank to better support African economies and contribute to the general wellbeing of the people of its Member States.

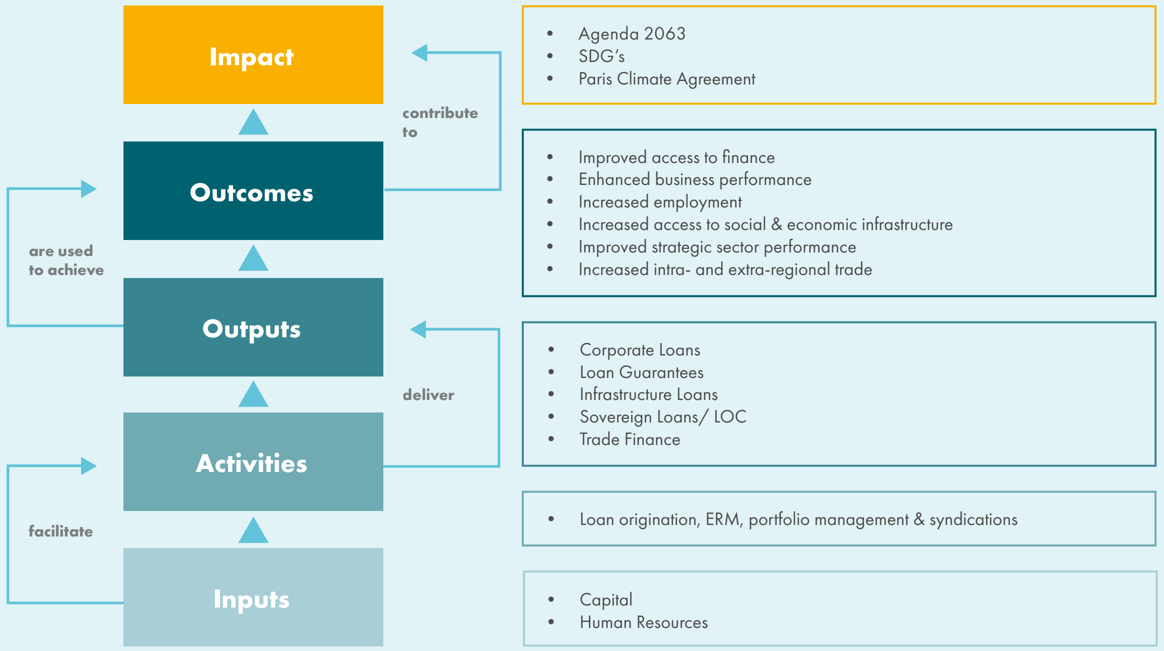
Accordingly, in 2020 the Bank focused on aligning its ESG procedures with global trends. Those efforts resulted in the following enhancements:

a. Development of Gender Based Violence Guidelines aimed at providing specific guidance that supports risk analysis, control and mitigation measures related to Sexual Exploitation and Abuse (SEA) and Sexual Harassment (SH) in all TDB-financed activities;

b. Development of a new Environmental and Social (E&S) screening guidelines for off-grid solar energy projects to ensure that the risks arising from lending to this sub-sector are managed in compliance with global standards and best practices; and

c. Enhancement of stakeholder engagement procedures, such that the Bank now requires all its borrowers to develop and implement a Stakeholder Engagement and Information Disclosure Plan to ensure that all project related parties (PAP) participate effectively in the stakeholder engagement and consultation process.

Aligned to the ESG proposition of creating value, the Bank further developed a Sustainability Framework to identify, record, monitor and analyse the development impacts arising from its investment activities. That process entails a theory of change, which describes how TDB's activities intentionally seek to generate development outcomes. Outputs are the tangible products of TDB's activities, such as loans and other financial instruments. Outcomes are the results that TDB's interventions have on social and economic development metrics, as illustrated below:



TDB supported its Member States in their efforts aimed at containing the Covid-19 pandemic, particularly through its Covid-19 Emergency Response Programme (CERP) as further described in the section below.

Similarly, to alleviate the pandemic's effect on its borrowers, the Bank, on a case-by-case basis, accommodated various loan modification requests. The Bank believed that such accommodations would assist in retaining labour, among other considerations.

CORPORATE SOCIAL RESPONSIBILITY

TDB's Corporate Social Responsibility (CSR) vision is to promote the social and economic wellbeing of its stakeholders in its areas of operation through a series of interventions that enhance economic development and prosperity in the region that it serves.

As part of its CSR initiatives, TDB launched its Covid-19 Emergency Response Programme (CERP) in the wake of the Covid-19 crisis, with the objective to enhance its Member States' and the Africa Centres for Disease Control and Prevention's (Africa CDC) level of readiness to fight and prevent the spread of the pandemic and mitigate some of its more urgent adverse socio-economic effects.

More specifically, in collaboration with strategic partners, the CERP funded the procurement of urgently needed healthcare and sanitation supplies which serve to prevent the spread of the virus and limit fatalities, and ultimately, alleviate some of the pressure on the region's healthcare systems. Supplies provided have included medical equipment such as testing kits and patient monitors; and Personal Protective Equipment (PPE) such as masks, goggles, and bio-hazard suits. Through the CERP, TDB also financed the installation of water, sanitation and hygiene (WASH) facilities to make water available in underserved communities and extended a grant to the Africa CDC.

To address supply chain disruptions brought about by the pandemic, to the extent possible, TDB ensured that the CERP emergency supplies were sourced from companies in its Member States, so as to support the private sector, especially SMEs, and protect jobs, and in particular local employment of youth and women. Those efforts contributed to building sourcing and manufacturing resilience within TDB's Member States.

In 2020, TDB, through the CERP, supported about half of its Member States and the Africa CDC. The programme will continue to be rolled out in 2021.

Photo credits: TDB

PARTNERSHIPS

Partnerships continue to be a vital part of TDB Group's core strategy. As such it develops and maintains key relationships with partners and influential networks which are leveraged to enable TDB Group to provide debt, equity, technical assistance, and other important solutions.

In 2020, key international partnerships were cemented via memoranda of understanding (MoUs) with international institutions including the Currency Exchange Fund (TCX), Italy's Cassa Depositi e Prestiti (CDP), the United States Trade and Development Agency (USTDA), the UAE's Etihad Credit Insurance (ECI), Turkey's Turk Eximbank, and Qatar's Power Bank of Qatar. The partnership with TCX brings unparalleled opportunity for TDB in the areas of currency risk mitigation and financing for transactions in local currency. Other partners will make it possible for the Group to explore more financing, co-financing, credit insurance, equity investments, technical assistance, and other opportunities in eligible sectors.

Within its operating region, TDB also signed MoUs with the SADC Centre for Renewable Energy and Energy Efficiency (SAREEE) and the Zambian Development Agency (ZDA) which are expected to bolster collaboration for co-financing and technical assistance opportunities for TDB in the Southern African Region. An additional MOU signed with the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) is envisaged to allow for collaboration in capacity building through training programs in trade finance, sovereign lending and debt management for select Member States.

Photo credits: Kwale International Sugar Company

OPERATING ENVIRONMENT

INTERNATIONAL ECONOMIC ENVIRONMENT

The world economy is still reeling from the impact of the Covid-19 global pandemic, well over a year from when the pandemic broke out in late 2019. Although slow, there are signs of recovery and emergence from the worst recession seen in many decades. Growth prospects have been boosted by the availability of vaccines, which have provided hope in the fight against the pandemic, coupled with better coping measures as well as increased fiscal support in some countries. Estimated at -4.3% in 2020 and projected at 4.0% in 2021, the world GDP is still more than 5% below pre-pandemic projections, according to a World Bank report[1]. The efficacy of the vaccines as well as the speed and coverage of the vaccination efforts will play a key role in containing the coronavirus and supporting subsequent recovery of the global economy. Quicker vaccine roll-out would enable more countries to lift the mobility restrictions and enhance consumer spending and confidence. Conversely, a slower deployment of the vaccine and resurgence of new Covid-19 strains and variants are likely to dampen the recovery and exacerbate global business distress. The recovery prospects are further weighed down by supply disruptions and emergence of cost pressures due to upturn in demand especially in commodity markets. Structural reforms and robust fiscal and monetary policies are required at national and international levels to revive economic activities and create opportunities for a robust, all-inclusive, and sustainable global economic recovery.

SUB-SAHARAN AFRICA

Sub-Saharan Africa has experienced the worst impact of the pandemic, with its GDP contracting by 3.7% in 2020 and its economic recovery foreseen to be at 2.7% in 2021[2]. With unemployment reaching unprecedented highs in many countries which are highly dependent on the informal sector and where Small and Medium-Size Enterprises (SMEs) are a substantial part of the economy, the effects of the pandemic will further exacerbate social disparities and increase poverty in Africa. Adding to the continent's economic woes, the debt crisis in many African countries has been escalating, with three out of the top five most indebted African countries being TDB's Member States, namely, Mozambique, Sudan, and Zambia, with external debt to gross national income levels of 140.8%, 121.8%, and 120.1%, respectively.

TDB COVERAGE REGIONS

Countries in TDB's coverage regions have exhibited varying growth levels in 2020 mostly due to the impact of the Covid-19 pandemic but coupled with country specific factors as well.

NORTH AFRICAN COVERAGE REGION

The North African coverage region had the highest average GDP growth rate in 2020 at 2.65% although this is likely to shrink to 0.45% in 2021, with the drop mostly attributable to Ethiopia's GDP which is forecast to remain flat, down from an estimate of 6.10% for 2020[3]. According to the African Development Bank[4], Ethiopia's hospitality, transport and communication sectors were hardest hit by the pandemic and the outlook for 2021 is largely dependent on the country's response to the Covid-19 crisis as well as the resolution of civil unrests and the effects of climate shocks that threaten economic recovery. Boosted by its large consumer spending, Egypt is one of the few countries that did not go into recession despite the impact of the pandemic on tourism, a key sector of its economy. Growth for 2021 will still be subdued due to fragile net exports especially from tourism. The locust invasion, Covid-19 pandemic and floods dealt a blow to South Sudan's promising economic recovery, which was driven by the 2018 Revitalized Peace Agreement and gains from increased oil production and prices. The effect of the pandemic on Sudan's economy was pronounced in subdued commodity prices, trade, travel, and financial flows. The outlook for 2021 projects a recession although financial flows could be boosted following the removal of Sudan from the State Sponsor of Terrorism List (SSTL) by the United States. Djibouti experienced a slow-down in the economy in 2020 due to decline in demand and consumer spending as a result of the Covid-19 pandemic. The 2021 projections show a rebound as port activities are expected to resume as international trade picks up.

EAST AFRICAN COVERAGE REGION

From a regional growth average of 6.85% in 2019, the East African region's growth is projected to shrink to an average of 1.05% in 2020, rebounding to 5.23% in 2021, with Kenya and Rwanda contributing the highest proportion of this growth[5]. Although the service industry was worst affected, Kenya's economic activity is projected to rebound, buoyed by agriculture and the assumed full re-opening of the economy in 2021 coupled with the impact of the country's Economic Recovery Strategy under implementation, as well as sustained external liquidity flows. Rwanda's trade, tourism and transportation sectors suffered the brunt of the Covid-19 pandemic in 2020. An upward growth is projected in 2021, supported by high infrastructure spending on the Bugesera airport and a rebound in tourism. The impact of the pandemic on Uganda's Tourism and Hospitality sectors and Tanzania's construction, manufacturing and investment sectors contributed to the subdued economic activity in the respective countries in 2020. While Tanzania's outlook for 2021 is positive given the rebound in tourism and trade, Uganda's recovery is questionable although household consumption could increase with easing of public health containment measures.

FRANCO-LUSOPHONE AFRICA COVERAGE REGION

The Franco-Lusophone Africa region had the lowest average GDP growth rate in 2020 at negative 5.56%. Dominated by tourism dependent island nations which were hardest hit by the pandemic, the region is slowly emerging from the decline and projections for 2021 put the average GDP at 4.20%[6]. Both Mauritius and Seychelles are expected to attain positive growth in 2021 as the tourism sector rebounds assuming a subdued pandemic. Declining output in the extractive industries and other sectors such as manufacturing, infrastructure and services further dampened growth for DR-Congo but a rebound is expected as global demand recovers and as the pandemic is restrained. With a 0.5% GDP growth rate in 2020, Mozambique experienced the first economic decline in 28 years, driven by declines in the construction, tourism, and transport sectors as well as diminished demand for commodities exports[7]. The country also suffered the effects of civil conflict in the northern province of Cabo Delgado. Growth for 2021 is projected to be positive due to investments in the gas sector. Madagascar's mining, manufacturing and services sectors were highly affected by the pandemic, dampening GDP growth in 2020. Economic activity is expected to rebound in 2021 although the country remains susceptible to weather shocks, such as droughts, cyclones, and floods[8]. The impact of the pandemic on Burundi's economy led to a general recession in the economy. However, positive growth of 3.5% is projected in 2021 subject to steady flow of aid as well as sustained global demand for coffee. The Island of Comoros suffered the effects of Cyclone Kenneth in 2020, further exacerbating the negative growth caused by the Covid-19 pandemic. The country's GDP is projected to rebound in 2021, driven by the tourism and service sectors, should the pandemic abate in 2021.

SOUTHERN AFRICAN COVERAGE REGION

The Southern African region's 2020 average GDP growth rate was estimated at negative 4.18%, with Zimbabwe performing the worst at negative 10.0%. Recovery in the region is expected in 2021, projected at an average GDP growth rate of 2.4%[9]. Zambia's economic activity deteriorated in all key sectors in 2020, pushing the country into a recession. Growth in 2021 is expected, driven by the mining and tourism sectors although the risk still remains high due to the country's debt burden as well as general risk of failure to implement the Economic Recovery Programme. Zimbabwe too is reeling under the debt distress coupled with interruptions of production in the mining and industrial sectors, power disruptions and the effects of drought, all of which could slow the recovery progress in 2021. The Covid-19 pandemic negatively impacted Malawi's tourism, hospitality, transportation, and agriculture sectors, leading to slowdown of the economy in 2020. A rebound is projected in 2021 driven by tourism, agriculture, exports, FDI, and public investments in infrastructure, although the risks of bad weather and poor revenues still abound. Eswatini's growth prospects for 2021 are positive in all sectors and especially in agriculture, manufacturing, and construction, which had suffered in 2020 due to the impact of the pandemic. Growth could be depressed by fiscal overruns and a decline in projected Southern African Customs Union (SACU) receipts.

1 World Bank. Global Economic Prospects-January 2021
2 Ibid
3 TDB compilation - Adopted from World Bank-Economic Outlook 2021
4 Country Notes-African Development Bank- March 2021
5 TDB compilation - Adopted from World Bank-Economic Outlook 2021
6 Ibid
7 Country Notes-African Development Bank- March 2021
8 Country Notes-African Development Bank- March 2021
9 TDB compilation - Adopted from World Bank-Economic Outlook 2021

Photo credits: Sapmer Group

FINANCIAL PERFORMANCE

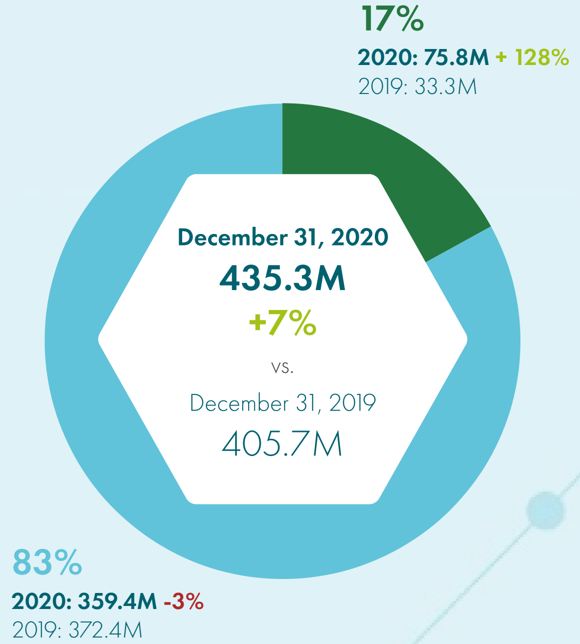
INCOME

In 2020, the Group's gross interest income grew by 7% to USD 435.28 million from USD 405.73 million in 2019. The increase is attributed to the 128% increase in investment income as well as the 7% growth in both the Project and Infrastructure Finance (PIF) and Trade Finance (TF) loan portfolios. Trade Finance contributed 43% of gross interest income.

GROSS INTEREST INCOME

In $ millions

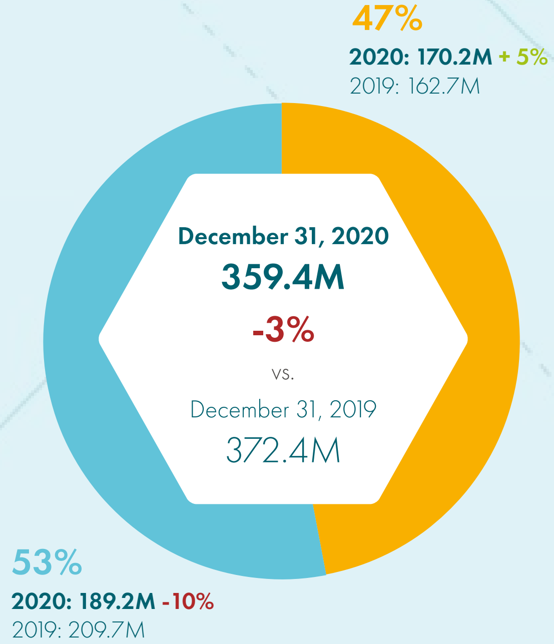
From Investment
From Lending



INCOME FROM LENDING

In $ millions

Project Finance
Trade Finance



Interest expenses and borrowing costs decreased by 9% from USD 226.64 million in 2019 to USD 205.73 million in 2020, mainly due to a 12% decline in total interest expenses from USD 221.57 million in 2019 to USD 194.15 million in 2020. The decline in total interest expenses was caused by the decrease in the average cost of funds, reflecting a reduction in LIBOR and the cost of borrowing on new facilities. Other borrowing costs increased more than two-fold from USD 5.06 million in 2019 to USD 11.58 million in 2020 reflecting facility, management, and commitment fees and related costs on facilities raised to support the growth of loan assets.

NET FEES AND COMMISSION

In $ millions

December 31, 2020
52
-28%
vs.
December 31, 2019
72

Consequently, net interest income grew by 28% to USD 229.56 million from USD 179.09 in 2019.

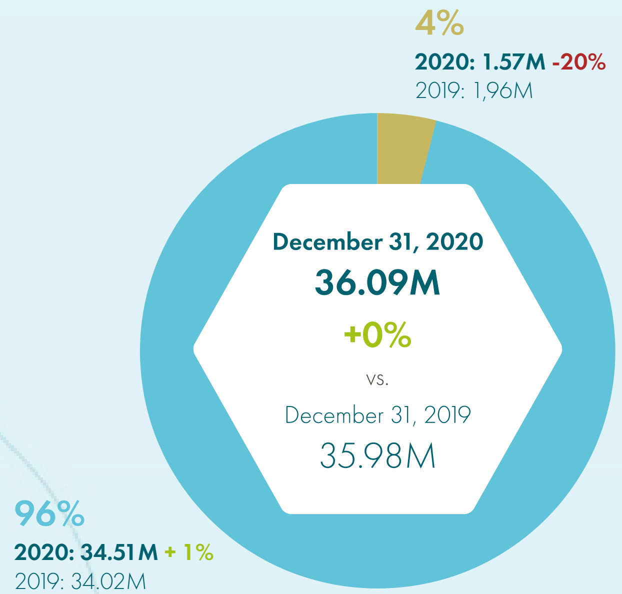
Net fees and commission income decreased by 28% from USD 72.39 million in 2019 to USD 51.77 million in 2020. The decrease reflects the challenges and delays faced by the Group in completing transactions as a result of the Covid-19 pandemic in the Group's operating environment. In addition, there was a decrease in the value of sovereign transactions completed during the period. Project and Infrastructure fees declined by 53% from USD 35.42 million in 2019 to USD 16.65 million in 2020 while Trade Finance fees contracted by 5% from USD 36.97 million in 2019 to USD 35.12 million in 2020.

Risk mitigation costs (comprising risk down-selling and insurance costs) for 2020 amounted to USD 36.09 million compared to USD 35.98 million in 2019, a marginal 30 basis point decrease. The risk down-selling costs represent fees paid to acquirers of loan assets distributed via the secondary market. The payment of such fees results from the Group's secondary loan trading and asset distribution activities to manage obligor, sector, and geographic prudential limits.

RISK MITIGATION COSTS

In $ millions

Risk Down-Selling Costs
Insurance Cover Costs



Down-selling further provides the Group with room to book new assets and generate incremental fee income. Insurance allows the Group to obtain capital relief, while serving as a risk mitigant against credit, currency convertibility, and externalisation risks. Since December 2016, the Group 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 Group's overall credit positive initiatives contributing to the Group's attainment and retention of its investment grade credit rating.

OPERATING INCOME

In $ millions

December 31, 2020
266
+12%
vs.
December 31, 2019
238

Operating income increased by 12% to USD 266.25 million in 2020 from USD 237.79 million in 2019. This is mainly as a result of growth in interest income in 2020 as discussed above.

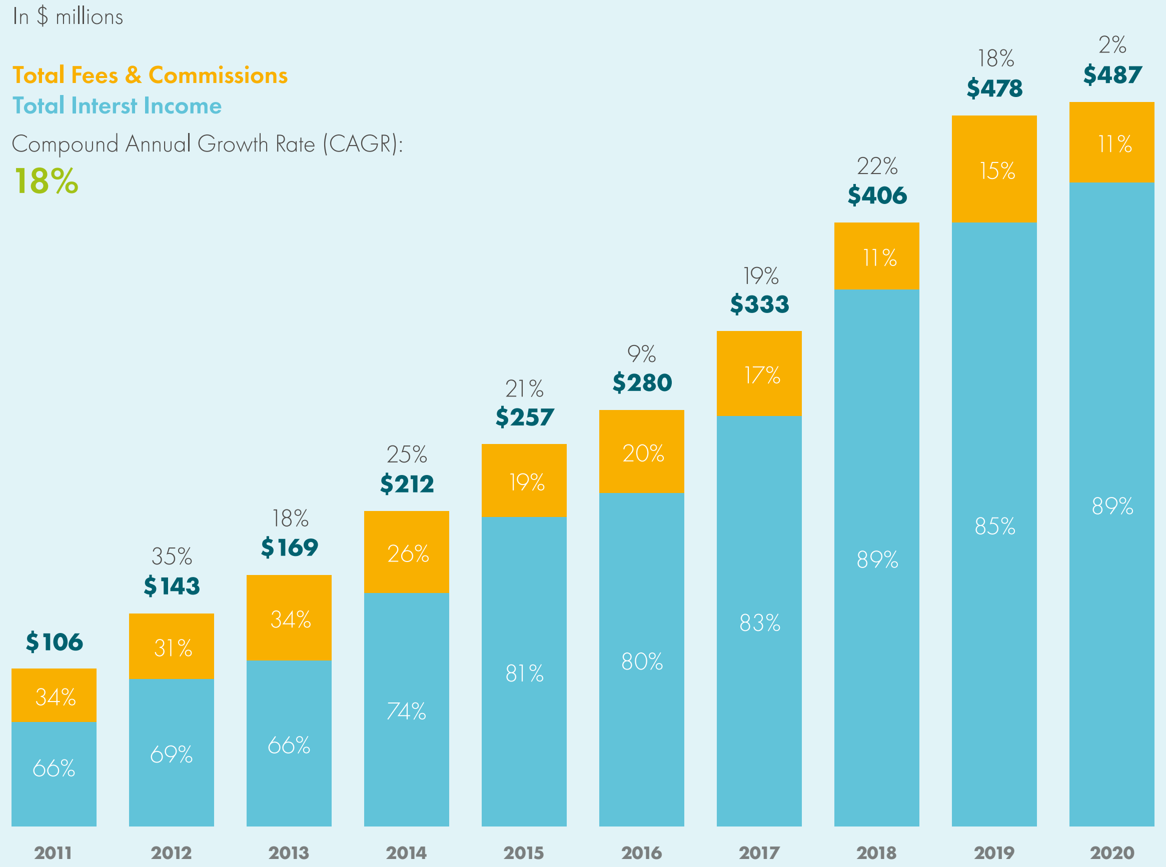
The chart below depicts the Group's gross interest income and fee income over a ten-year period.

HISTORICAL TOTAL INCOME TREND

In $ millions

Total Fees & Commissions
Total Interst Income

Compound Annual Growth Rate (CAGR):
18%



OPERATING EXPENDITURES

Operating expenditures increased by 8 percentage points from USD 41.08 million in 2019 to USD 44.46 million in 2020. Whereas most costs declined due to reduced operational activities in the Group as a result of the impact of Covid-19, personnel costs increased by USD 6.83 million in 2020 as a result of planned staff recruitments during the year; business promotion grew by 67% due to the Group's interventions under the Covid-19 Emergency Response Programme (CERP) to provide to Member States medical equipment (e.g., personal protective equipment (PPEs), face and medical masks, ventilators, electronic/digital thermometers, and others) for the fight against the Covid-19 pandemic; and depreciation and amortisation costs rose by 18% due to capitalisation of a number of IT software and hardware.

IMPAIRMENT

Impairment charge on PIF and TF loans increased by 46%, from USD 41.49 million in 2019 to USD 60.60 million in 2020. This is a result of the escalation of credit risk on the Group's loan portfolio due to the impact of the Covid-19 pandemic. The impairment provisions in 2020 are based on a comprehensive review of the portfolio carried out by the Group in December 2020 using the "Expected Credit Loss (ECL)" model to derive impairment provisions in compliance with International Financial Reporting Standard 9 (IFRS 9).

PROFITABILITY

For the year 2020, the Group made a net profit of USD 157.62 million, which represents a 4% increase from USD 151.53 million realised in 2019. This compares favourably with the annual budget of USD 149.34 million. The 4% growth in profitability over 2019 is attributable mainly to the increased interest income, which was reduced by the impact of the Covid-19 pandemic on the Group's operations. The ROE decreased modestly from 11.03% in 2019 to 10.28% in 2020, while the ROA decreased from 2.55% in 2019 to 2.27% in 2020 due to the significant increase in the impairment charge.

The modest decrease in the Group's ROE in recent years is explained by a combination of factors:

a. investments in capacity in the Group through staff additions;
b. strategic investments in risk mitigation via partial insurance of the loan portfolio, credit enhancement of the Group's callable capital, and risk sharing and down-selling; and
c. increased provisioning in 2020 in response to the escalation of credit risk posed by the Covid-19 pandemic.

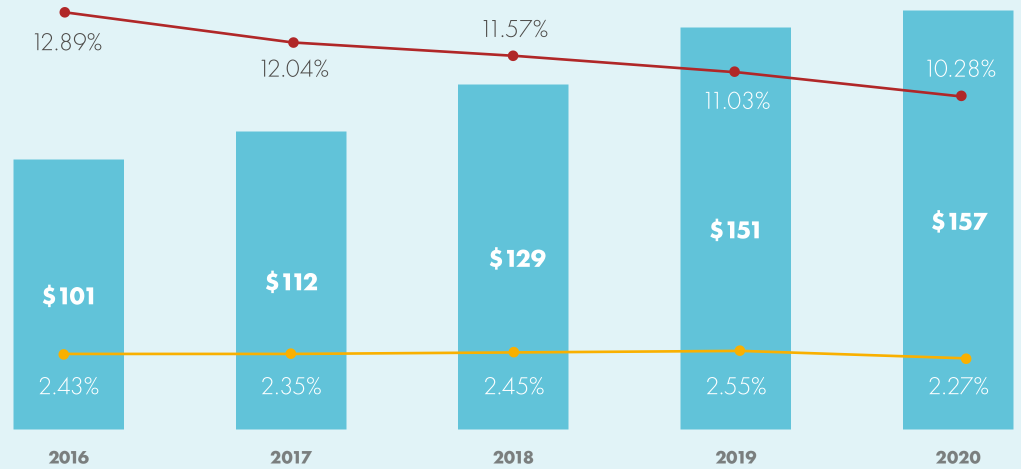
The Group's investments in risk mitigation are part of a concerted effort to strengthen the Group's risk profile and credit ratings, which have consequently been upgraded during these past years and were maintained in 2020 despite the difficult operating environment created by the Covid-19 pandemic. As indicated earlier, in 2020, the Group spent USD 36.09 million on risk mitigation

The graph below illustrates the Group's profitability and profitability ratios from 2016 to 2020.

PROFITABILITY

In $ millions

Net Profit
Return on Assets
Return on Equity



ASSETS

TDB Group grew its total assets by 8% over 2019 to USD 7.25 billion.

Of the USD 557.04 million asset growth in 2020, a sum of USD 219.47 million is attributable to Trade Finance whose net balance increased to USD 3.08 billion, up 8% from USD 2.87 billion in 2019, due to new disbursements net of repayments made during the year. Gross Trade loans grew by 8% from USD 2.94 billion in 2019 to USD 3.18 billion. Net Project Finance loans increased by 6% to USD 2.22 billion from USD 2.11 billion in 2019, because of USD 118.44 new disbursements net of repayments. The Group's net loan book[10] grew year-on-year by 7%.

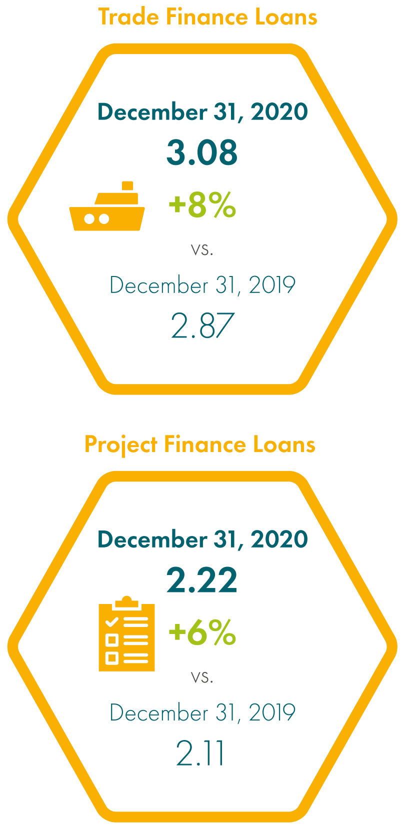
Cash and bank balances increased by 11% from USD 1.38 billion in 2019 to USD 1.54 billion due to new investment in government securities in the amount of USD 76.03 million. Other receivables increased by 14% in 2020 to USD 136.89 million, from USD 120.52 in 2019. Hedging derivatives decreased by USD 81.38 million from an asset of USD 40.05 million 2019 to a liability of USD 41.33 million, due to exchange rate movements. Equity investments (which include investment in joint ventures) at USD 54.30 million recorded a net fair value gain of USD 2.85 million over prior year's USD 51.45 million. Fixed assets, comprising property and equipment, right of use assets and intangible assets grew to USD 34.68 million in 2020, up from USD 30.59 million in 2019, mainly because of the on-going construction of the Nairobi office building.

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

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

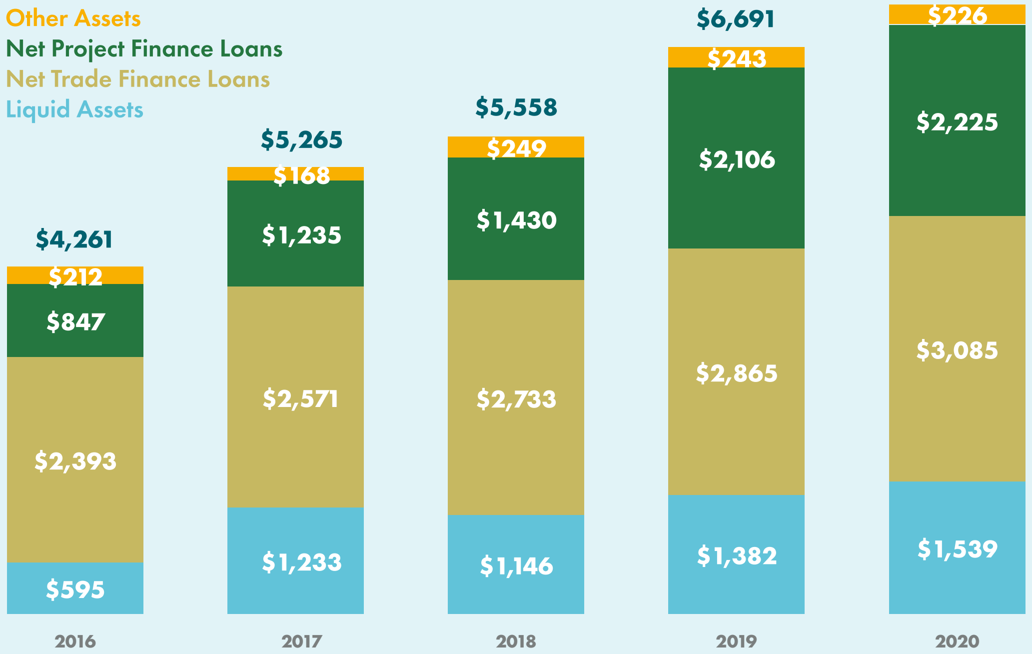
NET LOANS

In $ billions



COMPOSITION OF ASSETS

In $ millions



LIABILITIES

The Group's total liabilities grew by 7% to USD 5.69 billion, from USD 5.30 billion in 2019. Short term borrowings decreased marginally by 2% from USD 2.47 billion in 2019 to USD 2.41 billion in 2020. And long-term borrowings increased by USD 460.00 million to USD 3.05 billion in 2020, representing an 18% increase from level of USD 2.59 billion in 2019. Thus overall, the Group increased the duration of its borrowings. Borrowings were received from various lenders and counterparties during the year to fund the Group's business and to maintain an optimal liquidity buffer while scheduled payments were made towards maturing facilities.

Collection account deposits decreased marginally by USD 2.55 million to USD 93.28 million mainly due to reduction in funds in some local currency accounts. Collection accounts represent cash included in the Group's cash balances deposited by trade finance clients as part of the facility structure to service maturing instalments. Foreign currency risk on any such local bank account is borne by the clients. Other liabilities at USD 97.06 million, comprised of other payables and creditors, provisions for service and leave pay, and lease liability, were 35% below prior year, mainly due to a decrease in balances held as deposits on client facilities.

EQUITY

SHAREHOLDERS' FUNDS

December 31, 2020

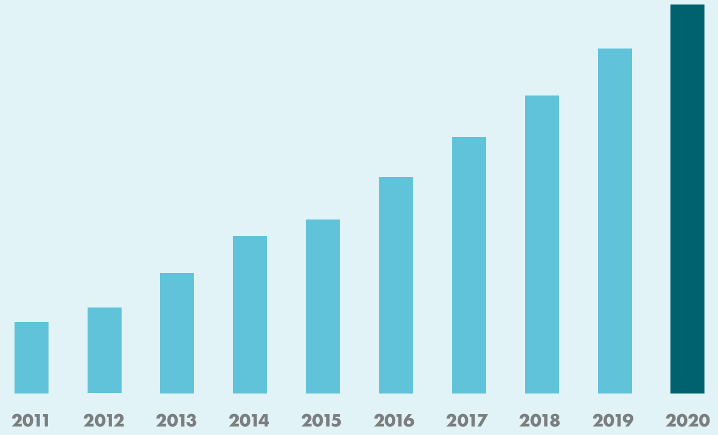
$1.56B

+12%

vs.

December 31, 2019

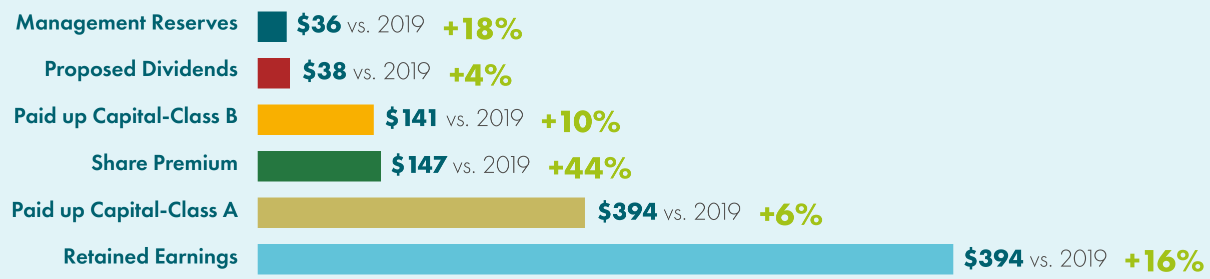
$1.39B



The Group's shareholders' funds grew by 12% to USD 1.56 billion from USD 1.39 billion in 2019. Of the USD 167.78 million increase in total equity over 2019, USD 80.96 million was in the form of capital subscriptions including share premium, while USD 157.05 million was from profit for the year, USD 5.58 million from fair value gain on investments, less payment of USD 36.31 million 2019 dividend and less special dividend of USD 40.04 million. A dividend distribution of USD 37.69 million is proposed for 2020, representing a pay-out ratio of 24% of the 2020 net profit. A further sum of USD 19.82 million and USD 16.29 million is held in management reserves and fair value reserves, respectively, which were created in 2018. Non-controlling interest amounted to USD 0.45 million.

SHAREHOLDERS' FUNDS

In $ millions, as at 31 December 2020



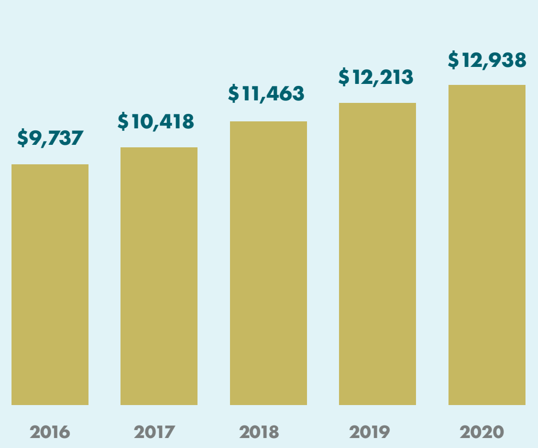
The fair value reserve arose in relation to equity investments on adoption of IFRS 9 by the Group while the management reserve was created with approval of the Board of Directors for cushioning incidents of significant losses.

The graphs below present the growth in the Group's shareholders' fund during from 2016 to 2020.

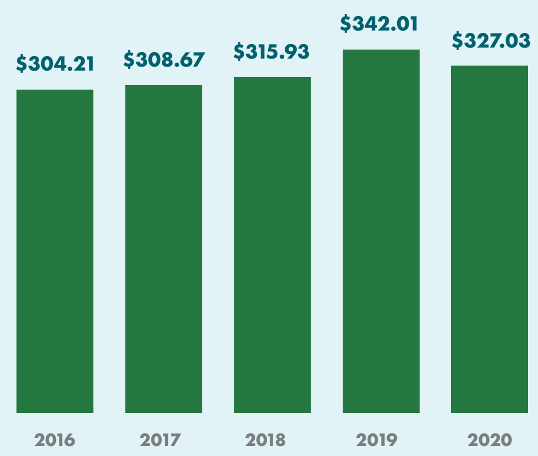
SHAREHOLDERS' RETURN PERFORMANCE

Net Profit and Proposed Dividend are $ in Millions, EPS and Ratios are in %

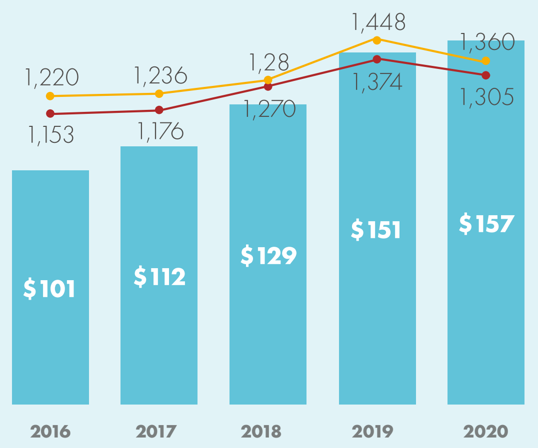
Net Asset Value (NAV)
Class B



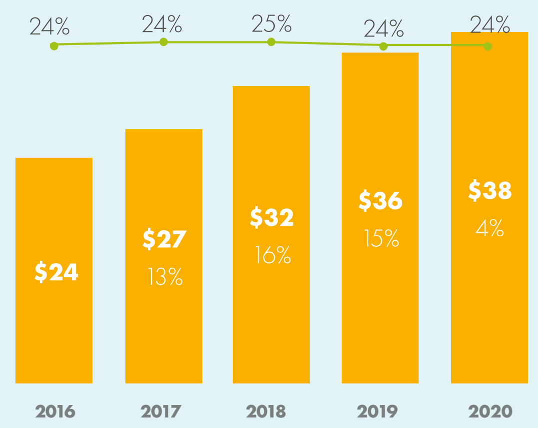
Dividend Per Share (DPS)



Basic Earnings per Share (EPS)
Diluted Earnings per Share (EPS)
Net Profit



Dividend Payout Ratio
Proposed Dividends



FINANCIAL STRENGTH INDICATORS

The table below reflects the Group's key ratios for the year 2020 compared to 2019.

FINANCIAL RATIOS

Profitability Ratios

Return on Equity	Return on Assets
10.28%	2.27%
vs. 11.03%	vs. 2.55%
-7%	-11%

Efficiency Ratio

Cost to Income (With Impairment Charge)	Cost to Income (Without Impairment Charge)
21.29%	9.00%
vs. 17.05%	vs. 8.48%
+25%	+6%

Leverage Ratios

Total Debt to Equity	Total Capital and Reserves to Total Assets	Capital Adequacy Ratio
350.60%	21.48%	35.80%
vs. 363.97%	vs. 20.77%	vs. 36.10%
-4%	+3%	-1%

Asset Quality

Liquidity Ratio	Gross NPL Ratio
22.91%	2.88%
vs. 21.33%	vs. 2.33%
+7%	+24%


Photo credits: Kwale International Sugar Company

BUSINESS OPERATIONS AND SUBSIDIARIES

LENDING OPERATIONS

TRADE FINANCE

During 2020, the Covid-19 pandemic led to an unprecedented adverse impact on trade and supply chains, which was exacerbated by various lockdown measures and travel restrictions implemented by countries to stem the spread of the virus. These containment actions strained the operational activities of economic actors, including development finance institutions, causing trade to temporarily grind to a halt as borders and ports were closed. Structured commodity financing also suffered a setback due to cautious de-risking stance taken by some financiers on account of commodity price volatility and fraud allegation reports in Asia, Middle East and Africa.

Notwithstanding the significant demand and supply shocks to most sectors and resultant economic challenges experienced in 2020, and in keeping with the Group's core values of adaptability and innovation, the Bank was able to sustain its Trade Finance business by leveraging the client relationships established over the years as it implemented its Financial Institutions strategy, to inject dollar liquidity and channel working capital solutions to key productive sectors in the economies of its Member States. The Bank's Trade Finance business also facilitated the importation of critical and strategic commodities into the region. Furthermore, the Bank's longstanding investments in technology and innovation, particularly in the area of blockchain technology, enabled the Group to continue to finance and execute international trade transactions for clients despite the inability for paper documents to move from one party to another due to the Covid-19 related restrictions. Despite the pandemic, the Bank ended the year with significant momentum in its Trade Finance business, which registered 9% growth in business volumes (consisting of cash and letter of credit disbursements), and 8% growth in assets.

PROJECT AND INFRASTRUCTURE FINANCE (PIF)

Under the Project and Infrastructure Finance (PIF) lending window, the Group provides long-term financing to various high impact sectors. The Bank's PIF business promotes innovation and development by funding catalytic projects in various sectors such as energy, manufacturing, and infrastructure.

The year 2020 was challenging for the Bank's PIF business, largely due to the Covid-19 pandemic, which resulted in a majority of the transactions that were expected to close in 2020 being either cancelled or postponed. In spite of the difficult environment, TDB signed nearly half a billion USD in new commitments in 2020, covering diverse sectors including sovereign funding for infrastructure projects to one of the Group's Member States, a railway transport project, as well as mining, construction and hospitality opportunities.

The Bank's PIF pipeline is robust, with new potential opportunities that include funding a major PPP road project, agricultural value chain logistics, a pipeline, renewable energy projects (on-grid and off-grid), and health and hospitality projects. By funding these sectors, TDB will continue to play a significant role in job creation and economic development of the Group's Member States. The Group continues to generate new potential PIF lending opportunities from new growth markets such as Djibouti, Madagascar, Mozambique and the Democratic Republic of Congo.

SYNDICATIONS

During 2020, there was a slowdown in the Syndicated Loan Market as prospective clients became cautious about borrowing following the deceleration in global GDP growth occasioned by the effects of the Covid-19 pandemic. According to Reuters, syndicated lending in Europe, the Middle East and Africa totaled USD 144 billion in the first three months of 2020, the lowest volume recorded for any quarter for a decade, as most borrowers felt the impact of the effects of the coronavirus pandemic[11]. By the end of 2020, loan volumes for the African region had increased from USD 39 billion (2019) to USD 65 billion (2020) reflecting a 67% increase though the number of deals decreasing from 171 (2019) to 167 (2020) – the increase in volumes is attributed to the increase in trade finance transactions to support Covid-19 relief efforts. 34% of Africa's syndicated loans in 2020 were from the Eastern and Southern African region which boasts some of the fastest growing economies in Africa[12].

In 2020 the Group, acting as Initial Mandated Lead Arranger, successfully closed a EUR 300 million syndicated transaction for the Government of Uganda to finance its development and infrastructure budget for the Fiscal Year 2019/2020. One of the strategic objectives for the Syndications department is to support the Group's growth through managed and impactful participation in new growth markets. The Group participated in two transactions in its growth markets of Egypt and Tanzania. In Egypt, the Group participated in a USD 2 billion syndicated term loan for the Arab Republic of Egypt acting through the Ministry of Finance, with a participation amount of USD 100 million. For Tanzania, the Group participated in the Government of Tanzania USD 1.64 billion syndicated loan facility to finance the construction of the standard gauge railway with an amount of USD 100 million.

To improve quality and effectiveness, the Syndications department updated and made improvements to its operational guidelines. Further, Syndications continued to pursue discussions with institutional investors with the aim of establishing a debt capital markets distribution platform for the Group's loans. With increased interest from impact investors globally, the liquidity from institutional investors continues to be a key source of financing for infrastructure and development for Africa that remains largely untapped. Syndications department will continue to pursue these ideas with the intention of testing the concept with a transaction in 2021.

In 2020 TDB continued to be ranked by Bloomberg Africa Syndicated Loans League Table rankings as one of the top Mandated Lead Arranger, Bookrunners and Agents in Africa.

COVERAGE REGIONS

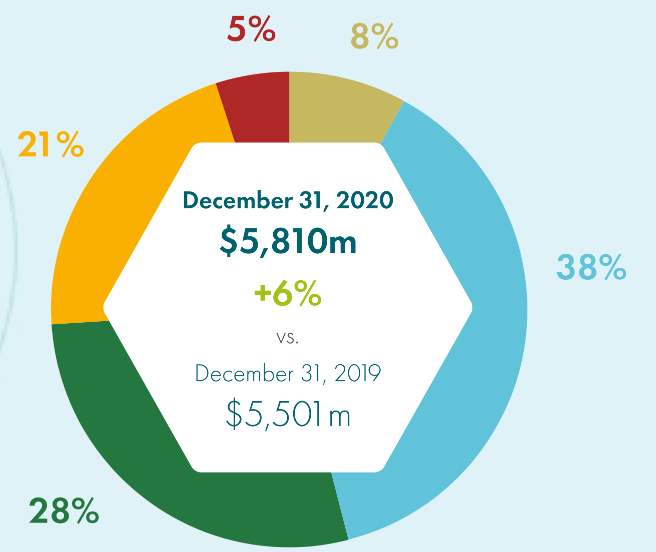
During 2020 TDB continued to refine the hybrid coverage-product operational model, first implemented in January 2018. The Democratic Republic of Congo (DRC) business was de coupled from the Franco-Lusophone region into a standalone coverage area, managed out of the Kinshasa office. DRC is expected to anchor the selective expansion of the Group's coverage areas to include several West African countries.

The Coverage regions continue to work in collaboration with the product specialist teams for Trade Finance, Project and Infrastructure Finance, and Advisory, housed under the Lending Operations Complex.

11 https://www.reuters.com/article/emea-loans-hit-hard-by-pandemic-idUSL8N2BP2T6
12 Bloomberg League Tables 2020

GROSS ON- & OFF-BALANCE SHEET LOAN PORTFOLIO BY COVERAGE REGION

Multi-Country Groups
East Africa
Southern Africa
North-East Africa
Franco-Lusophone Africa



PORTFOLIO

PORTFOLIO SPLIT BY BUSINESS SEGMENT

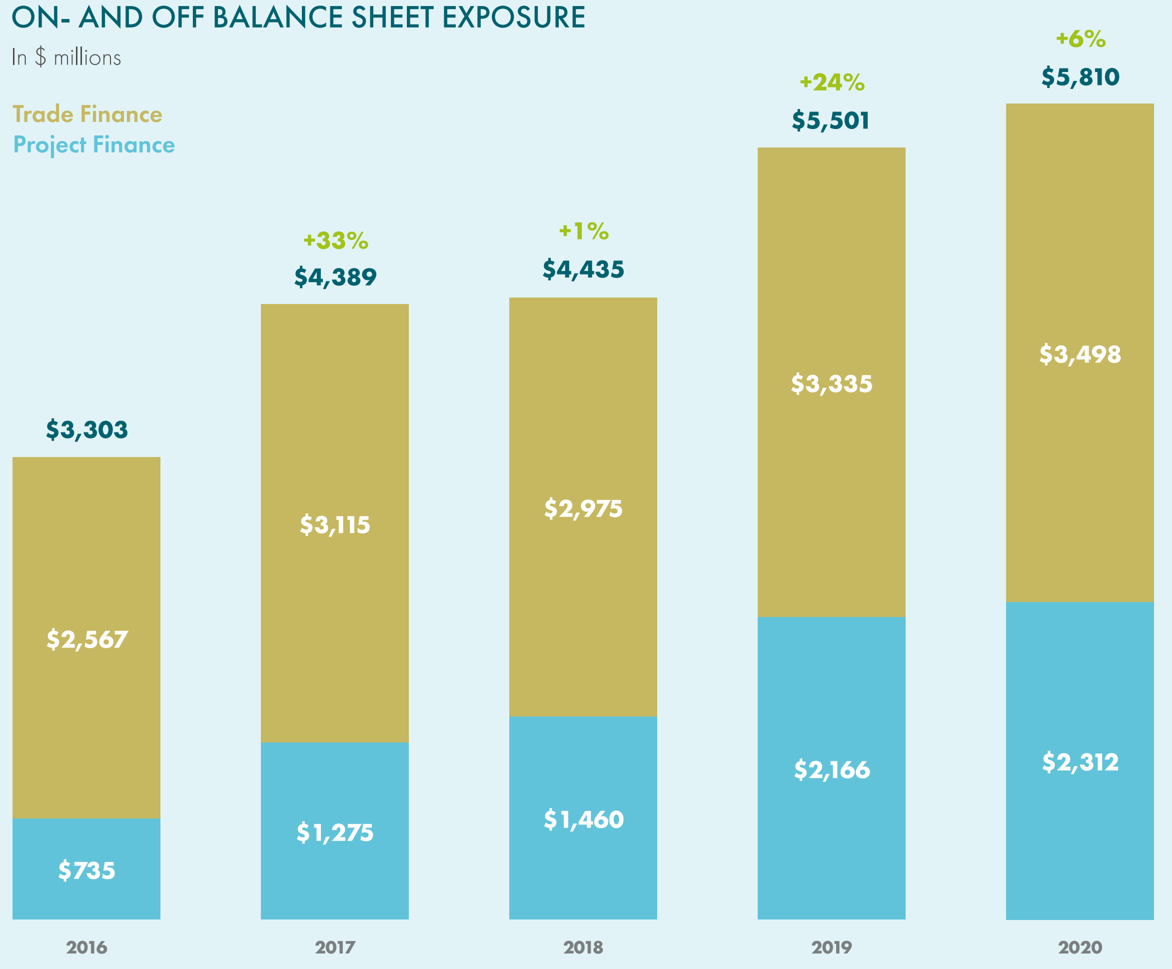
The Group's on- and off-balance sheet exposure[13] grew by 6% to USD 5.8 billion (2019: USD 5.5 billion). By broad product type, Project Finance loans (PF) portfolio grew by 7% to USD 2.3 billion (2019: USD 2.3 billion), while the Trade Finance (TF) portfolio increased 5% to USD 3.5 billion (2019: USD 3.3 billion). Growth in the PIF and TF portfolios was spurred by disbursements to Infrastructure and Banking and Financial sectors. The portfolio was largely resilient despite Covid 19 induced headwinds across the Group's coverage markets. This reflects the Group's robust risk-based portfolio monitoring, market knowledge, and the benefits of the Group's preferred creditor status.

The graph below shows the trend for the PIF and TF on- and off-balance sheet portfolios between 2016 – 2020:

13 Off-balance sheet exposure comprises gross loan plus letters of credit and guarantees.

ON- AND OFF BALANCE SHEET EXPOSURE

In $ millions

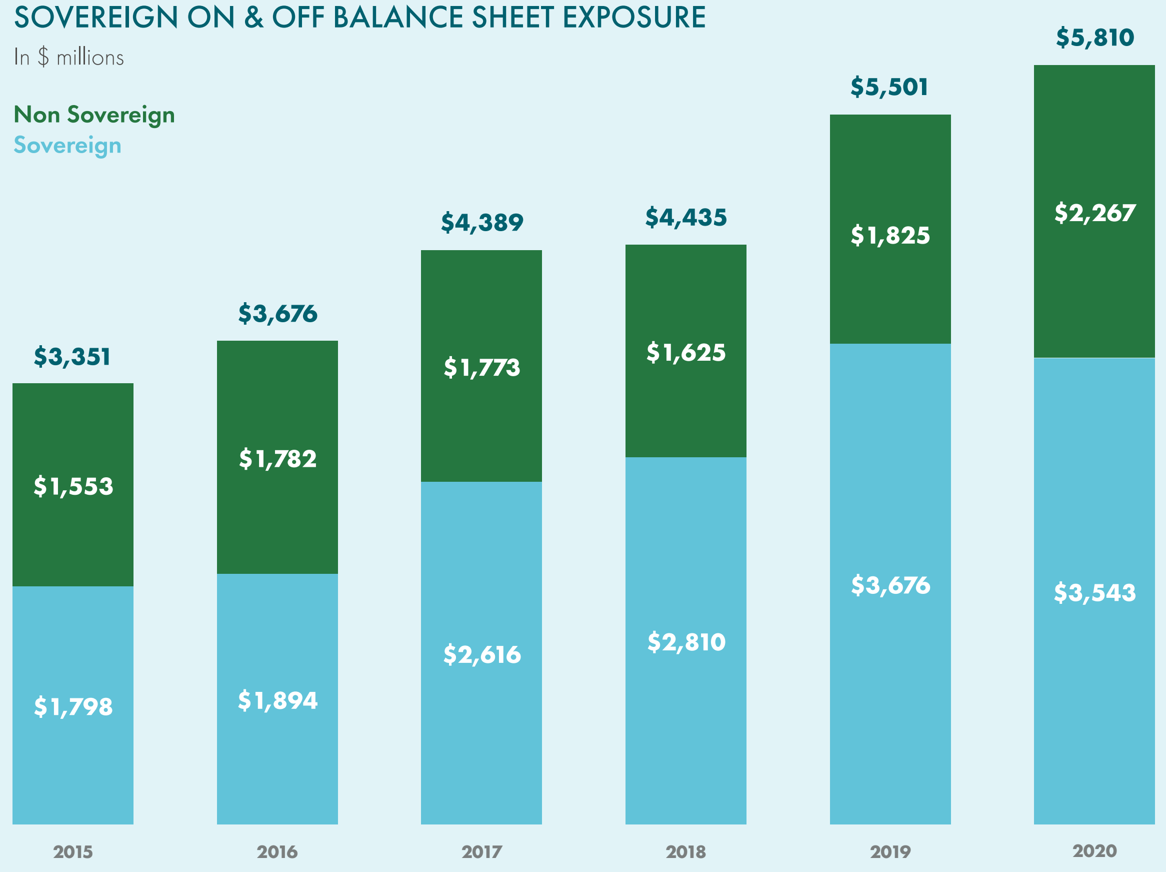


PORTFOLIO SPLIT BY CLIENT SEGMENT

As at 31 December 2020, lending to sovereign clients (including public enterprises) stood at 61% of the portfolio (2019: 67%), with an exposure of USD 3.5 billion (2019: USD 3.7 billion). Non-sovereign loans total 39% of the portfolio (2019: 33%). The increase in lending to non-sovereigns was driven by the increased lending to financial institutions in Trade Finance, largely through funded and unfunded structured transactions to finance importations of essential commodities. The loans and advances to financial institutions increased by USD 332.6 million in 2020 to USD 668.2 million (2019: USD 335.6 million).

TREND ON PORTFOLIO-SOVEREIGN AND NON-SOVEREIGN ON & OFF BALANCE SHEET EXPOSURE

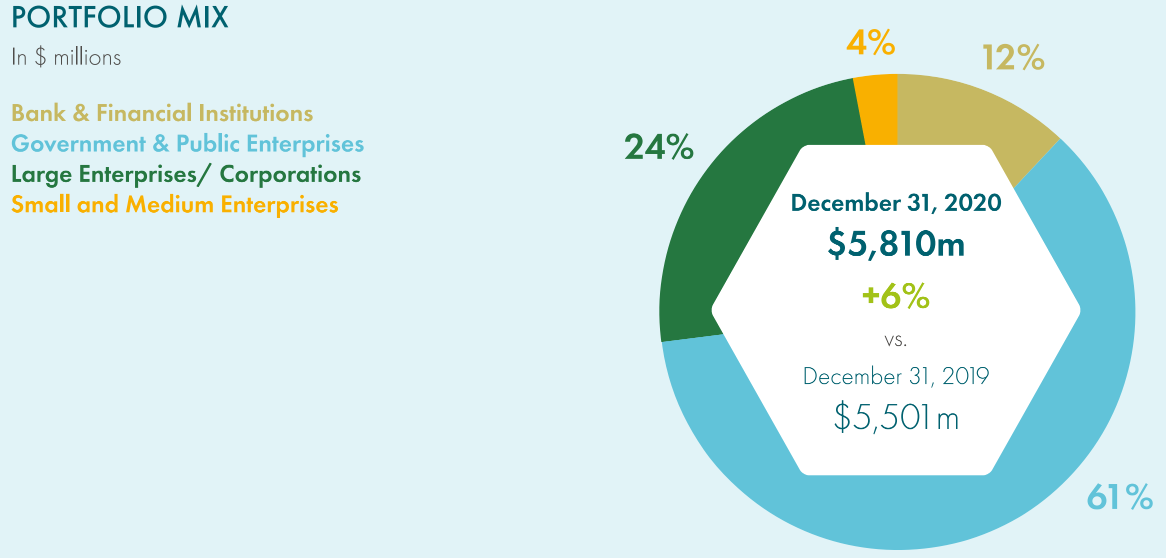
In $ millions



Lending to Large Enterprises and SMEs remained at 23% and 4% of the portfolio, respectively. The major change was noticed on lending to financial institutions which leaped from 6.1% to 11.5% of the portfolio. The graph below shows the Group's on- and off-balance sheet portfolio mix as at 31 December 2020.

PORTFOLIO MIX

In $ millions



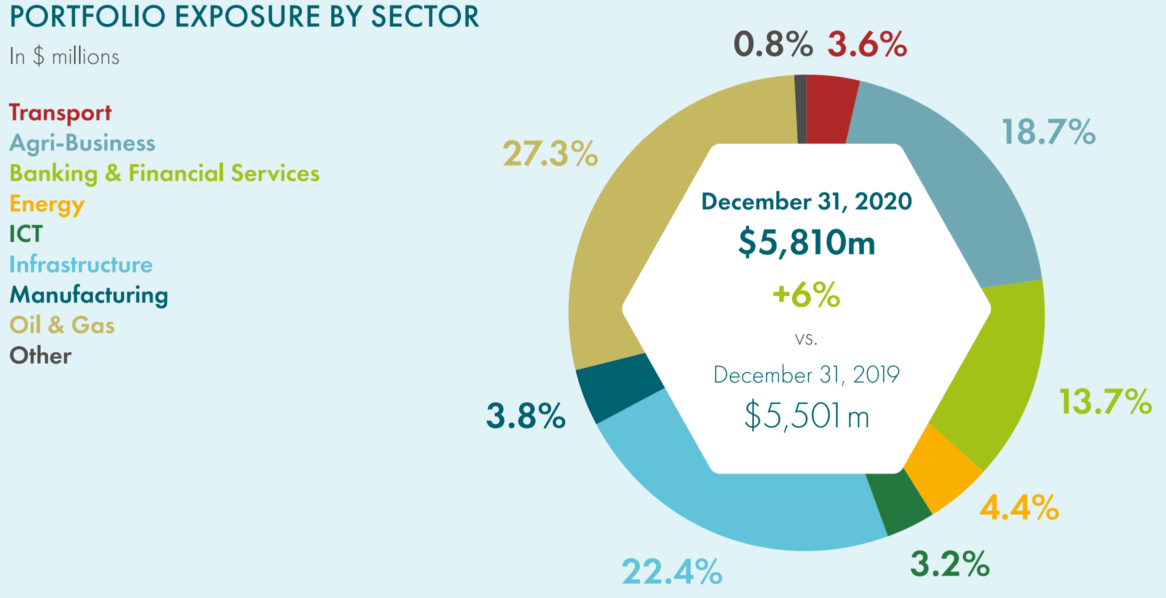
PORTFOLIO SPLIT BY SECTOR

The Group remains focused on diversifying the portfolio by country, sector, and product. The top three sector exposures for 2020 remain unchanged from 2019. These are: Oil & Gas at 27% (2019: 29%), Infrastructure at 22.4% (2019: 21%) and Agribusiness at 18% (2019: 22%). The Oil and Gas sector is important in facilitating economic activities such as transportation and industrial power generation, among others, in many Member States. Infrastructure funding increased in absolute terms by USD 135.0 million to USD 1.3 billion (2019: USD 1.2 billion). Infrastructure deficit remains a key impediment for Africa to achieve its full economic growth capacity. That challenge represents a significant opportunity for investors to finance physical infrastructure such as soft infrastructure (health facilities, education) and hard infrastructure (ports, railway lines, toll roads, power stations). The agribusiness sector remains a major component of the portfolio, as most Member States' economies are heavily dependent on agriculture.

The graph below shows the on- and off-balance sheet portfolio's split by sector in 2020.

PORTFOLIO EXPOSURE BY SECTOR

In $ millions

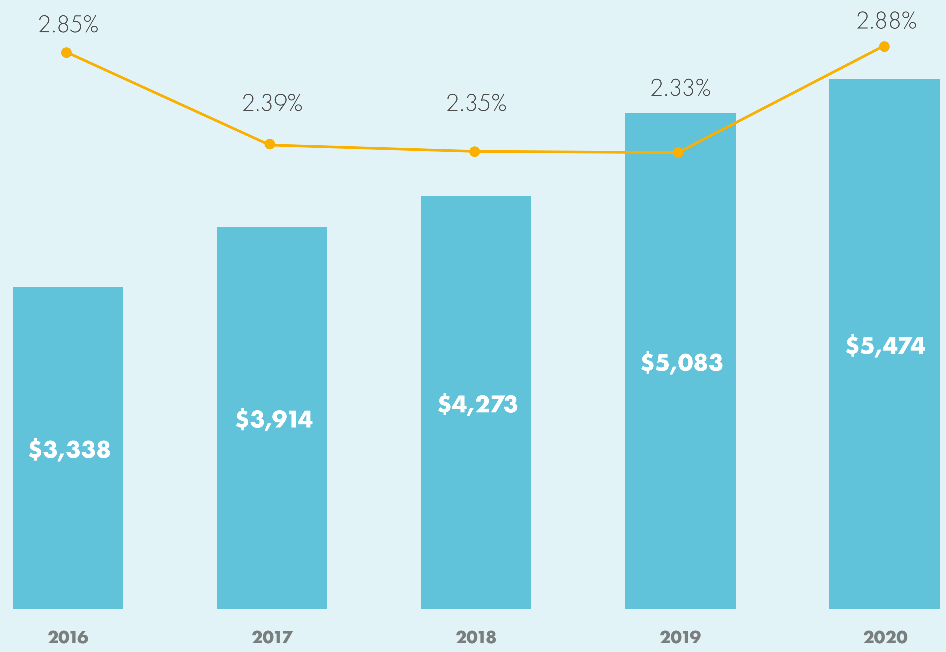


ASSET QUALITY

Despite the Covid-19 induced disruptions, portfolio quality remained within the set risk appetite thresholds. The Group responded swiftly to the pandemic to preserve value by proactively engaging clients and providing solutions to conserve cash to finance operations and ensure business continuity while mitigating potential defaults. The pandemic disruptions resulted in production shutdowns and supply chain disruptions due to lockdowns, causing ripple effects across all Member States. This affected the operations performance of many portfolio companies. However, the Group's swift response to risk management mitigated impact across its portfolio. As a result the level of NPLs remains within 3%, with a slight increase to 2.88% (2019: 2.33%) in 2020 as shown by the graph below:

ASSET QUALITY VS LOAN GROWTH

In $ millions, ratios %



ASSET MANAGEMENT

In 2020, the highlight for the Group's asset management operations was the completion of a full year of successful operations by the Eastern and Southern African Trade Fund (ESATF) despite a turbulent Covid-19 business environment. This was following ESATF's soft launch on 1 August 2019, anchored by the Group with an initial investment of USD 50 million.

Since launch, the Eastern and Southern African Trade Advisors Limited (ESATAL), a joint-venture fund manager established between the Bank (with just over 50% ownership) and London-based GML Capital (with just under 50% ownership), has managed ESATF to deliver steady returns in line with expectations. In particular, the fund delivered an annual performance of 3.29% in USD (net of all fees and expenses), and an absolute return of 5.86% in USD since launch, while the joint-venture fund manager declared and paid its first dividend to the Bank.

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

ADVISORY SERVICES

TDB Advisory Services unit (TDB Advisory) focuses on advising sovereigns and project promoters in the following four priority areas, as applicable:

- Infrastructure finance,
- Development planning and sovereign debt restructuring,
- Structuring of specialised financing transactions for sovereigns, and
- Project development.

In infrastructure finance, TDB Advisory bridges the gap between infrastructure projects and investors, ensuring that projects get the funding they need, while giving lenders and investors the confidence to make the right decisions whilst at the same time providing "value of money" and addressing "affordability" issues.

In 2020, the activities of TDB Advisory involved advising a consortium involved in preparatory works for the possible development of a large regional hydropower project.

TRADE AND DEVELOPMENT FUND (TDF)

The Trade and Development Fund (TDF) is constituted as a not-for-profit entity to provide grants, donations, technical assistance, and financial assistance under non commercial terms, and to undertake activities of an educational nature, including training and capacity building activities.

SMALL & MEDIUM ENTERPRISES (SMEs)

Since the launch of the Small and Medium-Sized Enterprise (SME) Programme in late 2018, the Programme has successfully invested most of the pilot phase capital of USD 3 million allocated to it.

Under the Programme, the Bank invested in a number of transactions through partial risk guarantees and direct loans, working through various implementing partners. Post investment, efforts are underway to implement the Programme's technical assistance component with each of the investee enterprises, having allocated USD 30,000 to each for capacity building and technical assistance interventions.

The SME Programme is now operating as a division of the Trade and Development Fund. For 2021, the Group aims to raise necessary funding the increase the Programme's capital from the original USD 3 million to up to USD 30 million. The additional capital will enable the Programme to grow its market reach to more countries in the region and do more impactful lending in sectors that are driving job creation and enterprise growth in the region.

TDB ACADEMY

As one of the pillars of TDF, the primary objective of the TDB Academy is to establish a specialized learning platform similar to a practitioner's institute with a focus on promoting human and institutional capital, both internally within TDB Group and externally in the region.

In the year under review, the TDB Academy launched its 5-year Strategic Plan to map out the expansion of the Academy's activities. The Strategy outlines the Academy's future direction, execution strategy, anticipated results, and an implementation plan for fulfilling its vision.

In 2020, the Academy delivered sixteen (16) classroom-based trainings despite the effects of Covid-19. The trainings offered to approximately 80% of TDB Staff covered various aspects of business and sustainability. The Academy responded appropriately by embracing technology and innovatively shifting its course delivery strategy to virtual training and leveraged on its partnerships with the European Investment Bank, Digital Frontiers Institute to offer training.

During the year, seventeen (17) bank-wide knowledge exchange sessions commonly known as ''brown bags'' were delivered by TDB staff and external partners. As part of professional development and enhancing internal staff capacity, a total of twelve (12) staff members participated in the Coaching & Mentorship programme.

In addition, the Group's eLearning training platform Percipio which was launched early 2020 provided several specialist and personal development courses for all staff members. It was noted that the employee utilization of the platform was 91%.

In partnership with the EIB, the Group organized the first virtual East African Banking Forum, an annual regional conference previously hosted by EIB. The virtual event was a joint effort between EIB and TDB. It was held on 5-6 November 2020 with over 300 participants and 45 speakers. This conference will now become an annual flagship event for TDB in the years to come.

Photo credits: TDB

RESOURCE MOBILISATION

DEBT CAPITAL MOBILISATION

The Group enhanced its funding diversification strategy with a commitment to strengthening capital, liquidity, and key relationships.

The Group's resource mobilization 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 closed in 2020 include USD 400 million long-term credit with the World Bank; MIGA-backed syndicated loan in the amount of EUR 334 million; global syndicated loan in the amount of USD 450 million; Asian syndicated loan of USD 225 million; as well as loans from various multi-lateral institutions in the aggregate amount of USD 400 million, such as CDC Group Plc, Cassa Depositi e Prestiti SpA (CDP), Oesterreichische Entwicklungsbank AG (OeEb), Development Bank of Belarus (DBRB), Agence Française de Development (AFD) among others. In addition, the Group raised a further USD 160 million from various institutions to fund its Trade Finance transactions. The Group also successfully structured and executed ECA-backed transactions of about USD 260 million to support European content imports to the region served by the Group. The transactions were executed with the support of highly regarded financial institutions.

Looking forward, the Group expects to benefit from improved liquidity in emerging markets and seeks to engage new and existing funding partners and anticipates pick up trade activities and infrastructure spending with focus on investor education, market and product diversification.

CAPITAL MARKETS

2020 was an active year for global debt capital markets, with increased capital as issuers raised capital to address the challenges caused by the Covid-19 pandemic or to refinance existing borrowings in an accommodative rates environment.

On the backdrop of this, the Bank's activities in the capital markets were guided by the strategic objectives highlighted in its Funding Plan, with continued focus on refinancing maturing debt obligations , diversification of the Bank's funding sources globally as well as continuing to partner with clients in providing solutions to their funding needs as part of TDB Group's mandate to deepen capital markets within its Member States.

EXPORT CREDIT AGENCIES (ECAs)

The Group continued to deepen its partnerships with leading Export Credit Agencies (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 Group's unique position, strategic partnerships, and investment grade status culminated in an ECA-backed deal pipeline of more than USD 500 million in 2020.

The Group has two primary areas of focus for its ECA Finance Unit– resource mobilization, and structuring ECA-backed transactions in collaboration with investment grade and highly respected global financial institutions. Accordingly, the Group signed several ECA backed lines of credit, including a line with FMO backed by Atradius (USD 44 million), and with Korea Eximbank (USD 100 million).

EQUITY MOBILISATION

Despite the global liquidity crunch and uncertainty brought about by Covid-19, TDB was successful in 2020 in strengthening and growing its shareholder base.

A key highlight in the Group's equity capital mobilization story this year is the Board of Governors' approval of a historic capital increase programme of USD 1.5 billion alongside the decision to double the Group's authorised capital stock from USD 3 billion to USD 6 billion. TDB shareholders also authorized the issuance of up to USD 1 billion of a new Class C share segment with the aim of attracting non-traditional pools of impact capital and other investors.

These developments in TDB's capital structure, coupled with recent Bank wide reforms and a steady track record in raising equity from both public and private shareholders, will be leveraged to further grow and diversify the Group's funding, expand and de-risk its portfolio and in turn, deliver triple bottom-line returns and impact.

In 2020, as sovereign Class A shareholders continued to honour their commitments in spite of heightened fiscal challenges, TDB welcomed its 18th Class B institutional shareholder, Djibouti's Caisse Nationale de Sécurité Sociale (CNSS), highlighting regional institutions' sustained confidence in the Group's ability to deliver commercial and SDG returns, even in the midst of the Covid-19 pandemic. Additionally, in 2020, as evidence of their confidence in the Group's mandate and mission, Denmark's Investment Fund for Developing Countries (IFU) doubled its equity investment in the Group to USD 40 million, as several other shareholders chose to reinvest their dividends as a result of the Groups strong performance.

The total equity amount at the end of 2020 is USD 1.56 billion, a 12% increase year-on-year.

TOTAL EQUITY
In $ millions

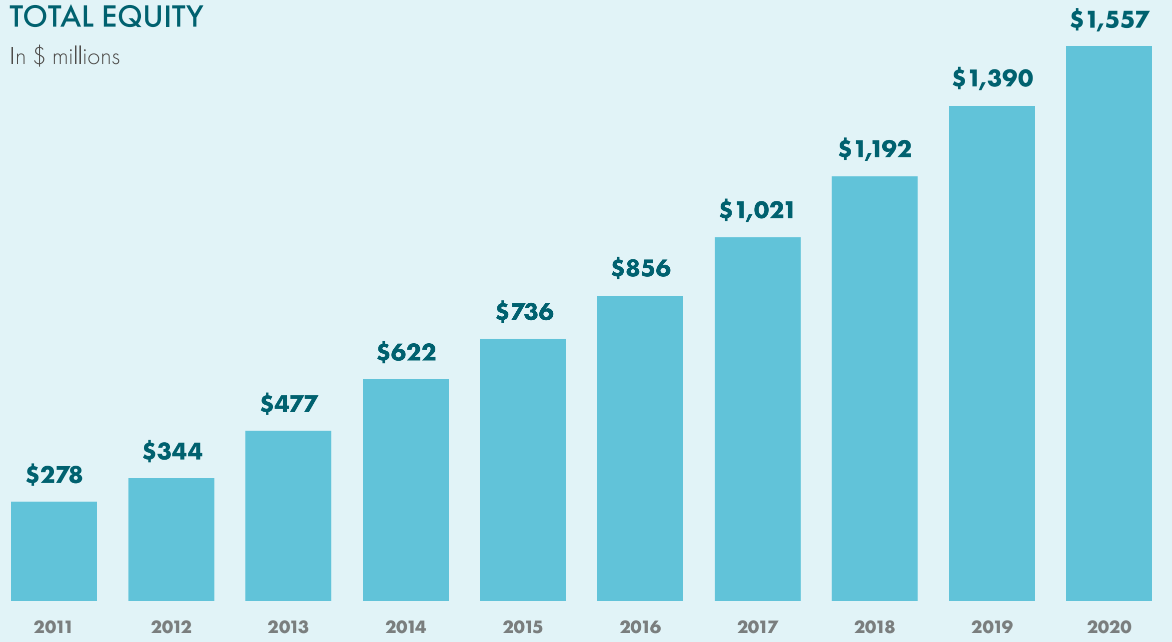


Photo credits: TDB

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 Group 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 Group.

The Group 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 Group 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.

The industry standard 'three lines of defence' model is embedded in the Group'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 Group'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 Group'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 Group's strategy, operations, business; and the management of risks is embedded into the mainstream planning, business, and decision-making process.

REVIEW OF THE YEAR

2020 was a challenging year dedicated to mitigating the adverse impact of the Covid-19 pandemic on TDB Group's operations as well as clients in the Member States.

The Bank Integrated Risk Management Committee (BIRMC) invoked the Business Continuity Plan to focus on the safety and wellness of its staff and to ensure business continuity. The Group management also embarked on successful initiatives to assist impacted clients ride out effects of the pandemic through short term debt reprofiles and other accommodations to safeguard client's business and TDB's asset quality, as well as putting the Group on a sound liquidity position.

The Group maintained its ratings across the three (3) regular external credit rating agencies, despite the impact of the pandemic with the key drivers being the following indicating satisfaction with, and success of the initiatives undertaken to future- proof the business operations:

- Capital adequacy remained solid, despite the significant challenges posed by the pandemic.
- Reasonably solid liquidity position supported by ample cash buffers and new facilities from bilateral or other multilateral development finance institutions to support liquidity and funding activities and profile.
- Resilient asset quality despite uptick in the metrics due to the impact of the pandemic.
- Credit risk mitigation of the portfolio in addition to that on callable capital.
- Resilient solvency position.

During 2020, the following interventions and enhancements were geared towards enhancement of the credit risk management capacity in the tough business environment:

a. The Group carried out a business impact assessment survey tailored to specific sectors and further commissioned a targeted client impact containment questionnaire with specific questions to assess Covid-19 impact. As a result, the Bank selectively implemented forbearance lending and sector targeted transaction modification to assist borrowers through the temporary difficulties and allow them regain competitiveness.
b. Implementation of the Group's risk sharing strategy through Risk Participation Agreements (RPAs) with strategic partners providing to the Group credit enhancement, portfolio diversification, and treasury funding. The approach will further boost the Group's capacity to achieve its mandate and provide access to a larger financial market to the region it serves.
c. Enhancement of credit insurance on callable capital with the objective of strengthening the quality of shareholder support at a time of significant insurance market hardening. This initiative is targeted at ensuring that TDB's credit ratings are at least maintained, as callable capital is a material consideration.
d. Set up of a Captive Insurance by TDB Group was undertaken to allow the Bank to realise efficiencies in risk management and accrue the benefits of placing insurance to the Group.
e. Enhancement and implementation of credit risk management tools including capital adequacy stress testing tools, borrower and facility risk rating tools across the portfolio to further realise the benefits of credit risk identification, measurement, monitoring, reporting and optimal decision making.

TDB Group 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, Covid-19 situation dashboard, 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 to carry out business operations as the majority staff worked from home.

Further, the Group managed compliance risk through proactive measures premised on national and internationally accepted principles of risk management. The Compliance Unit undertook bank-wide e-learning training for its staff and virtual training of the Board to ensure awareness and embed the Know Your Customer (KYC) culture throughout the organisation. Furthermore, the Compliance Unit enhanced the process and procedures in the issuance and settlement of Letters of Credit and refinement of the KYC onboarding checklist that fed into the revised Lending Operations Manual. The Unit intends to have an external review of its Anti-Money Laundering (AML) and Sanctions Policies and to further improve its KYC checks through upgrade and enhancement of existing screening solutions, and collaboration and information sharing through relevant platforms. The sustained monitoring of the Group's compliance objectives will ensure that the Group conducts its business in compliance with applicable laws and regulations, its Board of Directors' directives, its internal policies and procedures, and best practices.

HUMAN RESOURCES

During 2020, various institutional capacity building initiatives were implemented to attract, develop, and retain talented and engaged workforce needed to deliver the Group's business objectives and to drive shareholder value in line with TDB's Sixth Five-Year Corporate Plan 2018 2022 (FYCP-VI).

TALENT ACQUISITION AND HUMAN CAPITAL DEVELOPMENT

During the year, the Group continued strengthening its human capital base and recruited twelve (12) employees. The Young Professional and Mid-Career Programs continue being a talent pool for the Group. In 2020, six (6) Young Professionals successfully graduated from the program and were retained as employees.

STAFF PROFILE

As at 31 December 2020, the Group's regular staff complement was 164, out of which 125 were professionals, representing 76.2% of the workforce. Female employees accounted for 45.12% of the total workforce. The table below gives a further breakdown:

Category	Male	Female	Total	%
Professional	74	51	125	76.2
Sub-Professional	5	12	17	10.4
General Service	11	11	22	13.4
Total	90	74	164	100

During 2020, Human Resources & Administration Department (HRA) worked closely with TDB Academy to implement learning and development initiatives and build capacity in terms of human capital.

BUSINESS PROCESS IMPROVEMENT THROUGH LEAN SIX-SIGMA

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

In terms of proficiency in Six Sigma, the Group hovers around the 3 Sigma level for all its processes. In all, the Group has gone through four project cycles completing a total of 21 initiatives. Most importantly, all this was still achieved without compromising the quality of the loan book, translating into significant quantifiable benefits.

OFFICE PREMISES

The Nairobi office building project started in the first quarter of 2019 and is expected to be completed in December 2021.

During the year, the Group made significant progress in the development of the Nairobi office building project despite the various hurdles associated with the Covid-19 pandemic. By the end of December 2020, the overall construction work covering an area of about 20,041 sq. meters or 87% of the core and shell building work was completed. The building's design and fit-out work is expected to start in the third quarter of 2021, and the building is expected to be functional in the fourth quarter of 2021. During the year, construction progressed as planned and without cost overruns.

The design and fit-out work of the Group's property in Mauritius, which serves as the Group's second principal office, has been completed and the building is now functional and is occupied by TDB staff since the third quarter of 2020.

CONTENTS

AUDITED FINANCIAL STATEMENTS

CORPORATE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020

BOARD OF GOVERNORS

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

MEMBER STATES

Republic of Rwanda

United Republic of Tanzania

Republic of Zambia

Republic of Mauritius

Republic of Seychelles

Republic of Uganda

Republic of Burundi

Union of the Comoros

Arab Republic of Egypt

State of Eritrea

Republic of Kenya

Republic of Malawi

Republic of Zimbabwe

Republic of Djibouti

Republic of Sudan

Federal Democratic Republic of Ethiopia

Democratic Republic of Congo

Federal Republic of Somalia

Republic of South Sudan

Kingdom of eSwatini

Republic of Mozambique

Republic of Madagascar

NON-REGIONAL MEMBERS

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

Republic of Belarus (represented by the Development Bank of Belarus)

INSTITUTIONS

African Development Bank

National Pension Fund-Mauritius

Mauritian Eagle Insurance Company Limited

Rwanda Social Security Board

Banco Nacional de Investimento

Seychelles Pension Fund

Africa Reinsurance Corporation

ZEP-RE (PTA Reinsurance Company)

National Social Security Fund – Uganda

SACOS Group Limited

OPEC Fund

TDB Staff Provident Fund

TDB Directors and Select Stakeholders Provident Fund

Arab Bank for Economic Development in Africa (BADEA)

Investment Fund for Developing Countries (IFU)

African Economic Research Consortium (AERC)

Caisse Nationale de la Sécurité Sociale Djibouti

CORPORATE INFORMATION (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS

Mr. Juste Rwamabuga	Non-Executive Independent Director and Chairman, Board of Directors
Mr. Gerard Bussier	Non-Executive Director for Zimbabwe, Mauritius, Rwanda, Eritrea and South Sudan
Mr. 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
Mr. Peter Molu Ibrae	Non-Executive Director for Kenya, Zambia, Mozambique and Somalia
Ms. Shuo Zhou	Non-Executive Director for Non-African States
Mr. Mohamed Kalif	Non-Executive Director for African Institutions
TBC	Non-Executive Director for All Other Shareholders
Dr. Abdel-Rahman Taha	Non-Executive Independent Director
Mr. Admassu Tadesse	President Emeritus and Group MD/CEO
TBC	Alternate Non-Executive Director for African Institutions
Ms. Kampeta Sayinzoga	Alternate Non-Executive Director for Zimbabwe, Mauritius, Rwanda, Eritrea and South Sudan
TBC	Alternate Non-Executive Director for Seychelles, Ethiopia, Burundi, Malawi and Madagascar
Ms. Isabel Sumar	Alternate Non-Executive Director for Seychelles, Ethiopia, Burundi, Malawi and Madagascar
TBC	Alternate Non-Executive Director for Uganda, Sudan, DR Congo and Comoros
Dr. Natu Mwamba	Alternate Non-Executive Director for Egypt, Tanzania, Djibouti and eSwatini
Mr. Veenay Rambarassah	Alternate Non-Executive Director for All Other Shareholders
Mr. Liu Wenzhong	Alternate Non-Executive 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 2020

AUDITORS

DELOITTE & TOUCHE

Certified Public Accountants (Kenya)
Deloitte Place, Waiyaki Way, Muthangari
P. O. Box 40092, 00100
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info@tdbgroup.org

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020.

1. Principal Activities

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

2. Results

The results for the period are set out on page 52 and 53.

3. Dividend

The Board has recommended a dividend of USD 327.03 (2019: USD 342.01) 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 42.
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 43.

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

25th March 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2020

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
25th March 2021

Director
25th March 2021

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INDEPENDENT AUDITORS' 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 accompanying 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 52 to 156, which comprise the consolidated and separate statements of financial position at 31 December 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and Bank as at 31 December 2020 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 year.

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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Report on the Audit of the Financial Statements (continued)

Key Audit Matter	How the matter was addressed in the audit
Impairment of loss 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 2020, the Group reported total gross trade finance loans of USD 3.18 billion (2019: USD 2.94 billion) and USD 96.86 million (2019: USD 70.48 million) of expected credit loss (ECL) provisions, and total gross project finance loans of USD 2.29 billion (2019: USD 2.15 billion) and USD 67.48 million (2019: USD 40.66 million) of ECL provisions. These are disclosed in Note 16 and Note 17 in the consolidated and separate financial statements. Measurement of the ECL on loans and advances was considered to be a key audit matter to our current year audit due to the following: • Project Finance Loans and Trade Finance Loans are material to the consolidated financial statements; • The level of subjective judgement applied in determining the ECL on loans; • The uncertainty related to unprecedented global and local economic stress; and • The effect that ECL has on the impairment of loans and the Group's credit risk management. The areas of significant management judgement include the modelling methodology applied to Stage 1 and Stage 2 exposures, which include: • The judgement involved relating to input assumptions and methodologies applied to estimate the Probability of Default (PD), Exposure At Default (EAD) and Loss Given Default (LGD) within the ECL calculations; • The incorporation of forward-looking information (FLI) and macroeconomic inputs into the Significant Increase in Credit Risk (SICR) assessment and ECL calculations; • The assessment of whether there has been a SICR event since origination date of the exposure to the reporting date (i.e. a trigger event that has caused a deterioration in credit risk and resulted in migration of the loan from Stage 1 to Stage 2), taking the impact of COVID-19 into account; and • Assessing the impact of COVID-19 on the forward-looking economic information incorporated into the respective models.	Our audit of the impairment of advances included, amongst others, the following audit procedures performed together with the assistance of our credit and actuarial experts: i. Assessed the design and implementation and operating effectiveness of the relevant financial reporting controls as well as the general and application computer controls relating to the processes used to calculate impairments, and tested controls relating to data and model governance; ii. Assessed the appropriateness of the ECL methodology, including any refinements against actual experience and industry practice; iii. Assessed the quality of the data used in credit management, reporting and modelling for completeness and accuracy through data analytics with specific focus on the appropriateness of assumptions made by management in determining the applicable macroeconomic inputs, credit ratings, EAD, PD, LGD and valuation of collateral in the current economic climate; iv. For a sample of advances, agreed the input data to underlying documentation; v. Confirmed that the latest available FLI has been appropriately incorporated within the impairment models by comparing these to our own actuarial statistics and independent market data; vi. Developed an independent view to quantify the impact of COVID-19 due to the inherent uncertainty in the estimation of this risk by applying our own independent inputs to management's model. We compared the severity to past actual stress events and the ability of the ECL models to capture the full extent of the stress; vii. Assessed the Group's probability-weighted macroeconomic scenario estimates and evaluated the outlined methodology, scenario views and associated probabilities in terms of the principles of IFRS 9, including the review of the approval of these macro-economic variables through the appropriate governance structures. We also assessed how management has incorporated the impact of COVID-19 into the macroeconomic scenarios; viii. Selected a sample of advances with no indicators of SICR and determined if this was reasonable by forming an independent view based on publicly available information on whether there was a significant increase in credit risk;

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Report on the Audit of the Financial Statements (continued)

Key Audit Matter	How the matter was addressed in the audit
Impairment of loss and advances	
• Assessing the impact of COVID-19 on ECL raised for the restructured loans, as SICR in the form of arrears may have been delayed. In addition, for Stage 3 exposures: • The assumptions used for estimating the recoverable amounts and timing of future cash flows of individual exposures which have been classified as non-performing. **Management overlays:** Where there is uncertainty in respect of the respective models' ability to address specific trends or conditions due to inherent limitations of modelling based on past performance, the timing of model updates and macroeconomic events, additional provisions are made via management overlays. Significant judgement was made by management in determining the COVID-19 macroeconomic adjustment which is discussed above. The related disclosures in the consolidated financial statements are included in: • Note 18 – Impairment allowance; • Note 3(s) - Critical judgements in applying the Group' accounting policies; • Note 3(t) – Key sources of estimation uncertainty; • Note 42 - Significant judgement and estimates impacted by COVID-19; and • Note 43 – Financial Risk Management - Credit risk.	ix. 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; x. 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; and xi. Evaluated the sufficiency and accuracy of the disclosures in the notes of the consolidated and separate financial statements. In respect to Stage 3 advances, tested the key controls around the valuation of collateral (where applicable) for operating effectiveness, including inspecting a sample of legal agreements and underlying documentation to assess the legal right to and existence of collateral and expected timing of future cash flows. i. Assessed the reasonableness of post model adjustments raised by management (such as adjustments made to coverage held for COVID-19 relief to allow for the impact of delayed arrears recognition), including independent considerations taking into account industry and client/ portfolio specific risk; and i. Re-performed management's calculation of the COVID-19 overlays for restructured loans to assess mathematical accuracy and that the calculation was in accordance with the documented policy. Based on the procedures described above, our audit evidence was consistent with the inputs in the ECL on corporate advances which were found to be within an acceptable range in the context of IFRS 9.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Report on the Audit of the Financial Statements (continued)

Other Information

The directors are responsible for the other information which comprises the Corporate Information, the Report of the directors and Statement of Directors' Responsibilities, which we obtained prior to this auditors' report and the Annual Report, and the Chairperson's Statement, Group Managing Director'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.

Auditors' 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Report on the Audit of the Financial Statements (continued)

- 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) 25 March 2021
Nairobi, Kenya

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

CONSOLIDATED STATEMENT OF **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 USD	2019 USD
INCOME			
Interest income	4	435,283,929	405,726,034
Interest expense	5	(194,147,067)	(221,574,428)
Other borrowing costs	6	(11,580,793)	(5,062,817)
Interest and similar expense		(205,727,860)	(226,637,245)
Net interest income		229,556,069	179,088,789
Fee and commission income	7(a)	51,767,366	72,390,670
Gains on financial assets designated at fair value through profit or loss	15	14,200,217	16,006,006
Net trading income		295,523,652	267,485,465
Risk mitigation costs	7(b)	(36,085,713)	(35,979,543)
Other income	8	6,812,154	6,282,770
OPERATING INCOME		266,250,093	237,788,692
EXPENDITURE			
Operating expenses	9	(44,461,783)	(41,084,135)
Impairment on other financial assets	11	(363,754)	(3,755)
Impairment allowance on loans	18	(60,598,738)	(41,485,622)
Net foreign exchange loss		(3,211,459)	(3,682,121)
TOTAL EXPENDITURE		(108,635,734)	(86,255,633)
PROFIT BEFORE TAXATION		157,614,359	151,533,059
Taxation credit/(charge)	12(a)	3,494	(3,494)
PROFIT FOR THE YEAR		157,617,853	151,529,565
OTHER COMPREHENSIVE INCOME			
Items that will not be subsequently reclassified to profit or loss:			
Fair value gain/(loss) through other comprehensive income – Equity investments	19	2,803,020	(465,000)
Fair value gain through other comprehensive income – Trade Fund	23	2,777,578	-
		5,580,598	(465,000)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS		163,198,451	151,064,565
Profit for the year is attributable to:			
Owners of the Bank		157,253,961	151,417,188
Non-controlling interest		363,892	112,377
		157,617,853	151,529,565
Total comprehensive income is attributable to:			
Owners of the Bank		162,834,559	150,952,188
Non-controlling interest		363,892	112,377
		163,198,451	151,064,565
EARNINGS PER SHARE			
Basic	13	1,362	1,448
Diluted	13	1,306	1,374

SEPARATE STATEMENT OF **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 USD	2019 USD
INCOME			
Interest income	4	435,283,929	405,726,034
Interest expense	5	(194,147,067)	(221,574,428)
Other borrowing costs	6	(11,580,793)	(5,062,817)
Interest and similar expense		(205,727,860)	(226,637,245)
Net interest income		229,556,069	179,088,789
Fee and commission income	7(a)	51,767,366	72,390,670
Gains on financial assets designated at fair value through profit or loss	15	14,200,217	16,006,006
Net trading income		295,523,652	267,485,465
Risk mitigation costs	7(b)	(36,085,713)	(35,979,543)
Other income	8	6,197,848	6,009,802
OPERATING INCOME		265,635,787	237,515,724
EXPENDITURE			
Operating expenses	9	(44,415,191)	(41,039,418)
Impairment on other financial assets	11	(363,754)	(3,755)
Impairment allowance on loans	18	(60,598,738)	(41,485,622)
Net foreign exchange loss		(3,211,459)	(3,682,116)
TOTAL EXPENDITURE		(108,589,142)	(86,210,911)
PROFIT FOR THE YEAR		157,046,645	151,304,813
OTHER COMPREHENSIVE INCOME			
Items that will not be subsequently reclassified to profit or loss:			
Fair value gain/(loss) through other comprehensive income – Equity investments	19	2,803,020	(465,000)
Fair value gain through other comprehensive income – Trade Fund	23	2,777,578	-
		5,580,598	(465,000)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS		162,627,243	150,839,813
EARNINGS PER SHARE			
Basic	13	1,360	1,448
Diluted	13	1,305	1,374

CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 USD	2019 USD
ASSETS			
Cash and balances held with other banks	14	1,539,924,217	1,382,403,564
Derivative financial instruments	15	-	40,049,341
Trade finance loans	16	3,084,634,815	2,865,166,921
Project loans	17	2,224,776,722	2,106,337,583
Investment in Government securities	22	120,928,084	44,897,636
Investment in Trade Fund	23	52,327,417	49,997,089
Other receivables	24	136,891,570	120,523,438
Equity investments at fair value through other comprehensive income	19	53,987,118	51,135,850
Investment in joint venture	20	317,010	317,010
Property and equipment	25	29,331,571	24,683,063
Right-of-use assets	26	3,348,569	3,912,012
Intangible assets	27	1,998,699	1,998,002
TOTAL ASSETS		7,248,465,792	6,691,421,509
LIABILITIES AND EQUITY			
LIABILITIES			
Collection account deposits	28	93,275,106	95,822,611
Derivative financial instruments	15	41,329,500	-
Lease liability	29	1,087,250	1,520,467
Short term borrowings	30	2,407,476,876	2,465,247,997
Provision for service and leave pay	33	9,957,779	8,551,510
Other payables	32	86,016,880	138,732,787
Long term borrowings	31	3,051,524,280	2,591,528,898
Current tax payable	12	-	3,494
TOTAL LIABILITIES		5,690,667,671	5,301,407,764
EQUITY			
Share capital	34	534,933,840	499,107,472
Share premium	34	146,999,927	101,867,839
Retained earnings		801,599,826	722,081,828
Proposed dividend		37,691,195	36,313,155
Fair value reserve		16,294,397	10,713,799
Management reserve	35	19,842,911	19,842,911
Equity attributable to owners of the Bank		1,557,362,096	1,389,927,004
Non-controlling interest		436,025	86,741
TOTAL EQUITY		1,557,798,121	
TOTAL LIABILITIES AND EQUITY		7,248,465,792	6,691,421,509

The notes on pages 60 to 156 are an integral part of these financial statements.

The financial statements were approved by the board of directors on 25th March 2021 and were signed on its behalf by:

Director

Director

SEPARATE STATEMENT OF **FINANCIAL POSITION**
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 USD	2019 USD
ASSETS			
Cash and balances held with other banks	14	1,539,158,445	1,382,110,581
Derivative financial instruments	15	-	40,049,341
Trade finance loans	16	3,084,634,815	2,865,166,921
Project loans	17	2,224,776,722	2,106,337,583
Investment in Government securities	22	120,928,084	44,897,636
Investment in Trade Fund	23	52,327,317	49,996,989
Other receivables	24	136,817,961	120,416,110
Equity investments at fair value through other comprehensive income	19	53,987,118	51,135,850
Investment in joint venture	20	317,010	317,010
Investment in subsidiary	21	69,984	69,984
Property and equipment	25	29,331,571	24,683,063
Right-of-use assets	26	3,348,569	3,912,012
Intangible assets	27	1,998,699	1,998,002
TOTAL ASSETS		7,247,696,295	6,691,091,082
LIABILITIES AND EQUITY			
LIABILITIES			
Collection account deposits	28	93,275,106	95,822,611
Derivative financial instruments	15	41,329,500	-
Lease liability	29	1,087,250	1,520,467
Short term borrowings	30	2,407,476,876	2,465,247,997
Provision for service and leave pay	33	9,957,779	8,551,510
Other payables	32	86,003,099	138,604,970
Long term borrowings	31	3,051,524,280	2,591,528,898
TOTAL LIABILITIES		5,690,653,890	5,301,276,453
EQUITY			
Share capital	34	534,933,840	499,107,472
Share premium	34	146,999,927	101,867,839
Retained earnings		801,280,135	721,969,453
Proposed dividend		37,691,195	36,313,155
Fair value reserve		16,294,397	10,713,799
Management reserve	35	19,842,911	19,842,911
TOTAL EQUITY		1,557,042,405	1,389,814,629
TOTAL LIABILITIES AND EQUITY		7,247,696,295	6,691,091,082

The notes on pages 60 to 156 are an integral part of these financial statements.

The financial statements were approved by the board of directors on 25th March 2021 and were signed on its behalf by:

Director

Director

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 DECEMBER 2020

	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 2019		461,742,558	60,500,611	606,977,795	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)
Other comprehensive income	19	-	-	-	-	-465	-	-465	-	-465
Profit 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
At 1 January 2020		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
Capital subscriptions	34	35,826,368	-	-	-	-	-	35,826,368	-	35,826,368
Share Premium	34	-	45,132,088	-	-	-	-	45,132,088	-	45,132,088
General Capital Increase 2 (GCI-2) share allotment*	34	-	-	(40,044,768)	-	-	-	(40,044,768)	-	(40,044,768)
Proposed dividend	34	-	-	(37,691,195)	37,691,195	-	-	-	-	-
Dividend declared and paid	34	-	-	-	(28,651,751)	-	-	(28,651,751)	- 14,608	(28,666,359)
Dividend declared and payable	32	-	-	-	(7,661,404)	-	-	(7,661,404)	-	(7,661,404)
Other comprehensive income	19	-	-	-	-	5,580,598	-	5,580,598	-	5,580,598
Profit for the year		-	-	157,253,961	-	-	-	157,253,961	363,892	157,617,853
At 31 December 2020		534,933,840	146,999,927	801,599,826	37,691,195	16,294,397	19,842,911	1,557,362,096	436,025	1,557,798,121

* General Capital Increase 2 (GCI-2) – In August 2019, the Board of Directors approved a special dividend be paid out to shareholders who were in existence as at 31 December 2013. The special dividend was converted to a General Capital Increase which was allocated from the Bank's reserves.

SEPARATE STATEMENT OF **CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTE	SHARE CAPITAL USD	SHARE PREMIUM USD	RETAINED EARNINGS USD	PROPOSED DIVIDEND USD	FAIR VALUE RESERVE USD	MANAGEMENT RESERVE* USD	TOTAL EQUITY USD
At 1 January 2019		461,742,558	60,500,611	606,977,795	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)
Other comprehensive income	19	-	-	-	-	-465	-	-465
Profit 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
At 1 January 2020		499,107,472	101,867,839	721,969,453	36,313,155	10,713,799	19,842,911	1,389,814,629
Capital subscriptions	34	35,826,368	-	-	-	-	-	35,826,368
Share Premium	34	-	45,132,088	-	-	-	-	45,132,088
General Capital Increase 2 (GCI-2) share allotment*	34	-	-	(40,044,768)	-	-	-	(40,044,768)
Proposed dividend	34	-	-	(37,691,195)	37,691,195	-	-	-
Dividend declared and paid	34	-	-	-	(28,651,751)	-	-	(28,651,751)
Dividend declared and payable	32	-	-	-	(7,661,404)	-	-	(7,661,404)
Other comprehensive income	19	-	-	-	-	5,580,598	-	5,580,598
Profit for the year		-	-	157,046,645	-	-	-	157,046,645
At 31 December 2020		534,933,840	146,999,927	801,280,135	37,691,195	16,294,397	19,842,911	1,557,042,405

* General Capital Increase 2 (GCI-2) – In August 2019, the Board of Directors approved a special dividend be paid out to shareholders who were in existence as at 31 December 2013. The special dividend was converted to a General Capital Increase which was allocated from the Bank's reserves.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 USD	2019 USD
OPERATING ACTIVITIES			
Net cash generated from operations	36(a)	217,366,641	273,403,562
INVESTING ACTIVITIES			
Purchase of property and equipment	25	(5,716,336)	(4,323,518)
Purchase of intangible assets	27	(760,161)	(737,437)
Acquisition of equity investments	19	(48,248)	(79,120)
Investment in government securities	22	(76,030,448)	(44,897,636)
Investment in Trade Fund	23	-	(49,996,989)
Redemption of Trade Fund	23	447,250	-
Net cash used in investing activities		(82,107,943)	(100,034,700)
FINANCING ACTIVITIES			
Proceeds from capital subscriptions	34	23,638,328	37,364,914
Proceeds from share premium	34	25,865,600	41,367,228
Payment of dividends	34	(28,651,751)	(20,208,849)
Payment of lease liabilities	29	(594,011)	(585,250)
Net cash generated from financing activities		20,258,166	57,938,043
INCREASE IN CASH AND CASH EQUIVALENTS		155,345,679	231,306,905
Foreign exchange loss on cash and cash equivalents		2,174,974	5,178,281
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,382,403,564	1,145,918,378
CASH AND CASH EQUIVALENTS AT END OF YEARR	36(c)	1,539,924,217	1,382,403,564
FACILITIES AVAILABLE FOR LENDING	36(d)	2,476,282,295	1,712,525,076

SEPARATE STATEMENT OF **CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 USD	2019 USD
OPERATING ACTIVITIES			
Net cash generated from operations	36(a)	216,722,667	273,110,579
INVESTING ACTIVITIES			
Purchase of property and equipment	25	(5,716,336)	(4,323,518)
Purchase of intangible assets	27	(760,161)	(737,437)
Acquisition of equity investments	19	(48,248)	(79,120)
Investment in government securities	22	(76,030,448)	(44,897,636)
Investment in Trade Fund	23	-	(49,996,989)
Redemption of Trade Fund	23	447,250	-
Net cash used in investing activities		(82,107,943)	(100,034,700)
FINANCING ACTIVITIES			
Proceeds from capital subscriptions	34	23,638,328	37,364,914
Proceeds from share premium	34	25,865,600	41,367,228
Payment of dividends	34	(28,651,751)	(20,208,849)
Payment of lease liabilities	29	(594,011)	(585,250)
Net cash generated from financing activities		20,258,166	57,938,043
INCREASE IN CASH AND CASH EQUIVALENTS		154,872,890	231,013,922
Foreign exchange loss on cash and cash equivalents		2,174,974	5,178,281
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,382,110,581	1,145,918,378
CASH AND CASH EQUIVALENTS AT END OF YEARR	36(c)	1,539,158,445	1,382,110,581
FACILITIES AVAILABLE FOR LENDING	36(d)	2,476,282,295	1,712,525,076

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. CORPORATE INFORMATION

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

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

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

The accounting policies adopted are consistent with those followed in the preparation of the consolidated and separate annual financial statements for the year ended 31 December 2019, except for new standards, amendments and interpretations effective 1 January 2020. The nature and impact of each new standard/ amendment are described below. 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.

i. Relevant new standards and amendments to published standards effective for the year ended 31 December 2020

Several new and revised standards and interpretations became effective during the year. The Directors have evaluated the impact of their new standards and interpretations and none of them had a significant impact on the Group's financial statements.

The following revised IFRSs were effective in the current year and the nature and the impact of the relevant amendments are described below.

A. IMPACT OF THE INITIAL APPLICATION OF INTEREST RATE BENCHMARK REFORM AMENDMENTS TO IFRS 9 AND IFRS 7

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments did not have an impact on the Bank's financial statements.

B. IMPACT OF THE INITIAL APPLICATION OF COVID-19-RELATED RENT CONCESSIONS AMENDMENT TO IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

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

i. Relevant new standards and amendments to published standards effective for the year ended 31 December 2020 (continued)

B. IMPACT OF THE INITIAL APPLICATION OF COVID-19-RELATED RENT CONCESSIONS AMENDMENT TO IFRS 16 (CONTINUED)

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- There is no substantive change to other terms and conditions of the lease

In the current financial year, the Group has not applied the practical expedient included in the amendment to IFRS 16 (as issued by the IASB in May 2020). There were no Covid-19 related rent concessions in the current year and therefore the Group has not applied the amendments.

C. AMENDMENTS TO REFERENCES TO THE CONCEPTUAL FRAMEWORK IN IFRS STANDARDS

The Group has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. 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 Standards which are amended are 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. The adoption of the amendments has not had any material impact on the disclosures or on the amounts reported in these financial statements.

D. AMENDMENTS TO IAS 1 AND IAS 8 DEFINITION OF MATERIAL

The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

The adoption of the amendments has not had any material impact on the disclosures or on the amounts reported in these financial statements.

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

ii. Impact of new and amended standards and interpretations in issue but not yet effective

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

Interest Rate Benchmark Reform – Phase 2	*Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*
IFRS 17	*Insurance Contracts*
IFRS 10 and IAS 28 (amendments)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IFRS 3	*Reference to Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRS Standards 2018 – 2020 Cycle	*Amendments to IFRS 1 First-time Adoption of International Financial Reporting*
	Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

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

A. INTEREST RATE BENCHMARK REFORM – PHASE 2 (AMENDMENTS TO IFRS 9, IAS 39, IFRS 7, IFRS 4 AND IFRS 16)

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates.

The changes in Interest Rate Benchmark Reform — Phase 2 (Amendments 9, IAS 39, 7, 4 and 16) relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying to accompany the amendments regarding modifications and hedge accounting.

On modification of financial assets, financial liabilities and lease liabilities, a practical expedient is available to allow for modifications required by the reform as a direct consequence and made on an economically equivalent basis to be accounted for by updating the effective interest rate prospectively. All other modifications are accounted for using current requirements. A similar practical expedient is provided for lessee accounting applying IFRS 16. IFRS 4 was also amended to require insurers that apply the temporary exemption from IFRS 9 to apply the amendments in accounting for modifications directly required by the reform.

On hedge accounting, certain amendments were made to generally permit hedge accounting continuation solely because of the IBOR reform provided that the amended hedging relationships meet all the qualifying criteria to apply hedge accounting including effectiveness requirements. The amendments enable entities to amend the formal designation and document of a hedging relationship to reflect changes required by the reform without discontinuing the hedging relationship or designating a new hedging relationship. Permitted changes include designating an alternative benchmark rate (contractually or non-contractually specified) as a hedged risk, amending the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged, or amending the description of the hedge instrument to refer to an alternative benchmark rate, and for those applying IFRS 1-39, amending the description of how the entity will assess hedge effectiveness.

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

ii. Impact of new and amended standards and interpretations in issue but not yet effective (continued)

A. INTEREST RATE BENCHMARK REFORM – PHASE 2 (AMENDMENTS TO IFRS 9, IAS 39, IFRS 7, IFRS 4 AND IFRS 16) (CONTINUED)

Amendments to IFRS 7 outline disclosure requirements to allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition. The amendments apply to all entities and are not optional and are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

The amendments must be applied retrospectively, however, the amendments provide relief from restating comparative information. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

The Directors are still in the process of assessing the full impact of the amendments on the Bank's financial statements. It is not practicable to provide a reasonable financial estimate of the effect until the Directors complete the detailed review.

The Group plans to apply the amendments from 1 January 2021. Application will not impact amounts reported for 2020 or prior periods.

B. AMENDMENTS TO IFRS 10 AND IAS 28 – 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 Board; 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 financial statements in future periods should such transactions arise.

Annual Improvements to IFRS Standards 2018–2020

The Annual Improvements include amendments to the following Standards.

A. IFRS 1 FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

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

ii. Impact of new and amended standards and interpretations in issue but not yet effective (continued)

B. IFRS 9 FINANCIAL INSTRUMENTS

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted

C. IFRS 16 LEASES

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

Early adoption of standards

The Group did not early-adopt any new or amended standards in the year ended 31 December 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

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

a. Basis of preparation

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

STATEMENT OF COMPLIANCE

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

PRESENTATION OF FINANCIAL STATEMENTS

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

b. Basis of consolidation

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Basis of consolidation (continued)

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

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

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

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

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

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

c. Revenue recognition

I. INTEREST INCOME FROM LOANS AND INVESTMENTS

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

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

Effective interest rate

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Revenue recognition (continued)

I. INTEREST INCOME FROM LOANS AND INVESTMENTS (CONTINUED)

Amortised cost and gross carrying amount

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

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

Calculation of interest income

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

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

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

II. FEES AND COMMISSIONS

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

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Borrowing and financing costs (continued)

Other borrowing and financing costs are expensed in the period in which they are incurred. Discounts and premiums or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity are calculated on an effective interest basis.

e. Foreign currencies

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

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

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

f. Property and equipment

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

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

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

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

Freehold land and buildings are not depreciated.
Leasehold land is depreciated over the unexpired term of the lease on the straight-line basis.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Property and equipment (continued)

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

g. Intangible assets

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

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

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

h. Taxation

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

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

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

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Financial instruments (continued)

INITIAL RECOGNITION AND MEASUREMENT (CONTINUED)

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

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

Amortised cost

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

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

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

Fair Value through Other Comprehensive Income (FVOCI) – Equity

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

Fair Value through Profit or Loss (FVTPL)

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Financial instruments (continued)

INITIAL RECOGNITION AND MEASUREMENT (CONTINUED)

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:

- 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Financial instruments (continued)

INITIAL RECOGNITION AND MEASUREMENT (CONTINUED)

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

Initial Measurement of Financial Liabilities

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

Subsequent Measurement

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

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

Derecognition

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

Reclassification

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

An entity shall not reclassify any financial liability.

Write-off

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event. The exposures are written off against the respective impairment allowances for losses. This is in compliance with both the provisions of the International Financial Reporting Standards (IFRS) and Bank policy which require the Bank to regularly assess accounts which are significantly impaired and are specifically provided for yet continue to deteriorate.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Financial instruments (continued)

INITIAL RECOGNITION AND MEASUREMENT (CONTINUED)

Write-off (continued)

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

Offsetting

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

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

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

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

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

No impairment loss is recognised on equity investments.

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

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

The impairment requirements of IFRS 9 are complex and require management judgements, estimates and assumptions, particularly in the following areas, which are discussed in detail below:

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Financial instruments (continued)

INITIAL RECOGNITION AND MEASUREMENT (CONTINUED)

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

Measurement of ECLs (continued)

- 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. Employee entitlements

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

l. Retirement benefit costs

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

m. Contingent liabilities

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

n. Cash and cash equivalents

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o. Leases (continued)

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

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

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

r. Investment in Joint Venture (continued)

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

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

s. Critical judgments in applying the Group's accounting policies

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

i. Fair value of financial instruments

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

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

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

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

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

ii. Impairment losses on loans – Trade and Project Finance

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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.

iii. Classification and measurement of financial assets

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

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

iv. Significant increase of credit risk

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

v. Application of IFRS 16-Leases

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t. Key sources of estimation uncertainty

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

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

ii. Probability of default:

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

iii. Loss Given Default:

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

iv. Property and equipment

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

v. Fair value measurement and valuation process

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

vi. Application of IFRS 16 - Leases

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

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

u. Models and assumptions used

The Group uses various models and assumptions in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. Refer to note 2 for more details on ECL measurement.

v. Management Reserve

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

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

4. INTEREST INCOME

	GROUP AND BANK	
	2020 USD	2019 USD
ON LOANS AND FACILITIES		
Project finance loans	170,243,373	162,719,962
Trade finance loans	189,196,103	209,703,194
	359,439,476	372,423,156
ON PLACEMENTS:		
Deposits/Held at amortised cost	75,844,453	33,302,878
	435,283,929	405,726,034

5. INTEREST EXPENSE

	2020 USD	2019 USD
INTEREST PAYABLE ON FUNDS BORROWED FROM		
Banks and financial institutions	100,408,688	128,757,528
Regional and International Bond Markets	70,363,933	60,100,100
Amortisation of deferred borrowing cost	11,905,932	11,796,360
Other institutions	11,468,514	20,920,440
	194,147,067	221,574,428

6. OTHER BORROWING COSTS

	2020 USD	2019 USD
Facility and management fees	7,533,462	1,588,874
Commitment fees	1,044,955	2,409,744
Bank commission	495,793	117,225
Technical grants fees and expenses	120,000	-
Agency costs	112,754	84,934
Other costs	2,273,829	862,040
	11,580,793	5,062,817

7. (a) FEE AND COMMISSION INCOME

	2020 USD	2019 USD
Upfront fees in trade finance	20,266,335	15,946,793
Management fees in trade finance	6,192,524	11,547,500
Commitment fees in project finance	5,199,852	2,922,739
Facility fees in project finance	5,163,349	31,113,074
Letter of credit fees in trade finance	4,133,922	7,272,026
Letter of credit fees in project finance	(14,805)	69,272
Restructuring fees in project finance	3,741,180	43,950
Restructuring fees in trade finance	1,604,264	-
Guarantee Fees in trade finance	1,212,972	59,109
Syndication Fees in project finance	1,142,039	198,863
Drawdown fees in trade finance	1,049,971	745,362
Appraisal fees in project finance	658,000	396,850
Document handling fees in trade finance	457,178	472,132
Guarantee Fees in project finance	371,250	170,000
Management fees in project finance	309,623	345,748
Other fees in trade finance	199,961	984,673
Other project fees	79751	102,579
	51,767,366	72,390,670

7. (b) RISK MITIGATION COSTS

	GROUP AND BANK	
	2020 USD	2019 USD
Insurance cover costs*	34,512,993	34,017,764
Risk down-selling costs**	1,572,720	1,961,779
	36,085,713	35,979,543

*These are premiums on insurance cover taken on loans made to various borrowers. As at 31 December 2020, the insurance cover was USD 1.61 billion (December 2019: USD 1.74 billion). The cover was taken with African Trade Insurance Agency Limited, Islamic Corporation for the Insurance of Investments and Export Credit (ICIEC), Mar Risk Services Limited and Lloyds of London, all of which are Investment-grade companies.

** These costs represent Risk down-selling costs relating to fees paid to acquirers of loan assets distributed via the secondary market. This is in line with the Group's secondary loan trading and asset distribution activities under which, the loan assets are selectively traded to manage obligor, sector and geographic prudential limits and to provide room for booking of new assets and generating incremental fee income. During the year ended 31 December 2020, the Group had down sold/distributed an aggregate of USD 247 million (December 2019 – USD 702 million).

8. OTHER INCOME

	GROUP		BANK	
	2020 USD	2019 USD	2020 USD	2019 USD
Impaired assets recovered*	5,356,771	5,359,063	5,356,771	5,359,063
Management fee	770,877	272,968	-	-
Dividend income	354,376	479,833	510,952	479,833
Miscellaneous income	275,252	135,107	275,247	135,107
Interest on staff loans	165,052	35,481	165,052	35,481
(Loss)/gain on disposal of property and equipment	(110,174)	318	(110,174)	318
	6,812,154	6,282,770	6,197,848	6,009,802

*The impaired assets recovered account relates to previously written off loans that were recovered during the year.

9. OPERATING EXPENSES

	GROUP		BANK	
	2020 USD	2019 USD	2020 USD	2019 USD
Staff costs (Note 10)	35,055,218	28,220,483	35,055,218	28,220,483
Business promotion	2,660,304	1,592,659	2,660,304	1,592,659
Consultants and advisors	1,850,698	3,798,576	1,850,698	3,798,576
Office running expenses	1,469,063	1,466,386	1,431,288	1,429,719
Depreciation of property and equipment	957,654	973,437	957,654	973,437
Amortisation of intangible assets	759,464	593,179	759,464	593,179
Depreciation of right-of-use assets	582,663	389,764	582,663	389,764
Official missions	407,658	2,423,127	407,658	2,423,127
Short term rent	186,018	151,398	186,018	151,398
Board of Directors meetings	175,034	808,860	175,034	808,860
Board of Governors meeting	151,617	519,185	151,617	519,185
Interest expense on lease liability (note 29)	141,575	83,031	141,575	83,031
Audit fees	64,817	64,050	56,000	56,000
	44,461,783	41,084,135	44,415,191	41,039,418

10. STAFF COSTS

	GROUP AND BANK	
	2020 USD	2019 USD
Salaries and wages	16,688,577	9,468,266
Staff reward and recognition scheme	8,548,907	10,270,763
School fees for dependents	3,002,612	2,123,438
Staff provident fund contributions-defined contribution plan	2,716,318	2,486,596
Medical costs	1,189,809	1,138,162
Service pay provision	1,098,668	1,099,332
Other costs*	1,040,595	1,280,271
Leave pay expense	769,732	353,655
	35,055,218	28,220,483

*Other staff costs mainly relate to training costs, staff relocation and installation expenses.

11. IMPAIRMENT ON OTHER FINANCIAL ASSETS – GROUP AND BANK

Other receivables (Note 24)	363,754	3,755

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

12. CURRENT TAX PAYABLE

	GROUP		BANK	
	2020 USD	2019 USD	2020 USD	2019 USD
(A) TAXATION CHARGE				
Current taxation based on the adjusted profit at 15%	(3,494)	3,494	-	-
(B) RECONCILIATION OF EXPECTED TAX BASED ON ACCOUNTING PROFIT TO TAX CHARGE				
Accounting profit before taxation	157,770,935	151,533,059	157,046,645	151,304,813
Tax at the applicable rate of 15%	23,665,640	22,729,959	23,556,997	22,695,722
Tax effect of expenses not deductible for tax purposes*	-	266	-	-
Tax effect of tax losses utilised	-	(31,009)	-	-
Tax effect of income not taxable**	(23,665,640)	(22,695,722)	(23,556,997)	(22,695,722)
	-	3,494	-	-
(C) TAXATION PAYABLE				
At 1 January	3,494	-	-	-
Charge for the year	-	3,494	-	-
Tax reversal***	(3,494)	-	-	-
At 31 December	-	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.

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

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

13. EARNINGS PER SHARE

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

	GROUP		BANK	
	2020 USD	2019 USD	2020 USD	2019 USD
EARNINGS				
Earnings for the purpose of the basic earnings per share being net profit attributable to shareholders	157,253,961	151,417,188	157,046,645	151,304,813
Earnings for the purpose of the diluted earnings per share	157,253,961	151,417,188	157,046,645	151,304,813
There were no earnings with a potential dilutive effect during the year (2019: NIL).				
NUMBER OF SHARES				
Weighted average number of shares for the purpose of basic earnings per share:				
Class A	86,207	79,115	86,207	79,115
Class B	29,239	25,366	29,239	25,366
	115,446	104,481	115,446	104,481
Basic Earnings Per Share	1,362	1,448	1,360	1,448
Weighted average number of shares for the purpose of diluted earnings per share:	120,343	110,096	120,343	110,096
Diluted Earnings Per Share	1,306	1,374	1,305	1,374

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

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	
	2020 USD	2019 USD	2020 USD	2019 USD
Current accounts – Note 14 (i)	156,760,578	531,494,818	155,994,806	531,201,835
Call and term deposits with banks – Note 14 (ii)	1,383,163,639	850,908,746	1,383,163,639	850,908,746
	1,539,924,217	1,382,403,564	1,539,158,445	1,382,110,581
(I) CURRENT ACCOUNTS				
Amounts maintained in United States Dollars (USD)	134,055,178	329,789,005	133,289,406	329,496,022
Amounts maintained in other currencies:				
Zambia Kwacha	10,732,930	4,093,616	10,732,930	4,093,616
Tanzania Shillings	5,811,688	6,282,295	5,811,688	6,282,295
Malawi Kwacha	3,198,035	59,262,988	3,198,035	59,262,988
Euro	2,028,034	129,319,511	2,028,034	129,319,511
Burundi Francs	586,035	608,723	586,035	608,723
Ethiopian Birr	141,042	341,662	141,042	341,662
Kenyan Shilling	77,597	1,491,533	77,597	1,491,533
Zimbabwean Dollar	54,344	193,950	54,344	193,950
Mauritian Rupee	42,683	43,724	42,683	43,724
South African Rand	14,783	12,220	14,783	12,220
British Pounds	9,587	16,750	9,587	16,750
Japanese Yen	6,515	33,945	6,515	33,945
United Arab Emirates Dirham	1,922	124	1,922	124
Ugandan Shilling	205	4,772	205	4,772
	22,705,400	201,705,813	22,705,400	201,705,813
	156,760,578	531,494,818	155,994,806	531,201,835
(II) CALL AND TERM DEPOSITS WITH BANKS				
United States Dollars (USD)	1,348,406,230	811,445,668	1,348,406,230	811,445,668
Amounts maintained in other currencies:				
Sudanese Pounds	29,369,779	34,098,184	29,369,779	34,098,184
Ugandan Shillings	5,387,630	5,364,894	5,387,630	5,364,894
	34,757,409	39,463,078	34,757,409	39,463,078
Total call and term deposits	1,383,163,639	850,908,746	1,383,163,639	850,908,746

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

	2020 USD	2019 USD
CURRENCY FORWARD EXCHANGE CONTRACTS		
Net opening balance at start of year	40,049,341	54,042,940
Contracts entered into during year-Net	68,125,922	37,548,455
Net amounts settled	(163,704,980)	(67,548,060)
Fair value gains through profit or loss	14,200,217	16,006,006
Net closing balance as at end of year	(41,329,500)	40,049,341

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

16. TRADE FINANCE LOANS

GROUP AND BANK

	2020 USD	2019 USD
Principal loans	2,593,587,582	2,621,167,722
Interest receivable	587,909,480	314,478,574
Gross loans	3,181,497,062	2,935,646,296
Impairment on trade finance loans (note 18)*	(96,862,247)	(70,479,375)
Net loans	3,084,634,815	2,865,166,921
ANALYSIS OF GROSS LOANS BY MATURITY		
Maturing:		
Within one year	1,056,073,385	1,573,903,790
One to three years	1,435,549,642	1,305,713,451
Over three years	689,874,035	56,029,055
	3,181,497,062	2,935,646,296

*Includes impairment charge for off-balance sheet commitments.

The gross non-performing (Stage 3) trade finance loans was USD 89,735,648 (December 2019- USD 70,115,393). The impairment provisions on stage 3 loans amounted to USD 71,917,281 (December 2019 - USD 64,231,748) hence the carrying value of the loans amount was USD 17,818, 367 (December 2019- USD 5,883,645). Stage 1 and 2 provisions for trade finance loans amounted to USD 24,944,967 (December 2019 - USD 6,247,627).

17. PROJECT LOANS

GROUP AND BANK

	2020 USD	2019 USD
Loans disbursed	4,225,163,924	3,484,215,531
Interest capitalised*	74,649,100	116,695,511
Loans repaid	(2,057,830,433)	(1,508,489,914)
Principal loan balances	2,241,982,591	2,092,421,128
Interest receivable	50,281,026	54,574,428
Gross loans	2,292,263,617	2,146,995,556
Impairment on project loans (Note 18)	(67,486,895)	(40,657,973)
Net loans	2,224,776,722	2,106,337,583

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

GROUP AND BANK

	2020 USD	2019 USD
ANALYSIS OF GROSS LOANS BY MATURITY		
Maturing:		
Within one year	398,862,679	424,572,300
One year to three years	692,703,243	648,868,236
Three to five years	708,447,718	476,764,089
Over five years	492,249,977	596,790,931
	2,292,263,617	2,146,995,556

The gross non-performing (Stage 3) project loans was USD 67,820,124 (December 2019 - USD 48,362,733). The impairment provisions on stage 3 loans amounted to USD 33,063,944 (December 2019 - USD 27,397,273) hence the carrying value of the loans amounted to USD 34,756,180 (December 2019- USD 20,965,460). Stage 1 and 2 provisions for project finance loans amounted to USD 34,422,954 (December 2019 - USD 13,260,702).

18. IMPAIRMENT ALLOWANCE

	GROUP AND BANK							
	PROJECT FINANCE LOANS ON-BALANCE SHEET USD	FINANCE PROJECT LOANS OFF-BALANCE SHEET USD	**TOTAL** PROJECT FINANCE LOANS ALLOWANCE USD	TRADE FINANCE LOANS ON-BALANCE SHEET USD	TRADE FINANCE LOANS OFF-BALANCE SHEET USD	**TOTAL** TRADE FINANCE LOANS ALLOWANCE USD	LOW CREDIT RISK ASSETS USD	**TOTAL** ALLOWANCE USD
At 1 January 2019	29,820,960	407,153	30,228,113	79,985,093	1,601,793	81,586,886	4,019,769	115,834,768
Amounts written-off	-	(407,153)	(407,153)	(34,390,012)	(1,601,793)	(35,991,805)	-	(36,398,958)
Charge for the year	10,298,449	538,564	10,837,013	24,408,620	475,674	24,884,294	5,764,315	41,485,622
At 31 December 2019	40,119,409	538,564	40,657,973	70,003,701	475,674	70,479,375	9,784,084	120,921,432
As at 1 January 2020	40,119,409	538,564	40,657,973	70,003,701	475,674	70,479,375	9,784,084	120,921,432
Amounts written off	-	(538,564)	(538,564)	(6,343,181)	(475,674)-	(6,818,855)	-	(7,357,419)
Charge for the year	25,811,784	1,555,702	27,367,486	32,775,939	425,788	33,201,727	29,525	60,598,738
At 31 December 2020	65,931,193	1,555,702	67,486,895	96,436,459	425,788	96,862,247	9,813,609	174,162,751

19. EQUITY INVESTMENTS

i. Equity participation

	GROUP AND BANK					
	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 THE YEAR USD
At fair value through other comprehensive income:						
AS AT 31 DECEMBER 2020						
African Export Import Bank	2,364,160	-	2,364,160	7,393,000	7,431,000	(38,000)
ZEP Reinsurance	31,938,654	-	31,938,654	42,496,000	39,191,000	3,305,000
Tononoka Steels Limited	628,653	-	628,653	194,000	519,000	(325,000)
Tanruss Investment Limited	1,755,000	-	1,755,000	168,000	213,000	(45,000)
Africa Trade Insurance Company	1,000,000	-	1,000,000	981,000	939,000	42,000
Gulf African Bank	1,978,734	-	1,978,734	2,448,000	2,086,000	362,000
Pan African Housing Fund	756,850	48,248	805,098	307,118	756,850	(497,980)
	40,422,051	48,248	40,470,299	53,987,118	51,135,850	2,803,020
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 Steels Limited	628,653	-	628,653	519,000	1,835,000	(1,316,000)
Tanruss Investment Limited	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)

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 2020, all investments were carried at fair value as per provision of IFRS 9. The Group does not intend to dispose the shares in the short term, and none of the shares have been derecognized. The dividends received in respect of these investments, whenever applicable, are disclosed in note 8.

19. EQUITY INVESTMENTS (CONTINUED)

ii. Instalments paid

	GROUP AND BANK	
	2020 USD	2019 USD
Total subscribed capital*	41,865,201	41,865,201
Less: Instalments not due – Note 19 (iii)	(1,394,902)	(1,443,150)
Instalments paid at end of year – Note 19 (i) and (iv)	40,470,299	40,422,051

* Total subscribed capital includes paid up capital and unpaid subscriptions.

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*	194,902	243,150
*Unpaid subscriptions are payable on call.	1,394,902	1,443,150

iv. Movement in the instalments paid

At beginning of year	40,422,051	40,342,931
Net additions at cost – Note 19 (i)	48,248	79,120
At end of year	40,470,299	40,422,051

20. INVESTMENT IN JOINT VENTURE

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

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

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

ESAIF is yet to start operations. The joint venture had no contingent liabilities or capital commitments at 31 December 2020. ESAIF cannot distribute its profits without the consent from the venture partners.

	GROUP AND BANK	
	2020 USD	2019 USD
MOVEMENT IN JOINT VENTURE		
At 1 January	317,010	386,994
Reduction in investment*	-	(69,984)
At 31 December	317,010	317,010

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

21. INVESTMENT IN SUBSIDIARY – AT COST

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

	BANK 2020		BANK 2019	
	NO OF SHARES	ORDINARY SHARE USD	NO OF SHARES	ORDINARY SHARE USD
Total issued and fully paid	139,967	139,967	139,967	139,967
Total call and term deposits	69,984	69,984	69,984	69,984

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	
	2020 USD	2019 USD
SUMMARISED STATEMENT OF FINANCIAL POSITION		
Total assets	839,480	400,411
Total liabilities	(13,781)	(131,311)
Net assets	825,699	269,100
Non-controlling interest	50%	50%
SUMMARISED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME		
Profit before taxation	724,290	228,247
Taxation charge	3,494	(3,494)
	727,784	224,753
Profit for the year is attributable to owners of the Bank	363,892	112,376
Profit for the year is attributable to non-controlling interest	363,892	112,377
Total comprehensive income for the year	727,784	224,753
SUMMARISED STATEMENT OF CASH FLOWS		
Net cash from operating activities	643,974	183,312
Net cash from financing activities	(171,185)	-
Net increase in cash and cash equivalents	472,789	183,312
Cash and cash equivalents at beginning of year	292,983	109,671
Cash and cash equivalents at end of year	765,772	292,983

22. INVESTMENTS IN GOVERNMENT SECURITIES

	GROUP AND BANK	
	2020 USD	2019 USD
HELD AT AMORTISED COST		
Treasury Notes and Treasury Bonds:		
At 1 January	44,897,636	-
Additions: Treasury Bonds*	47,801,418	44,897,636
Margin receivable	28,229,030	-
At 31 December	120,928,084	44,897,636

*As part of the Bank's mandate to deepen capital markets within our member states, TDB continued to invest in Zambian treasury bonds providing competitive yields ranging from 26% to 33%. The bonds are held as investments in Zambian Kwacha equivalent.

23. INVESTMENT IN TRADE FUND

	GROUP		BANK	
	2020 USD	2019 USD	2020 USD	2019 USD
INVESTMENT IN ESATF – AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME				
At 1 January	49,997,089	-	49,996,989	-
Additions during the year	-	49,997,089	-	49,996,989
Retirements/maturities during the year	(447,250)	-	(447,250)	-
Fair value gains	2,777,578	-	2,777,578	-
At 31 December	52,327,417	49,997,089	52,327,317	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	
	2020 USD	2019 USD	2020 USD	2019 USD
Down-sold assets*	85,000,000	70,000,000	85,000,000	70,000,000
Prepayments and other receivables**	36,850,165	48,797,741	36,776,556	48,690,413
Staff loans and advances***	14,123,916	1,047,994	14,123,916	1,047,994
Appraisal fees****	917,489	677,703	917,489	677,703
	136,891,570	120,523,438	136,817,961	120,416,110
*Appraisal fees receivable**** *				
At beginning year	677,703	1,033,204	677,703	1,033,204
Accrued income	1,201,581	396,850	1,201,581	396,850
Receipts	(598,041)	(748,596)	(598,041)	(748,596)
Amounts written off (Note 11)	(363,754)	(3,755)	(363,754)	(3,755)
At end of year	917,489	677,703	917,489	677,703
Amounts due within one year	126,004,800	120,330,250	125,931,190	120,222,922
Amounts due after one year	10,886,770	193,188	10,886,771	193,188
	136,891,570	120,523,438	136,817,961	120,416,110

*Down-sold assets represent loan assets sold to the Group's counterparties on a non-funded basis. The amount disclosed at 31 December 2020 and 31 December 2019 represent different facility agreements. Down-selling receivable does not attract interest.

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

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

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

25. PROPERTY & EQUIPMENT

GROUP AND BANK

	FREEHOLD LAND USD	BUILDING UNDER CONSTRUCTION USD	BUILDINGS USD	MOTOR VEHICLES USD	FURNITURE AND FITTINGS USD	OFFICE EQUIPMENT USD	TOTAL USD
YEAR ENDED 31 DECEMBER 2020							
COST							
At 1 January 2020	140,400	4,770,891	26,598,015	864,665	1,865,267	2,477,509	36,716,747
Additions	-	5,346,357	87,446	120,499	7,537	154,497	5,716,336
Disposals	-	-	-	-	(132,567)	(14,756)	(147,323)
At 31 December 2020	140,400	10,117,248	26,685,461	985,164	1,740,237	2,617,250	42,285,760
ACCUMULATED DEPRECIATION							
At 1 January 2020	-	-	8,250,390	563,148	1,141,595	2,078,551	12,033,684
Charge for the year	-	-	508,828	104,434	133,523	210,869	957,654
Disposals	-	-	-	-	(24,342)	(12,807)	(37,149)
At 31 December 2020	-	-	8,759,218	667,582	1,250,776	2,276,613	12,954,189
NET CARRYING AMOUNT							
At 31 December 2020	140,400	10,117,248	17,926,243	317,582	489,461	340,637	29,331,571

Building Under Construction:

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

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

25. PROPERTY & EQUIPMENT (CONTINUED)

GROUP AND BANK

	FREEHOLD LAND USD	LEASEHOLD LAND USD	BUILDING UNDER CONSTRUCTION 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 assets in 2019 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.

26. RIGHT OF USE ASSETS

The Right-of-Use comprise leases in respect of space for own use and land that the Group owns and holds on a 99-year leasehold title. Information about the leases in which the Group is a lessee is presented below:

	GROUP AND BANK	
	2020 USD	2019 USD
COST		
At the beginning of the year	4,378,195	-
Lease asset recognised	19,220	1,924,330
Reclassification (Note 25)	-	2,453,865
At the end of the year	4,397,415	4,378,195
ACCUMULATED AMORTISATION		
At the beginning of the year	466,183	-
Reclassification (Note 25)	-	76,419
Charge for the year	582,663	389,764
At the end of the year	1,048,846	466,183
NET BOOK VALUE		
At the end of the year	3,348,569	3,912,012
Amounts recognized in profit and loss:		
Depreciation expense-right-of-use asset	582,663	389,764
Interest expense	141,575	83,031
Expense relating to short term lease contracts	53,273	60,405
	777,511	533,200

27. INTANGIBLE ASSETS

	GROUP AND BANK	
	2020 USD	2019 USD
COST		
At beginning of year	3,618,920	4,276,392
Additions	760,161	737,437
Impairment	-	(1,394,909)
At end of year	4,379,081	3,618,920
AMORTISATION		
At beginning of year	1,620,918	2,422,648
Charge for the year	759,464	593,179
Impairment	-	(1,394,909)
At end of year	2,380,382	1,620,918
NET CARRYING AMOUNT		
At end of year	1,998,699	1,998,002

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

28. COLLECTION ACCOUNT DEPOSITS

	GROUP AND BANK	
	2020 USD	2019 USD
At beginning year	95,822,611	119,576,580
Increase	49,600,753	6,893,456
Reduction	(52,148,258)	(30,647,425)
At end of year	93,275,106	95,822,611

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

29. LEASE LIABILITY

	GROUP AND BANK	
	2020 USD	2019 USD
At start year	1,520,467	2,022,686
New Lease liability	19,219	-
Payment of lease liabilities	(594,011)	(585,250)
Interest on lease liabilities	141,575	83,031
At end of year	1,087,250	1,520,467
Maturity Analysis of undiscounted cash flows		
Year 1	551,599	558,110
Year 2	280,042	484,679
Year 3	255,609	477,678
Total discounted lease liabilities	1,087,250	1,520,467

30. SHORT TERM BORROWINGS

(A) CERTIFICATES OF DEPOSITS		
African Trade Insurance Agency- Note 30 (b)	-	1,680,450

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

30. SHORT TERM BORROWINGS (CONTINUED)

GROUP AND BANK

	DATE OF RENEWAL/ ADVANCE	MATURITY DATE	CURRENCY	2020 USD	2019 USD
(B) OTHER SHORT-TERM BORROWINGS					
Syndicated Loan- Middle First Abu Dhabi Bank PJSC	Dec-19	Dec-22	USD	468,989,865	451,471,994
Global Syndication 2020	Dec-20	Dec-22	USD	450,000,000	-
Syndicated Loan - Asia (I)	Jun-19	Jun-22	USD	400,000,000	400,000,000
Global Syndication 2018	Oct-18	Oct-22	USD	260,000,000	460,000,000
Syndicated Loan - Asia (II)	Dec-20	Dec-22	USD	225,000,000	-
The Bank of Tokyo Mitsubishi UFJ, Ltd	Jun-19	Jun-21	USD	150,000,000	150,000,000
Samurai Syndication	Dec-18	Dec-21	USD	123,783,324	146,763,016
CDC Group	Dec-20	Dec-22	USD	100,000,000	-
NORFUND	Dec-20	Jun-21	USD	50,611,417	-
Nedbank	Dec-18	Nov-21	USD	50,000,000	50,000,000
Mizuho Bank London	Oct-20	Jul-21	USD	40,000,000	-
Africa 50 Financement de Projets	Nov-20	Mar-21	USD	31,903,540	-
Standard Chartered Bank London	Jul-20	May-21	USD	21,653,436	-
KfW	Jun-20	Jun-21	USD	20,000,000	-
Citibank	Nov-20	Apr-21	USD	9,247,080	-
African Trade Insurance Agency-Staff Pension	Sep-19	Sep-21	USD	5,550,674	-
Syndicated Loan - Asia (II)	Dec-17	Dec-20	USD	-	237,000,000
Mashreq Bank	Dec-19	Dec-20	USD	-	100,000,000
Citibank	Sep-19	Apr-20	USD	-	79,511,339
Mizuho Bank London	Dec-18	Nov-20	USD	-	75,000,000
Standard Bank Isle of Man	Dec-19	Nov-20	USD	-	56,015,000
Sumitomo Mitsui Banking Corporation Euro	Dec-19	Dec-20	USD	-	50,000,000
First Abu Dhabi Bank PJSC	Apr-19	Apr-20	USD	-	50,000,000
KfW	Dec-19	Dec-20	USD	-	46,500,000
Africa 50 Financement de Projets	Oct-19	Mar-20	USD	-	31,446,755
NORFUND	Jun-20	Dec-20	USD	-	30,000,000
Bank One Ltd	Dec-19	Mar-20	USD	-	22,406,000
Standard Chartered Bank London	Jan-20	Oct-20	USD	-	14,149,861
BHF Bank	Oct-19	Mar-20	USD	-	8,233,539
African Trade Insurance Agency	Jan-19	Sep-20	USD	-	4,242,949
Sub-total for other short-term borrowings				2,406,739,336	2,462,740,453
INTEREST PAYABLE				737,540	827,094
Certificate of Deposits (Note 30 (a))				-	1,680,450
TOTAL SHORT-TERM BORROWINGS				2,407,476,876	2,465,247,997

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

31. LONG TERM BORROWINGS

				AMOUNTS AS AT 31 DECEMBER 2020				AMOUNTS AS 31 DECEMBER 2019		
LENDER	DATE OF RENEWAL/ DISBURSEMENT	MATURITY DATE	CURRENCY	AMOUNT IN CURRENCY	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	Mar-29	USD	188,750,000	188,750,000	26,250,000	162,500,000	207,500,000	18,750,000	188,750,000
African Economic Research Consortium	Nov-19	Nov-26	USD	2,993,975	2,993,975	-	2,993,975	2,993,975	-	2,993,975
US$ 1.0 Billion Euro Medium Term Note Programme: Third Tranche*	May-19	May-24	USD	750,000,000	750,000,000	-	750,000,000	750,000,000	-	750,000,000
US$ 1.0 Billion Euro Medium Term Note Programme: Second Tranche*	Dec-13	Mar-22	USD	700,000,000	700,000,000	-	700,000,000	700,000,000	-	700,000,000
Opec Fund for International Development	Mar-19	Jun-23	USD	60,000,000	60,000,000	20,000,000	40,000,000	20,000,000	2,925,278	17,074,722
Development Bank of Southern Africa	Mar-07	Jun-21	USD	4,687,500	4,687,500	4,687,500	-	14,062,500	9,375,000	4,687,500
Private Export Funding Corporation	Aug-11	Aug-21	USD	5,205,825	5,205,825	5,205,825	-	11,155,339	5,949,514	5,205,825
KfW	Dec-13	Nov-31	USD	145,714,286	145,714,286	11,428,571	134,285,715	151,428,571	5,714,286	145,714,285
KfW-IPEX	Sep-16	Dec-28	USD	96,382,577	96,382,577	13,364,622	83,017,955	109,747,199	13,364,622	96,382,577
European Investment Bank	Aug-16	Dec-34	USD	70,496,000	70,496,000	11,749,333	58,746,667	82,239,046	11,749,333	70,489,713
CDC Group	Oct-16	May-25	USD	59,469,697	59,469,697	17,424,242	42,045,455	72,727,273	16,267,380	56,459,893
Standard Chartered Bank / USAID	Sep-17	Sep-24	USD	16,911,622	16,911,622	4,227,906	12,683,716	21,157,142	4,227,906	16,929,236
Finnish Export Credit Sumitomo Mitsui Banking Corporation	Jul-17	Dec-29	USD	53,921,901	53,921,901	5,226,373	48,695,528	-	-	-
Japan Bank for International Corporation	Jul-17	Feb-24	USD	853,983	853,983	853,983		29,204,255	6,696,563	22,507,692
Agence Francaise De Development	Dec-17	Aug-35	USD	71,875,000	71,875,000	6,250,000	65,625,000	57,000,000	3,125,000	53,875,000
The Exim -Import Bank of China	Dec-17	Nov-21	USD	250,000,000	250,000,000	250,000,000	-	250,000,001	-	250,000,001
Industrial Development Corporation	Mar-18	Feb-26	USD	82,164,643	82,164,643	21,825,532	60,339,111	87,156,493	13,408,691	73,747,802

31. LONG TERM BORROWINGS (CONTINUED)

					AMOUNTS AS AT 31 DECEMBER 2020			AMOUNTS AS 31 DECEMBER 2019		
LENDER (CONTINUED)	DATE OF RENEWAL/ DISBURSEMENT	MATURITY DATE	CURRENCY	AMOUNT IN CURRENCY	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
Arab Bank for Economic Development in Africa	Feb-18	Jan-27	USD	13,125,000	13,125,000	1,875,000	11,250,000	14,999,940	1,250,000	13,749,940
Development Bank of the Republic of Belarus	Jun-20	Apr-25	USD	15,677,754	15,677,754	1,789,433	13,888,321	-	-	-
Oesterreichische Entwicklungsbank AG	Jun-20	Jun-30	USD	25,000,000	25,000,000	-	25,000,000	-	-	-
MIGA Guaranteed Syndicated	Jul-20	Jun-30	EUR	334,434,877	411,237,846	-	411,237,846	-	-	-
Cassa Depositi e Prestiti	Jul-20	Jun-30	EUR	50,000,000	61,482,500	-	61,482,500	-	-	-
Tanzania local currency fixed rate bond	Jun-15	May-20	TZS	2,242,404,954	-	-	-	982,821	982,821	-
Tanzania local currency floating rate bond	Jun-15	May-20	TZS	2,240,669,845	-	-	-	980,815	980,815	-
Oldenburgische Landesbank AG	Various	Feb-20	USD	628,96	-	-	-	628,965	628,965	628,965
Sub total for long term borrowings					3,085,950,109	402,158,320	2,683,791,789	2,583,964,335	115,396,174	2,468,568,161
Interest payable					29,829,894	29,829,894	-	28,520,393	28,520,393	-
Total long term borrowings					3,115,780,003	431,988,214	2,683,791,789	2,612,484,729	143,916,567	2,468,568,161
Deferred Expenditure					(64,255,723)	(10,545,083)	(53,710,640)	(20,955,831)	(8,677,535)	(12,278,296)
					3,051,524,280	421,443,131	2,630,081,149	2,591,528,898	135,239,032	2,456,289,865

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	
	2020 USD	2019 USD	2020 USD	2019 USD
Provident fund*	29,217,684	7,492,768	29,217,684	7,492,768
Other creditors**	18,871,780	102,089,407	18,857,999	101,961,590
Accrued Long Term Incentive Scheme	10,282,849	4,939,849	10,282,849	4,939,849
Deferred income-LC discounting	10,116,963	-	10,116,963	-
Dividends payable	7,661,404	11,475,872	7,661,404	11,475,872
Accrued reward & recognition	3,547,549	5,552,242	3,547,549	5,552,242
Accrued Syndication fees	2,308,386	2,507,304	2,308,386	2,507,304
Accrued fees-Trade Finance	2,301,542	401,256	2,301,542	401,256
Accrued expenses	1,640,962	4,197,989	1,640,962	4,197,989
Rental deposit	51,622	51,622	51,622	51,622
Accrued fees-Project Finance	16,139	24,478	16,139	24,478
	86,016,880	138,732,787	86,003,099	138,604,970
ANALYSIS OF OTHER PAYABLES BY MATURITY				
Amounts due within one year	46,516,347	134,555,523	46,502,566	134,427,706
Amounts due after one year	39,500,533	4,177,264	39,500,533	4,177,264
	86,016,880	138,732,787	86,003,099	138,604,970

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

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

33. PROVISION FOR SERVICE AND LEAVE PAY

	GROUP AND BANK	
	2020 USD	2019 USD
(I) PROVISION FOR SERVICE PAY		
At start of year	6,600,151	6,040,190
Increase in provision	1,098,668	1,099,333
Payment of service pay	(246,877)	(539,372)
At end of year	93,275,106	95,822,611
(II) PROVISION FOR LEAVE PAY		
At start of year	1,951,359	1,788,449
Increase in provision	670,419	257,172
Payment of leave pay	(115,941)	(94,262)
At end of year	2,505,837	1,951,359
TOTAL PROVISION FOR SERVICE AND LEAVE PAY	9,957,779	8,551,510

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 2020			AS AT 31 DECEMBER 2019		
	CLASS 'A' SHARES USD	CLASS 'B' SHARES USD	TOTAL USD	CLASS 'A' SHARES USD	CLASS 'B' SHARES USD	TOTAL USD
AUTHORISED CAPITAL						
176,468 (2019: 88,234 Class 'A' ordinary shares of USD 22,667 each	4,000,000,156	-	4,000,000,156	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'	(1,975,179,713)	-	(1,975,179,713)	(57,755,436)	-	(57,755,436)
Class 'B'		(859,400,500)	(859,400,500)	-	(872,565,554)	(872,565,554)
SUBSCRIBED CAPITAL						
89,329 Class 'A' (December 2019: 85,686) ordinary shares of USD 22,667 each	2,024,820,443	-	2,024,820,443	1,942,244,564	-	1,942,244,564
31,014 Class 'B' (December 2019: 28,110) ordinary shares of USD 4,533.40 each	-	140,599,500	140,599,500	-	127,434,446	127,434,446
Less: Callable capital	(1,619,856,354)	-	(1,619,856,354)	(1,553,795,650)	-	(1,553,795,650)
Payable capital	404,964,089	140,599,500	545,563,589	388,448,914	127,434,446	515,883,360
Less: Amounts not yet due	(9,802,117)	-	(9,802,117)	(15,597,120)	-	(15,597,120)
Capital due	395,161,972	140,599,500	535,761,472	372,851,794	127,434,446	500,286,240
Less: subscriptions in arrears	(827,632)	-	(827,632)	(1,178,768)	-	(1,178,768)
Paid up capital	394,334,340	140,599,500	534,933,840	371,673,026	127,434,446	499,107,472
MOVEMENT IN PAID UP SHARE CAPITAL						
At beginning of year	371,673,026	127,434,446	499,107,472	357,025,081	104,717,477	461,742,558
African Economic Research Consortium	-	-	-	-	793,349	793,349
African Development Bank	1,373,620	503,210	1,876,830	485,074	10,880,209	11,365,283
African Reinsurance Corporation	-	113,336	113,336	-	-	
BADEA -Arab Bank for Economic Development in Africa	-	258,405	258,405	-	-	-
Banco Nacionale De Investment	-	131,469	131,469	-	-	-
Caisse Nationale de Sécurité Sociale (CNSS) Djibouti	-	1,858,702	1,858,702	-	-	
Investment Fund for Developing Countries	-	7,425,743	7,425,743	-	7,910,819	7,910,819
Mauritian Eagle Insurance Company	-	36,267	36,267	-	-	-
National Pension Fund-Mauritius	-	698,147	698,147	-	-	-
National Social Security Fund- Uganda	-	834,149	834,149	-	367,207	367,207
OPEC Fund for International Development (OFID)	-	308,273	308,273	-	-	-

34. SHARE CAPITAL (CONTINUED)

	GROUP AND BANK					
	AS AT 31 DECEMBER 2020			AS AT 31 DECEMBER 2019		
	CLASS 'A' SHARES USD	CLASS 'B' SHARES USD	TOTAL USD	CLASS 'A' SHARES USD	CLASS 'B' SHARES USD	TOTAL USD
Rwanda Social Security Board	-	462,409	462,409	-	1,967,504	1,967,504
Seychelles Pension Fund	-	27,201	27,201	-		-
Sacos Group Limited	-	149,603	149,603	-	13,600	13,600
TDB Directors & Select Stakeholders Provident Fund	-	(63,468)	(63,468)	-	693,613	693,613
TDB Staff Provident Fund	-	(113,336)	(113,336)	-	90,668	90,668
Belarus	158,669	-	158,669	122,402	-	122,402
Burundi	498,674	-	498,674	199,470	-	199,470
China- People's Republic	1,523,221	534,944	2,058,165	553,075	-	553,075
Comoros	31,734	-	31,734	22,667	-	22,667
Congo DRC	843,212	-	843,212	680,010	-	680,010
Djibouti	77,068	-	77,068	45,334	-	45,334
Egypt	2,153,365	-	2,153,365	870,413	-	870,413
Eritrea	147,901	-	147,901	49,431	-	49,431
Eswatini	432,486	-	432,486	414,353	-	414,353
Ethiopia	3,162,500	-	3,162,500	1,870,481	-	1,870,481
Kenya	2,076,297	-	2,076,297	9,067	-	9,067
Madagascar	418,886	-	418,886	405,286	-	405,286
Malawi	521,341	-	521,341	213,070	-	213,070
Mauritius	879,480	-	879,480	408,006	-	408,006
Mozambique	2,161,030	-	2,161,030	4,120,449	-	4,120,449
Rwanda	2,548,877	-	2,548,877	2,244,740	-	2,244,740
Seychelles	108,802	-	108,802	45,334	-	45,334
Somalia	195,969	-	195,969	65,496	-	65,496
South Sudan	285,604	-	285,604	276,537	-	276,537
Tanzania	1,813,360	-	1,813,360	99,735	-	99,735
Uganda	1,249,218	-	1,249,218	699,504	-	699,504
Zambia	-	-	-	748,011	-	748,011
	22,661,314	13,165,054	35,826,368	14,647,945	22,716,969	37,364,914
At end of year	394,334,340	140,599,500	534,933,840	371,673,026	127,434,446	499,107,472

34. SHARE CAPITAL (CONTINUED)

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 49 contains the status of subscriptions to the capital stock by member countries.

	GROUP AND BANK			
SHARE PREMIUM	NUMBER OF SHARES	SHARE VALUE USD	PRICE PAID USD	SHARE PREMIUM USD
As at 31 December 2020:				
SHARE PREMIUM – CLASS B				
At 1 January 2020	28,110	127,434,446	219,143,494	91,709,048
Additions – Cash paid	2,258	10,236,464	27,576,954	17,340,490
Additions – GCI Allotment	731	3,313,930	8,644,203	5,330,273
Disposals during the year -Note 40 (g)	(85)	(385,340)	(5,161,298)	(4,775,958)
At 31 December 2020	31,014	140,599,500	250,203,353	109,603,853
SHARE PREMIUM – CLASS A				
At 1 January 2020				
- Without Share premium	84,220	-	-	-
- With Share premium	1,466	6,645,964	16,804,755	10,158,791
Additions – Cash paid	1,732	7,641,064	27,088,271	13,301,067
Additions – GCI Allotment	1,911	8,874,112	22,810,328	13,936,216
At 31 December 2020	89,329	23,161,140	66,703,354	37,396,074
Total Share Premium	120,343	173,919,431	316,906,707	146,999,927
As at 31 December 2019:				
SHARE PREMIUM – CLASS B				
At 1 January 2019	23,099	104,717,477	165,218,088	60,500,611
Additions during the 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				
At 1 January 2019	80,891	-	-	-
Additions -Without Share Premium	3,329	-	-	-
Additions -With Share Premium	1,466	6,645,964	16,804,755	10,158,791
At 31 December 2019	85,686	6,645,964	16,804,755	10,158,791
Total Share Premium	113,796	134,080,410	235,948,249	101,867,839

Class A and B shares

As at 31 December 2020, there were 89,329 Class 'A' ordinary shares (December 2019: 85,686) and 31,014 Class 'B' ordinary shares (December 2019: 28,110). Class 'A' shares have a par value of USD 22,667 each (comprising 80% callable and 20% payable) and were issued only to Members, while Class 'B' shares have a par value of USD 4,533.40 each and are issued both to Members and other institutional investors. All ordinary shares have a right to receive dividends in the proportion of the number of shares held by each member, as and when declared by the Board of Governors.

Nature and purpose of the share premium

Class 'B' shares are issued at a premium of USD 8,406.33 (December 2019: USD 7,678.81) that is determined after a valuation of the Group's shares. The share premium is used to finance the operations of the Group. The share premium for class 'A' shares was introduced in 2019.

34. SHARE CAPITAL (CONTINUED)

	2020 USD	2019 USD
DIVIDENDS ON ORDINARY SHARES DECLARED AND PAID		
Final dividend for 2019: USD 342.01 per share (2018: 315.93 per share)		
- Declared and paid	28,822,936	20,208,849
- Declared and not paid/payable	7,661,404	11,475,872
	36,484,340	31,684,721
PROPOSED DIVIDENDS ON ORDINARY SHARES		
Dividend for 2020: USD 327.03 (2019: USD 342.01 per share)	37,691,195	36,313,155

Proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognized as a financial 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 OPERATIONS

	GROUP		BANK	
	2020 USD	2019 USD	2020 USD	2019 USD
Profit for the year	157,614,359	151,533,059	157,046,645	151,304,813
ADJUSTMENTS				
Depreciation on property and equipment (Note 25)	957,654	973,437	957,654	973,437
Depreciation of right of use asset (Note 26)	582,663	389,764	582,663	389,764
Amortisation of intangible assets (Note 27)	759,464	593,179	759,464	593,179
Loss/(gain) from disposal of property and equipment	110,174	(318)	110,174	(318)
Gain in foreign exchange	(2,174,974)	(5,178,281)	(2,174,974)	(5,178,281)
Interest received	(243,085,234)	(276,163,851)	(243,085,234)	(276,163,851)
Interest paid	181,021,188	212,690,235	181,021,188	212,690,235
Provision for impairment	60,598,739	41,485,622	60,598,739	41,485,622
Increase in provision for service and leave	1,043,450	89,236	1,043,450	89,236
Impairment of off-balance sheet items	(2,011,016)	(6,778,553)	(2,011,016)	(6,778,553)
Interest on lease liability	141,575	83,031	141,575	83,031
Profit before changes in operating assets and liabilities	155,558,042	119,716,560	154,990,328	119,488,314
WORKING CAPITAL CHANGES				
Increase in other receivables	(16,368,132)	(3,355,301)	(16,401,851)	(3,280,080)
Decrease in hedging derivative instruments-Assets	40,049,341	13,993,599	40,049,341	13,993,599
Increase in hedging derivative instruments-Liabilities	41,329,500	-	41,329,500	-
Increase in trade finance loans	(251,226,695)	(156,130,658)	(251,226,695)	(156,130,658)
Increase in project loans	(145,268,062)	(687,077,238)	(145,268,062)	(687,077,238)
Decrease in collection accounts deposits	(2,547,505)	(23,753,969)	(2,547,505)	(23,753,969)
(Decrease)/increase in other payables	(68,982,158)	51,054,792	(68,853,514)	54,270,135
Provision for service and leave pay paid	362,818	633,634	362,818	633,634
Interest received	243,085,234	276,163,851	243,085,234	276,163,851
Interest paid	(181,021,188)	(212,690,235)	(181,021,188)	(212,690,235)
Net increase in borrowings (Note 36 (b))	402,224,261	891,493,226	402,224,261	891,493,226
Net cash generated from operations	217,195,456	273,403,562	216,722,667	273,110,579

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

(B) ANALYSIS OF CHANGES IN BORROWINGS

	GROUP AND BANK 2020 USD	2019 USD
SHORT TERM BORROWINGS		
At start of year	2,465,247,997	2,383,253,601
Loans received	1,095,330,075	2,609,097,356
Repayments	(1,153,101,196)	(2,527,102,960)
At end of year	2,407,476,876	2,465,247,997
Long term borrowings:		
At start of year	2,591,528,898	1,782,030,068
Loans received	739,994,679	1,055,979,537
Repayments	(279,999,297)	(246,480,707)
At end of year	3,051,524,280	2,591,528,898
Total borrowings at end of year	5,459,001,156	5,056,776,895
Increase in total borrowings (Note 36(a))	402,224,261	891,493,226

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

(C) ANALYSIS OF CASH AND CASH EQUIVALENTS

	GROUP 2020 USD	GROUP 2019 USD	BANK 2020 USD	BANK 2019 USD
Cash and balances with other banks - Note 14	1,539,924,217	1,382,403,564	1,539,158,445	1,382,110,581

As at 31 December 2020, the following facilities were available to the Group for lending:

(D) FACILITIES AVAILABLE FOR LENDING

GROUP AND BANK

SHORT-TERM FACILITIES	FACILITIES AVAILABLE USD	FACILITIES UTILISED USD	FACILITIES UNUTILISED USD
LENDER			
Syndicated Loan- Middle First Abu Dhabi Bank PJSC	468,989,865	468,989,865	-
Global Syndication 2020	450,000,000	450,000,000	-
Syndicated Loan - Asia (I)	400,000,000	400,000,000	-
Global Syndication 2018	260,000,000	260,000,000	-
Syndicated Loan - Asia (II)	225,000,000	225,000,000	-
ING Bank	150,111,327	-	150,111,327
Standard Chartered Bank London	150,000,000	50044309.9	99,955,690
The Bank of Tokyo Mitsubishi UFJ, Ltd	150,000,000	150,000,000	-
Samurai Syndication	123,783,324	123,783,324	-
Citibank	120,000,000	25364349.03	94,635,651
CDC Group	100,000,000	100,000,000	-
Mashreq Bank	100,000,000	-	100,000,000
Societe Generale	95,000,000	-	95,000,000
Mauritius Commercial Bank	90,000,000	-	90,000,000
Standard Bank South Africa	90,000,000	-	90,000,000
Mizuho Bank London	80,000,000	40,000,000	40,000,000
BNP Paribas Group	75,000,000	-	75,000,000

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

(D) FACILITIES AVAILABLE FOR LENDING (CONTINUED)

GROUP AND BANK

SHORT-TERM FACILITIES (CONTINUED)	FACILITIES AVAILABLE USD	FACILITIES UTILISED USD	FACILITIES UNUTILISED USD
LENDER (CONTINUED)			
NORFUND	50,611,417	50,611,417	-
Sumitomo Mitsui Banking Corporation Euro	50,000,000	-	50,000,000
Rand Merchant Bank	50,000,000	--	50,000,000
Nedbank	50,000,000	50,000,000	-
BHF Bank	36,889,500	-	36,889,500
Emirates NBD Group	35,000,000	-	35,000,000
Africa 50 Financement de Projets	31,903,540	31903540	-
KBC Bank	30,741,250	2,410,702	28,330,548
Natixis	30,000,000	-	30,000,000
Absa Bank	20,000,000	-	20,000,000
KfW IPEX	20,000,000	20,000,000	-
DZ Bank	15,158,226	-	15,158,226
Banque de Commerce de placement	8,828,500	-	8,828,500
African Trade Insurance Agency- Staff pension	5,550,673	5,550,673	-
TOTAL	3,562,567,622	2,453,658,180	1,108,909,442

GROUP AND BANK

LONG TERM FACILITIES	FACILITIES AVAILABLE USD	FACILITIES UTILISED USD	FACILITIES UNUTILISED USD
LENDER			
Eurobond	750,000,000	750,000,000	-
Eurobond	700,000,000	700,000,000	-
Japan Bank for International Corporation (JBIC)	430,000,000	7,275,000	422,725,000
World Bank Facility	415,000,000	-	415,000,000
MIGA Guaranteed Syndicated	391,673,407	391,673,407	-
African Development Bank	330,000,000	330,000,000	-
The Exim -Import Bank of China	250,000,000	250,000,000	-
Agence Francaise De Development (AFD)	225,000,000	75,000,000	150,000,000
European Investment Bank (EIB)	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 (IDC)	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	-
The Export-Import Bank of Korea (KEXIM)	100,000,000	-	100,000,000
Development Bank of South Africa (DBSA)	95,000,000	95,000,000	-
Development Bank of the Republic of Belarus (DBRB)	70,000,000	21,477,535	48,522,465
Cassa Depositi e Prestiti (CDP)	61,482,500	61,482,500	-
Private Export Funding Corporation (PEFCO)	60,000,000	60,000,000	-
Opec Fund for International Development (OFID)	60,000,000	60,000,000	-
Finnish Export Credit (FEC)-Sumitomo Mitsui Banking Corporation (SMBC)	56,811,725	53,932,708	2,879,017
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

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

(D) FACILITIES AVAILABLE FOR LENDING (CONTINUED)

	GROUP AND BANK		
LONG TERM FACILITIES (CONTINUED)	FACILITIES AVAILABLE USD	FACILITIES UTILISED USD	FACILITIES UNUTILISED USD
LENDER (CONTINUED)			
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V (FMO)	44,400,000	-	44,400,000
Oesterreichische Entwicklungsbank AG	25,000,000	25,000,000	-
Arab Bank for Economic Development in Africa(BADEA)	15,000,000	15,000,000	-
African Economic Research Consortium(AEREC)	2,993,975	2,993,975	-
Exim Bank USA	No limit	-	-
	4,985,585,588	3,618,212,735	1,367,372,853
TOTAL FACILITIES	8,548,153,210	6,071,870,915	2,476,282,295

Note:

Facilities utilised include outstanding letters of credit amounting to USD 279,740,762 (December 2019: USD 349,268,107) as disclosed in note 39(b).

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

	GROUP AND BANK		
SHORT-TERM FACILITIES	FACILITIES AVAILABLE USD	FACILITIES UTILISED USD	FACILITIES UNUTILISED USD
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
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

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

(D) FACILITIES AVAILABLE FOR LENDING (CONTINUED)

	GROUP AND BANK		
SHORT-TERM FACILITIES (CONTINUED)	FACILITIES AVAILABLE USD	FACILITIES UTILISED USD	FACILITIES UNUTILISED USD
LENDER (CONTINUED)			
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

	GROUP AND BANK		
LONG TERM FACILITIES	FACILITIES AVAILABLE USD	FACILITIES UTILISED USD	FACILITIES UNUTILISED USD
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

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	LEVEL 4 USD
At 31 December 2020:				
ASSETS				
Net derivative financial instruments	-	-	-	-
Investment in Trade Fund	-	52,327,417	-	52,327,417
Equity investments at fair value through other comprehensive income	-	-	53,987,118	53,987,118
Investment in joint venture	-	-	317,011	317,011
	-	52,327,316	54,304,129	106,631,546
LIABILITIES				
Net derivative financial instruments	-	41,329,500	-	-
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

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

Transfers between Level 1, 2 and Level 3:

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

Valuation of financial Instruments recorded at fair value:

The Group uses widely recognised valuation models for determining fair values of interest rate swaps, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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 2020			As at 31 December 2019		
	REALISED USD	UNREALISED USD	TOTAL (LOSSES) USD	REALISED USD	UNREALISED USD	TOTAL (LOSSES) USD
ASSETS						
Equity investments – at fair value through other comprehensive income	-	2,803,020	2,803,020	-	(465,000)	(465,000)

Quantitative information of significant unobservable inputs – Level 3:

GROUP AND BANK

	VALUATION TECHNIQUE	UNOBSERVABLE INPUT	RANGE (WEIGHTED AVERAGE)	2020 USD	2019 USD
Equity investments – at fair value through other comprehensive income	Equity method-% of net assets	Professional Investment Managers Valuation	N/A	53,987,118	51,135,850

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:

GROUP AND BANK

	INPUT	SENSITIVITY USED	2020 USD	2019 USD
Equity investments – at fair value through other comprehensive income	Professional Investment Managers Valuation	5%	2,699,356	2,556,793

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

37. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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	
	2020 USD	2019 USD
At start of year	51,135,850	51,521,730
FV gains and losses	2,803,020	(465,000)
Additions	48,248	79,120
At end of year	53,987,118	51,135,850

38. SEGMENT REPORTING

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

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

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

The Bank's main coverage areas are:

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

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

38. SEGMENT REPORTING (CONTINUED)

(A) STATEMENT OF PROFIT OR LOSS AND OTHER 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 31 December 2020									
Interest income	127,000,079	105,420,632	69,779,086	11,662,563	45,577,117	359,439,477	75,844,452	-	435,283,929
Interest expense and other borrowing costs	(60,450,946)	(48,653,462)	(34,038,636)	(5,642,840)	(21,095,680)	(169,881,564)	(35,846,296)	-	(205,727,860)
Net interest income	66,549,133	56,767,170	35,740,450	6,019,723	24,481,437	189,557,913	39,998,156	-	229,556,069
Fee and commission income	11,110,996	5,322,663	21,640,577	5,649,453	8,043,677	51,767,366	-	-	51,767,366
Fair value gains on financial assets - derivatives	-	-	-	-	-	-	14,200,217	-	14,200,217
Net Trading Income	77,660,129	62,089,833	57,381,027	11,669,176	32,525,114	241,325,279	54,198,372	-	295,523,652
Risk Mitigation Costs	(15,661,808)	(5,548,313)	(9,045,576)	-	-	(30,255,697)	(5,830,016)	-	(36,085,713)
Other Income	4,490,627	-	866,144	-	-	5,356,771	684,501	770,882	6,812,154
Depreciation and amortisation	-	-	-	-	-	-	(2,299,779)	-	(2,299,779)
Operating expenditure	(915,832)	(660,234)	(745,965)	(702,042)	(3,495,126)	(6,519,199)	(35,596,213)	(46,592)	(42,162,004)
Impairment allowance on loans	(19,343,091)	(10,507,415)	(19,745,055)	(6,293,034)	(4,710,143)	(60,598,738)	-	-	(60,598,738)
Impairment on other assets	-	-	-	-	-	-	(363,754)	-	(363,754)
Net foreign exchange loss	-	-	-	-	-	-	(3,211,459)	-	(3,211,459)
Profit before taxation	46,230,025	45,373,871	28,710,575	4,674,100	24,319,845	149,308,416	7,581,653	724,290	157,614,359
Taxation charge	-	-	-	-	-	-	-	3,494	3,494
PROFIT FOR THE YEAR	46,230,025	45,373,871	28,710,575	4,674,100	24,319,845	149,308,416	7,581,653	727,784	157,617,853

38. SEGMENT REPORTING (CONTINUED)

(A) STATEMENT OF PROFIT OR LOSS AND OTHER 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	SUBSIDIARY USD	CONSOLIDATED/ BANK TOTAL USD
For the year ended 31 December 2019									
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)	(3,941,501)	-	(35,979,543)
Other Income	2,449,063	-	2,910,000	-	-	5,359,063	650,739	272,968	6,282,770
Depreciation and amortisation	-	-	-	-	-	-	(1,956,380)	-	(1,956,380)
Operating expenditure	(963,651)	(553,993)	(541,216)	(945,118)	(3,351,349)	(6,355,327)	(32,361,648)	(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)	-	-	(41,485,622)
Impairment on other assets	-	-	-	-	-	-	(3,755)	-	(3,755)
Net foreign exchange loss	-	-	-	-	-	-	(3,682,116)	(5)	(3,682,121)
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)	(137,817)	151,533,059

38. SEGMENT REPORTING (CONTINUED)

(A) STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	TRADE FINANCE USD	PROJECT FINANCE USD	OTHER USD	SUBSIDIARY USD	TOTAL USD
Year ended 31 December 2020					
Gross interest income	189,196,103	170,243,373	75,844,453	-	435,283,929
Interest expense and other borrowing costs	(6,800,636)	(120,827,274)	(78,099,950)	-	(205,727,860)
Net interest income	182,395,467	49,416,099	(2,255,497)	-	229,556,069
Fee and commission income	35,117,126	16,650,240	-	-	51,767,366
Fair value gains on financial assets – derivatives	14,200,217	-	-	-	14,200,217
Risk mitigation costs	(26,348,285)	(6,634,744)	(3,102,684)	-	(36,085,713)
Other income	-	-	684,501	770,882	1,455,383
Other assets written-off	(294,921)	(68,832)	-	-	(363,753)
Other assets recovered	-	5,356,771	-	-	5,356,771
Operating expenses	(34,665,539)	(7,449,873)	-	(46,592)	(42,162,004)
Depreciation and amortisation	(1,928,297)	(371,482)	-	-	(2,299,779)
Impairment on assets	(40,639,517)	(17,948,206)	(29,525)	-	(58,617,248)
Impairment on off-balance sheet commitments	(1,981,491)	-	-	-	(1,981,491)
Net foreign exchange loss	(2,024,439)	-	(1,187,020)	-	(3,211,459)
Profit before taxation	123,830,321	38,949,973	(5,890,225)	724,290	157,614,359
Taxation charge	-	-	-	3,494	3,494
Profit for the year	123,830,321	38,949,973	(5,890,225)	727,784	157,617,853
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	92,126,768	52,906,108	6,638,000	(137,817)	151,533,059
Taxation charge	-	-	-	(3,494)	(3,494)
Profit for the year	92,126,768	52,906,108	6,638,000	(141,311)	151,529,565

38. SEGMENT REPORTING (CONTINUED)

(B) REVENUE FROM MAJOR GROUPS

GROUP AND BANK

	2020 USD	2019 USD
Groups contributing 10% or more of revenue	179,686,861	196,183,199
All other customers	307,364,434	281,933,505
Total Revenue	487,051,295	478,116,704

(C) STATEMENT OF FIANCIAL POSITION

GROUP AND BANK

	TRADE FINANCE USD	PROJECT FINANCE USD	OTHER USD	SUBSIDIARY USD	TOTAL USD
As at 31 December 2020					
ASSETS					
Cash and balances held with other banks	29,369,779	-	1,509,788,666	765,772	1,539,924,217
Investment in Government securities	120,928,084	-	-	-	120,928,084
Investment in Trade Fund	52,327,317	-	-	100	52,327,417
Other receivables	-	-	136,817,962	73,608	136,891,570
Trade finance loans	3,084,634,815	-	-	-	3,084,634,815
Project loans	-	2,224,776,722	-	-	2,224,776,722
Equity investments at fair value other comprehensive income	-	53,987,118	-	-	53,987,118
Investment in Joint Ventures	-	317,010	-	-	317,010
Property and equipment	-	-	29,331,571	-	29,331,571
Right of use asset	-	-	3,348,569	-	3,348,569
Intangible assets	-	-	1,998,699	-	1,998,699
Total assets	3,287,259,995	2,279,080,850	1,681,285,467	839,480	7,248,465,792
LIABILITIES					
Short term borrowings	2,407,476,876	-	-	-	2,407,476,876
Long term borrowings		3,051,524,280	-	-	3,051,524,280
Derivative financial instruments	41,329,500	-	-	-	41,329,500
Collection account deposits	93,275,106	-	-	-	93,275,106
Lease Liability	-	-	1,087,250	-	1,087,250
Provision for service and leave pay	-	-	9,957,779	-	9,957,779
Other payables	-	-	86,003,099	13,781	86,016,880
Total liabilities	2,542,081,482	3,051,524,280	97,048,128	13,781	5,690,667,671
Equity	-	-	1,557,362,096	-	1,557,433,080
Non-controlling interest	-	-	-	436,025	436,025
Total equity	-	-	1,557,362,096	436,025	1,557,798,121
Total Liabilities and equity	2,542,081,482	3,051,524,280	1,654,410,224	449,806	7,248,465,792

38. SEGMENT REPORTING (CONTINUED)

(C) STATEMENT OF FIANCIAL POSITION (CONTINUED)

GROUP AND BANK

	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	-	24,683,063
Right of use asset	-	-	3,912,012	-	3,912,012
Intangible assets	-	-	1,998,002	-	1,998,002
Total assets	3,034,202,768	2,157,790,443	1,499,027,887	400,411	6,691,421,509
LIABILITIES					
Short term borrowings	2,465,247,997	-	-	-	2,465,247,997
Long term borrowings	-	2,591,528,898	-	-	2,591,528,898
Collection account deposits	95,822,611	-	-	-	95,822,611
Lease Liability		-	1,520,467	-	1,520,467
Provision for service and leave pay	-	-	8,551,510	-	8,551,510
Other payables	-	-	138,604,970	127,817	138,732,787
Current tax payable	-	-	-	3,494	3,494
Total liabilities	2,561,070,608	2,591,528,898	148,676,947	131,311	5,301,407,764
Equity	-	-	1,389,814,629	112,375	1,389,927,004
Non-controlling interest	-	-	-	86,741	86,741
Total equity	-	-	1,389,814,629	199,116	1,390,013,745
Total liabilities and equity	2,561,070,608	2,591,528,898	1,538,491,576	330,427	6,691,421,509

39. CONTINGENT LIABILITIES AND COMMITMENTS

GROUP AND BANK

	2020 USD	2019 USD
(A) APPROVED CAPITAL EXPENDITURE		
Approved but not contracted	20,374,471	22,883,600
Approved and contracted	983,312	508,418
(B) LOANS COMMITTED BUT NOT DISBURSED		
Project finance loans	251,982,800	490,097,321
Trade finance loans	248,476,824	184,214,397
	500,459,624	674,311,718

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

39. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

		GROUP AND BANK 2020 USD	2019 USD
Letters of credit loans	- Project finance	2,283,939	2,286,780
	- Trade finance loans	277,456,823	346,981,327
		279,740,762	349,268,107
Guarantees		39,258,744	69,186,744
		318,999,506	418,454,851

(C) PENDING LITIGATION

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

As at 31 December 2020, there were no material legal proceedings involving the Group (December 2019 – NIL). No provision has been made as, in the opinion of the Directors and the Group's lawyers, it is unlikely that any significant loss will crystallise.

40. RELATED PARTY TRANSACTIONS

(A) MEMBERSHIP AND GOVERNANCE

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

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

(B) LOANS TO MEMBER STATES	GROUP AND BANK 2020 USD	2019 USD
Outstanding loans at start of year	2,397,403,823	1,802,387,616
Loans disbursed during the year	303,859,892	1,012,848,585
Loans repaid during the year	(171,517,284)	(417,832,378)
Outstanding loan balances at end of year	2,529,746,431	2,397,403,823

Loans to related parties are subject to commercial negotiations on the terms and conditions of varying interest rates and terms. Outstanding balances at 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 (2019: Nil). General provisions have been raised as applicable.

(C) BORROWINGS FROM MEMBERS	GROUP AND BANK 2020 USD	2019 USD
Outstanding borrowings at start of year	207,499,999	158,746,264
Borrowings received during the year	5,014,284	69,807,613
Borrowings repaid during the year	(23,764,284)	(21,053,878)
Outstanding balances at end of year	188,749,999	207,499,999

40. RELATED PARTY TRANSACTIONS (CONTINUED)

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.

(D) INCOME AND EXPENSES	GROUP AND BANK 2020 USD	2019 USD
Interest income from loans to Member States earned during the year	228,237,210	180,127,858
Interest expense on borrowings from Member States incurred during the year	(9,067,346)	(9,367,901)
Fees and commission earned from Member States during the year	14,794,113	20,406,465

(E) OTHER RELATED PARTIES

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

	GROUP AND BANK 2020 USD	2019 USD
Salaries and other short-term benefits	4,508,747	4,340,442
Post-employment benefits: Defined contribution: Provident Fund	250,496	266,610
Board of Directors and Board of Governors allowances	113,730	359,819
Other long-term employee benefits	620,371	671,857
	5,493,344	5,638,728

(F) SHARE CAPITAL

During the year, Class 'B' shares with a value of USD 4,161,680 (December 2019: USD 1,176,054) were issued to the TDB Staff Provident Fund and to TDB Directors and Select Stakeholder Provident Fund while Class 'B' shares with a value of USD 4,338,483 (December 2019: NIL) matured and were retired.

41. CURRENCY

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

	2020	2019
British Pound	0.7351	0.7623
Euro	0.8132	0.8926
United Arab Emirates Dirham	3.6726	3.6729
South Africa Rand	14.6928	14.1017
Zambian Kwacha	21.1186	13.9600
Ethiopian Birr	39.3369	31.9500
Mauritian Rupee	39.5010	36.4408
Sudanese Pound	55.2750	47.6100
Zimbabwe Dollar	81.7861	16.7394
Japanese Yen	103.1371	108.8050
Kenya Shilling	109.1800	101.3950
Malawi Kwacha	772.1772	732.7564
Burundi Franc	1,923.0000	1,866.0000
Tanzania Shilling	2,319.0000	2,281.6000
Uganda Shilling	3,647.7950	3,662.2500

42. IMPACT OF COVID-19

From the beginning of the year 2020, the global economy has been adversely affected by the outbreak of the novel coronavirus of 2019 ("COVID-19"), which was declared a pandemic by the World Health Organisation. The COVID-19 pandemic resulted in a global economic downturn that had an adverse impact on 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 impacted the regional economies.

The Group has implemented support measures to Customers impacted by Covid-19 through repayment deferral arrangements that were deemed continuation of customers' existing loans and were therefore accounted for as non-substantial loan modifications. The Credit model inputs and assumptions including forward looking macro-economic assumptions were in response to the Covid-19 Pandemic with the fundamental credit model mechanics and methodology underpinning the Group's calculation of ECL remaining consistent with prior periods.

Overall sovereign creditworthiness remains unaffected in the interim, but resilience may wane as economic growth rates decline, and revenue targets remain unmet. The Bank's gross portfolio exposure to Sovereigns including public enterprises at USD 3.5 billion constitute 64% of the portfolio (December 2019: USD 3.60 billion - 67%,). The affected sectors in 2020 are transport(aviation), hospitality, agribusiness, and manufacturing. This was due to logistical delays, travel bans and government lockdowns, adversely impacting supply and demand. Modified loans in the affected sectors total USD 220.83 million, constituting 4.03% of gross exposure as at 31st December 2020. From a credit perspective, the Bank continues to identify sectors and clients that have been affected, and this has resulted in modification of certain loan assets. The impact arising from these modifications is disclosed in Note 43(a).

The Bank continues to conduct periodic stress tests on its loan assets to assess requisite levels of preparedness, magnitude, and potential negative impact to continue monitoring the risks and the on-going impacts from COVID-19 on its clients. 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 still impact the Bank's profitability for the year ending 31 December 2021 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.

Significant judgement and estimates impacted by COVID-19

(A) IMPAIRMENT PROVISIONS ON ADVANCES

Incorporating forward-looking information

Forward-looking information, including a detailed explanation of the scenarios and related probabilities considered in determining the group's forward-looking assumptions for the purposes of its expected credit loss (ECL) calculation, has been provided. Noting the wide range of possible scenarios and macroeconomic outcomes, and the relative uncertainty of the social and economic consequences of COVID-19, these scenarios represent reasonable and supportable forward-looking views as at the reporting date.

Significant increase in credit risk

The Group has not followed an overall blanket approach to the ECL impact of COVID-19 (where COVID-19 is seen as a significant increase in credit risk (SICR) trigger that will result in the entire portfolio of advances moving into their respective next staging bucket). A more systematic and targeted approach to the impact of COVID-19 on the customer base is being undertaken, which is in line with the group's existing policy documented in the group credit impairment framework.

(B) COVID-19 DEBT RELIEF MEASURES PROVIDED TO CUSTOMERS

Due to the COVID-19 pandemic and its resultant impact on different economies, a liquidity crisis was experienced by a large number of customers across the Group as disclosed in note 43(b). In order to assist customers, the Group provided various relief measures to customers. In the trade finance and project finance segments, these included the following:

- restructure of existing exposures with no change in the present value of the estimated future cash flows; and
- restructure of existing exposures with a change in the present value of the estimated future cash flows.

42. IMPACT OF COVID-19 (CONTINUED)

(B) COVID-19 DEBT RELIEF MEASURES PROVIDED TO CUSTOMERS (CONTINUED)

In order to determine the appropriate accounting treatment of the restructure of existing facilities and related additional disclosures required, the principles set out in accounting policy note 43(b) were applied.

(C) FAIR VALUE MEASUREMENT

The valuation techniques for fair value measurement of financial instruments have been assessed by the Management to determine the impact that the market volatility introduced by COVID-19 has had on the fair value measurements of these instruments.

When assessing the fair value measurement of financial instruments for this period, Management took into consideration inputs that are reflective of market participant input as opposed to Group-specific inputs.

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 sustainability 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 Risk Appetite Statement and risk management framework for measuring, monitoring, controlling and mitigation of the Group's risks. The policies are integrated in the overall management information systems of the Group and supplemented by a management reporting structure.

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

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 are 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.

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 risks and country risks. 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 2020.

Risk Management Policies and Processes

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

The risk management policies and processes are designed to identify, measure, manage and control credit risk throughout the credit cycle. The lending process follows a formalised system of strict procedures and processes and committee-based decision-making processes. There is segregation of duties in the various decision-making processes distinct from the deal teams to enhance the independence of due diligence.

Client-Specific Risk

The Group uses credit assessment and risk profiling systems, including borrower and facility 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 tangible collateral, personal and corporate guarantees, and other acceptable credit enhancements. 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 and factors which may have an adverse impact on the credit quality of its borrowers. To mitigate such risks, the Group uses prudent country exposure limit management policies. In addition, the Group considers the economic, social and political profile of the country in which the investment project is domiciled before approval is granted. The investment proposal is also loaded with the risk premium that reflects the risk rating of the host country.

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

Credit-related commitment risks

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

Credit quality

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

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) CREDIT RISK (CONTINUED)

Credit quality (continued)

	31 DECEMBER 2020				31 DECEMBER 2019			
	STAGE 1 USD	STAGE 2 USD	STAGE 3 USD	TOTAL USD	STAGE 1 USD	STAGE 2 USD	STAGE 3 USD	TOTAL USD
PROJECT FINANCE LOANS								
Pass/Acceptable	1,871,236,148	-	-	1,871,236,148	1,927,357,463	-	-	1,927,357,463
Special mention	-	353,207,345	-	353,207,345	-	171,275,360	-	171,275,360
Substandard, Doubtful & Loss	-	-	67,820,124	67,820,124	-	-	48,362,733	48,362,733
	1,871,236,148	353,207,345	67,820,124	2,292,263,617	1,927,357,463	171,275,360	48,362,733	2,146,995,556
Loss Allowance	(2,697,363)	(31,725,588)	(33,063,944)	(67,486,895)	(4,611,448)	(8,649,252)	(27,397,273)	(40,657,973)
Carrying Amount	1,868,538,785	321,481,757	34,756,180	2,224,776,722	1,922,746,015	162,626,108	20,965,460	2,106,337,583
TRADE FINANCE LOANS								
Pass/ acceptable	2,899,754,462	-	-	2,899,754,462	2,711,660,871	-	-	2,711,660,871
Special mention	-	192,006,952	-	192,006,952	-	153,870,032	-	153,870,032
Substandard, Doubtful & Loss	-	-	89,735,648	89,735,648	-	-	70,115,393	70,115,393
	2,899,754,462	192,006,952	89,735,648	3,181,497,062	2,711,660,871	153,870,032	70,115,393	2,935,646,296
Loss Allowance	(18,082,726)	(6,862,240)	(71,917,281)	(96,862,247)	(1,387,516)	(4,860,111)	(64,231,748)	(70,479,375)
Carrying Amount	2,881,671,736	185,144,712	17,818,367	3,084,634,815	2,710,273,355	149,009,921	5,883,645	2,865,166,921
UNDISBURSED COMMITMENTS								
Pass/ Acceptable	480,882,880	-	-	480,882,880	607,732,507	-	-	607,732,507
Special mention	21,274,601	-	-	21,274,601	-	-	-	-
	502,097,481	-	-	502,097,481	607,732,507	-	-	607,732,507
Loss Allowance	(1,936,873)	-	-	(1,936,873)	(864,399)	-	-	(864,399)
Carrying Amount	500,160,608	-	-	500,160,608	606,868,108	-	-	606,868,108
LETTERS OF CREDIT								
Pass/acceptable	51,288,857	-	-	51,288,857	158,138,671	-	-	19,121,521
	51,288,857	-	-	51,288,857	158,138,671	-	-	158,138,671
Loss Allowance	(44,617)	-	-	(44,617)	(149,839)	-	-	(149,839)
Carrying Amount	51,247,240	-	-	51,247,240	157,988,832	-	-	157,988,832

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) CREDIT RISK (CONTINUED)

Credit quality (continued)

	31 DECEMBER 2020				31 DECEMBER 2019			
	STAGE 1 USD	STAGE 2 USD	STAGE 3 USD	TOTAL USD	STAGE 1 USD	STAGE 2 USD	STAGE 3 USD	TOTAL USD
TOTAL OFF-BALANCE SHEET ITEMS								
Pass/ Acceptable	532,171,737	-	-	532,171,737	765,871,178	-	-	765,871,178
Special mention	21,274,601	-	-	21,274,601	-	-	-	-
	553,386,338	-	-	553,386,338	765,871,178	-	-	765,871,178
Loss Allowance	(1,981,490)	-	-	(1,981,490)	(1,014,238)	-	-	(1,014,238)
Carrying Amount	551,404,848	-	-	551,404,848	764,856,	-	-	764,856,

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) CREDIT RISK (CONTINUED)

Maximum Exposure to Credit Risk before Collateral Held:

CREDIT EXPOSURES	GROUP AND BANK			
	2020 USD	%	2019 USD	%
ON – STATEMENT OF FINANCIAL POSITION ITEMS				
Cash and Balances held with other banks	1,539,924,217	21	1,382,403,564	20
Investment in Government securities	120,928,084	2	44,897,636	1
Investment in Trade Fund	52,327,417	1	49,997,089	1
Other receivables	100,041,405	1	71,725,697	1
Derivative financial instruments	-		40,049,341	1
Loans and advances	5,473,760,679	75	5,082,641,852	76
- Project loans	2,292,263,617		2,146,995,556	
- Trade finance loans	3,181,497,062		2,935,646,296	
Sub Total	7,286,981,802	100	6,671,715,179	100
OFF – STATEMENT OF FINANCIAL POSITION ITEMS				
Letters of Credit	279,740,762	34	349,268,107	32
Loan commitments not disbursed	500,459,624	61	674,311,718	62
Guarantees and Performance bonds	39,258,744	5	69,186,744	6
Sub Total	819,459,130	100	1,092,766,569	100
Total Credit Exposure	8,106,440,931		7,764,481,748	

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 77.63% in 2020 (December 2019 – 79.54%) of the total maximum credit exposure.

Other than cash and bank balances amounting to USD 1,539,924,217 (December 2019 - USD 1,382,403,564) Investment in government securities of USD 120,928,084 (December 2019 - USD 44,897,636) and investment in the trade fund of USD 52,327,417 (December 2019 - USD 49,997,089), all other credit risk exposures are secured by collateral in the form of cash liens, mortgages on land and buildings, securities charged over plant and machinery and third party guarantees.

As at 31 December 2020, the fair value of collateral held for impaired loans and advances was USD 165,930,368 (December 2019 – USD 102,156,645) and the gross impaired loans exposure was USD 157,555,772(December 2019-USD 118,478,127).

Collateral Held

In addition to its rigorous credit risk assessments, the Group seeks to protect its interests in the event of unpredictable and extreme factors that negatively affect the borrower's capacity to service the Group's loan by calling for credit enhancement arrangements in need. In this regard, the Group calls for security such as mortgage interest on property, registered securities over financed or third-party assets and guarantees as well as credit insurance in need. 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 counterparties. In addition, the Group places limits on counter-party exposures which are set, monitored, and reviewed by the Bank-Wide Integrated Risk Management Committee.

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) CREDIT RISK (CONTINUED)

COLLATERAL HELD FOR LOAN PORTFOLIO	GROUP AND BANK 2020 USD	2019 USD
(I) TOTAL PORTFOLIO		
Mortgages on properties	406,496,444	349,615,291
Fixed charge on plant and equipment	561,480,756	420,609,012
Cash security deposits	982,877,837	936,482,697
Sovereign undertakings	68,675,652	141,549,070
Insurance and Guarantees	2,564,069,192	2,494,249,874
Other floating all asset debenture	905,229,843	601,852,034
Total security cover	5,488,829,724	4,944,357,978
Gross portfolio	(5,473,760,679)	(5,082,641,852)
Net Cover	15,069,045	(138,283,874)
(II) LOANS NOT IMPAIRED		
Mortgages on properties	317,924,250	284,512,453
Fixed charge on plant and equipment	536,910,970	416,039,226
Cash security deposits	982,307,661	935,889,800
Sovereign undertakings	67,175,652	141,549,070
Insurance and Guarantees	2,513,581,778	2,462,358,750
Other floating all asset debenture	904,999,044	601,852,034
Total security cover	5,322,899,355	4,842,201,333
Gross portfolio	(5,316,204,907)	(4,964,163,725)
Net cover	6,694,448	(121,962,392)
(III) IMPAIRED LOANS		
Mortgages on properties	88,572,194	65,102,838
Fixed charge on plant and equipment	24,569,786	4,569,786
Insurance and Guarantees	570,176	31,891,124
Cash security deposits	1,500,000	592,897
Sovereign undertakings	50,487,414	-
Other	230,798	
Total security cover	165,930,368	102,156,645
Gross portfolio	(157,555,772)	(118,478,127)
Net cover	8,374,596	(16,321,482)

Inputs, assumptions, and techniques used for estimating impairment

Significant Increase in Credit Risk

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

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

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

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) CREDIT RISK (CONTINUED)

Credit Risk Classification

The Group allocates each exposure to a credit risk classification 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.

GRADING:	12-MONTH WEIGHTED AVERAGE PD
TRADE FINANCE LOANS	
Very Low risk	0.11%
Low risk	
Moderate risk	6.46%
High risk	
Substandard	100%
PROJECT FINANCE LOANS	
Very Low risk	0.37%
Low risk	
Moderate risk	19.61%
High risk	
Substandard	100%
Bad & Doubtful	
Loss	

Determining Whether Credit Risk Has Increased Significantly

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

Currently, the Group will deem the credit risk of a particular exposure to have increased significantly since initial recognition based on a loan being rated as LCC 3 and LCC 4 or being in arrears for a period of 31 to 89 days for corporates and up to 179 days for sovereigns.

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

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) CREDIT RISK (CONTINUED)

Definition of Default

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

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- the borrower has a risk classification of LCC 5,6 and 7; or
- the borrower is:
  - more than 90 days past due on any material credit obligation to the Group for corporate borrowers
  - more than 180 days past due on any material credit obligation to the group for sovereign borrowers, and as approved by the Board of Directors.

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, material deterioration of PD and cash flow coverage since origination, and non-payment of another obligation of the same issuer to the Group; and
- based on empirical 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.

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.

Restructured and Modified Loans

The contractual terms of a loan may be restructured or 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.

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) CREDIT RISK (CONTINUED)

Restructured and Modified Loans (continued)

When the terms of a financial asset are modified, and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of the borrower's initial credit risk assessment and the current assessment at the point of modification.

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

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

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

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

Restructured

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

Modified

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

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

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

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) CREDIT RISK (CONTINUED)

Restructured and Modified Loans (continued)

GROUP AND BANK

	2020			2019
	RESTRUCTURED USD	COVID-19 MODIFIED USD	TOTAL USD	RESTRUCTURED USD
Gross carrying amount before restructuring	36,525,112	216,055,980	252,581,092	78,998,101
Loss allowance before restructuring	(1,104,339)	(874,338)	(1,978,677)	-
Net amortised cost before restructuring	35,420,773	215,181,642	250,602,415	78,998,101
Net restructuring gain/(loss)	1,416,502	5,652,870	7,069,372	(159,793)
Net amortised cost after restructuring	36,837,275	220,834,512	257,671,787	78,838,308
ANALYSIS OF GROSS AMOUNTS BY SECTOR				
Manufacturing	7,489,651	60,440,161	67,929,812	71,965,590
Agribusiness	-	88,507,215	88,507,215	-
Hospitality	3,288,129	5,718,683	9,006,812	-
Banking and Financial Services	-	2,507,028	2,507,028	-
Transport	5,822,453	-	5,822,453	-
Construction	15,661,080	-	15,661,080	-
Oil & gas	4,575,962	-	4,575,962	-
Other	-	63,661,425	63,661,425	7,032,511
	36,837,275	220,834,512	257,671,787	78,998,101
ANALYSIS OF GROSS AMOUNTS BY PRODUCT				
Project Finance loans	16,600,234	138,898,077	155,498,311	71,965,590
Trade Finance loans	20,237,041	81,936,435	102,173,476	7,032,511
	36,837,275	220,834,512	257,671,787	78,998,101

Impact of the Covid-19 modifications on the ECL:

	BALANCE ON MODIFICATION USD	PV OF MODIFIED CASHFLOWS USD	MODIFICATION GAIN USD	IMPAIRMENT AT 31 DECEMBER 2020 USD	IMPAIRMENT AT 31 DECEMBER 2019 USD
	211,162,326	220,834,512	9,672,186	14,414,360	2,476,080

The Bank has continued to accrue interest on these facilities.

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

If the loans that have been restructured due to the impact of COVID were reclassified to Stage 3 loans, there would be no impact on the impairment charge because the value of collateral on the loans is higher than the loan exposures by USD 102.95 million.

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 the rating of the support provider and the nature of support as applicable as well forward-looking information as described above.

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) CREDIT RISK (CONTINUED)

Inputs into Measurement of ECLs

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, Preferred Creditor Status consideration and the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral quality, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are calibrated for different collateral types by applying haircuts to adjust the market value of collateral to best reflect the amounts recoverable. The collateral values to consider are calculated on a discounted cash flow basis using the effective interest.

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

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

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

- Product type; and
- Industry.

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

ECL Sensitivity Analysis

If the loans categorised as stage 2 were to increase by 5% as of December 2020, the ECL would increase by 5.05%.

If all loans that have been renegotiated were deemed to have suffered a significant increase in credit risk and were moved from stage 1 to stage 2 the ECL would increase by 0.29%.

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) CREDIT RISK (CONTINUED)

Amount arising from ECL

Loss allowance

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

	STAGE 1 USD	STAGE 2 USD	STAGE 3 USD	TOTAL USD
As at 31 December 2020:				
PROJECT FINANCE LOANS				
Balance at 1 January	4,611,444	8,649,253	27,397,276	40,657,973
Transfer to 12 months ECL	2,070,496	(2,070,496)	-	-
Transfer to Lifetime ECL not credit impaired	(314,096)	314,096	-	-
Transfer to Lifetime ECL credit impaired	(242)	(600,377)	600,618	-
Net re-measurement of Loss allowance	(3,753,243)	25,433,112	11,257,399	32,937,268
Net financial assets originated	85,918	-	-	85,918
Financial assets derecognized*	(2,914)	-	(6,191,350)	(6,194,264)
Balance at 31 December	2,697,363	31,725,588	33,063,944	67,486,895
TRADE FINANCE LOANS				
Balance at 1 January	1,387,518	4,860,111	64,231,746	70,479,375
Transfer to 12 months ECL	-	-	-	-
Transfer to Lifetime ECL not credit impaired	(16,334)	16,334	-	-
Transfer to Lifetime ECL credit impaired	(15,665)	-	15,665	-
Net of financial assets originated	16,545,375	1,000,316	7,669,870	25,215,561
Net remeasurement of loss allowance	183,181	1,160,799	-	1,343,980
Financial assets derecognised	(1,349)	(175,320)	-	(176,669)
Balance	18,082,726	6,862,240	71,917,281	96,862,247
UNDISBURSED COMMITMENTS – TRADE FINANCE				
Balance at 1 January	864,399	-	-	864,399
Transfer to Lifetime ECL not credit impaired	(53,653)	53,653	-	-
Net remeasurement of Loss allowance	(434,498)	1,276,417	-	841,919
Net financial assets originated	331,274	-	-	331,274
Financial assets derecognised	(100,719)	-	-	(100,719)
Balance at 31 December	606,803	1,330,070	-	1,936,873
LETTERS OF CREDIT – TRADE FINANCE				
Balance at 1 January	149,839	-	-	149,839
Net remeasurement of Loss allowance	(2,095)	-	-	(2,095)
Net financial assets originated	36,310	-	-	36,310
Financial assets derecognised	(139,437)	-	-	(139,437)
Balance at 31 December	44,617	-	-	44,617
Total Trade Finance - at 31 December 2020	18,734,146	8,192,310	71,917,281	98,843,737

*Project finance loans that have been derecognised as a result of write-off amount to USD 11.36 million whereas the ECL on the same amounts to USD 6.19 million. The total contractual amount outstanding on financial assets that were written off during the year and are still subject to enforcement activity is USD 11.36 million.

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) CREDIT RISK (CONTINUED)

Amount arising from ECL (continued)

Loss allowance (continued)

	STAGE 1 USD	STAGE 2 USD	STAGE 3 USD	TOTAL USD
As at 31 December 2019:				
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	614,980	5,739,727	1,661,343	8,016,050
Net financial assets originated	2,415,388	-	-	2,415,388
Financial assets derecognised	(8,992)	(123,997)	-	(132,989)
Balance at 31 December	4,611,448	8,649,252	27,397,273	40,657,973
TRADE FINANCE LOANS				
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	(1,415,783)	3,824,508	22,923,190	25,331,915
Financial assets derecognized*	(10,918)	-	(35,244,355)	(35,255,273)
Balance at 31 December	1,387,516	4,860,111	64,231,748	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.

	31 DECEMBER 2020				31 DECEMBER 2019			
	STAGE 1 USD	STAGE 2 USD	STAGE 3 USD	TOTAL USD	STAGE 1 USD	STAGE 2 USD	STAGE 3 USD	TOTAL USD
PROJECT FINANCE LOANS								
Balance at 1 January	1,927,357,463	171,275,360	48,362,733	2,146,995,556	1,254,771,124	180,999,353	24,147,841	1,459,918,318
Transfer to 12 months ECL	31,933,404	(31,933,404)	-	-	2,868,676	(2,868,676)	-	-
Transfer to Lifetime ECL not credit impaired	(213,975,257)	213,975,257	-	-	(36,445,833)	36,445,833	-	-
Transfer to Lifetime ECL credit impaired	(643,676)	(21,367,414)	22,011,090	-	-	(33,878,560)	33,878,560	-
Net remeasurement of loss allowance	(153,140,664)	21,257,546	1,545,859	(130,337,259)	144,268,617	(2,272,590)	(9,663,668)	132,332,359
New financial assets originated	286,964,826	-	-	286,964,826	572,470,055	-	-	572,470,055
Financial assets derecognised*	(7,259,948)	-	(4,099,558)	(11,359,506)	(10,575,176)	(7,150,000)	-	(17,725,176)
Balance at year end	1,871,236,148	353,207,345	67,820,124	2,292,263,617	1,927,357,463	171,275,360	48,362,733	2,146,995,556
TRADE FINANCE LOANS								
Balance at 1 January	2,711,660,871	153,870,032	70,115,393	2,935,646,296	2,527,025,580	211,163,777	75,208,489	2,813,397,846
Transfer to 12 months ECL	(23,696,096)	23,696,096	-	-	-	-	-	--
Transfer to Lifetime ECL not credit impaired	(15,912,468)	-	15,912,468	-	(145,976,186)	145,976,186	-	-
Transfer to Lifetime ECL credit impaired	137,508,514)	19,437,595	3,707,787	160,653,896	-	(29,529,122)	29,529,122	-
Net remeasurement of loss allowance	91,500,07	-	-	91,500,097	289,126,191	(173,740,809)	(636,405)	114,748,977
Net financial assets originated	(1,596,298)	(4,706,928)	-	(6,303,227)	75,496,336	-	-	75,496,336
Financial assets derecognised	-	-	-	-	(34,011,050)	-	(33,985,813)	(67,996,863)
Balance at year end	2,899,464,620	192,296,794	89,735,648	3,181,497,062	2,711,660,871	153,870,032	70,115,393	2,935,646,296

*Project finance loans that have been derecognised as a result of write-off amount to USD 11.36 million whereas the ECL on the same amounts to USD 6.19 million. The total contractual amount outstanding on financial assets that were written off during the year and are still subject to enforcement activity is USD 11.36 million.

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) CREDIT RISK (CONTINUED)

Gross Loans and advances (continued)

	31 DECEMBER 2020				31 DECEMBER 2019			
	STAGE 1 USD	STAGE 2 USD	STAGE 3 USD	TOTAL USD	STAGE 1 USD	STAGE 2 USD	STAGE 3 USD	TOTAL USD
UNDISBURSED COMMITMENTS								
Balance at 1 January	607,732,507	-	-	607,732,507	566,479,040	2,457,056	-	568,936,096
Transfer to Lifetime ECL not credit impaired	(22,238,934)	22,238,934	-	-	-	-	-	-
Net financial assets originated or purchased	219,015,740	-	-	219,015,740	198,209,021	-	-	198,209,021
Net remeasurement of loss allowance	(239,883,753)	(964,333)	-	(240,848,086)	259,414,754	-	-	259,414,754
Financial assets derecognised	(83,802,410)	-	-	(83,802,410)	(416,370,306)	(2,457,056)	-	(418,827,362)
Balance at year end	480,823,150	21,274,601	-	502,097,751	607,732,509	-	-	607,732,509
LETTERS OF CREDIT								
Balance at 1 January	158,138,671	-	-	158,138,671	19,121,521	-	-	19,121,521
Net financial assets originated or purchased	39,258,744	-	-	39,258,744	153,654,028	-	-	153,654,028
Net remeasurement of loss allowance	10,051,493	-	-	10,051,493	(14,636,878)	-	-	(14,636,878)
Financial assets derecognized	(156,160,051)	-	-	(156,160,051)	-	-	-	-
Balance at year end	51,288,857	-	-	51,288,857	158,138,671	-	-	158,138,671

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 2020									
Agri- Business	1,039,514,697	19	186,827,928	23	(56,917,187)	(495,815,175)	(75,301,730)	598,308,533	18
Banking and Financial Services	563,884,220	10	246,496,727	30	(1,194,200)				
Construction	16,723,249	0	-	-	-	-	-	16,723,249	1
Energy	255,441,663	5	57,618,201	7	(8,243)	(6,249,864)	-	306,801,757	9
Health Services	19,696,499	0	13,064,655	2	-	-	-	32,761,155	1
Hospitality	41,185,547	1	10,749,731	1	-	-	-	51,935,278	2
ICT	186,756,199	3	-	-	(40,303,986)	-	-	146,452,213	4
Infrastructure	1,299,281,154	24	161,491,943	20	-	(525,000,000)	(200,000,000)	735,773,097	22
Manufacturing and Heavy Industries	205,769,658	4	5,000,000	1	-	-	-	210,769,658	6
Oil & Gas	1,586,717,040	29	8,209,946	1	(924,604,236)	(347,676,675)	-	322,646,075	10
Other	6,858,208	0	99,999,999	12	(16,161,816)	-	-	90,696,391	3
Real Estate	14,281,411	0	-	-	-	-	-	14,281,411	0
Transport	208,122,014	4	30,000,000	4	-	(72,531,499)	(774,318)	164,816,197	5
Wholesale Commodities	29,529,120	1	-	-	-	-	-	29,529,120	1
	5,473,760,679	100	819,459,130	100	(1,039,189,668)	(1,611,857,218)	(325,861,351)	3,316,311,574	100

**Off–statement of financial position items include loans approv d but not disbursed, o tstandi g letters of credit and g uarant es and performance b nds where applicable

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	-	-	-	-	-	-	15,912,468	1
Educaation	585,293	-	-	-	-	-	-	585,293	0
Energy	227,641,858	4	98,889,990	9	(607,837)	(13,320,937)	-	312,603,074	10
Health Services	19,598,954	-	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	-	-	-	-	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)	257,115,308	8
Other	19,502,584	-	100,000,000	10	-	-	-	119,502,584	4
Real Estate	27,920,827	1	-	-	-	-	-	27,920,827	1
Transport	281,963,011	6	-	-	-	(82,894,502)	(46,697,214)	152,371,295	5
Wholesale Commodities	34,236,050	1	-	-	-	-	-	34,236,050	1
	5,082,641,852	100	1,092,766,570	100	(844,443,058)	(1,738,510,384)	(470,772,183)	3,121,682,797	100

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 MITIGATIONS USD	NET EXPOSURE USD	%
As at 31 December 2020									
Burundi	13,601,870	0	-	-	(570,176)	-	-	13,031,694	0
Comoros	15,447,540	0	13,064,655	2	-	-	-	28,512,196	1
Congo DRC	65,921,096	1	5,000,000	1	-	-	-	70,921,096	2
Djibouti	9,678,662	0	-	-	-	-	-	9,678,662	0
Egypt	79,663,684	1	-	-	-	-	-	79,663,684	2
Eswatini	6,421,664	0	18,586,851	2	-	-	-	25,008,515	1
Ethiopia	383,985,167	7	233,529,843	29	(149)	(150,000,000)	(50,327,574)	417,187,286	13
Kenya	678,901,765	12	99,999,999	12	(16,161,816)	(350,000,000)	(100,000,000)	312,739,948	9
Madagascar	10,498,098	0	7,078,256	1	-	-	-	17,576,355	1
Malawi	357,101,847	7	155,663,710	19	(27,546,076)	(250,500,000)	(75,301,730)	159,417,751	5
Mauritius	155,805,562	3	-	-	(40,303,986)	-	-	115,501,576	3
Mozambique	101,115,539	2	41,367,266	5	-	-	-	142,482,805	4
Rwanda	637,244,307	12	3,631,499	0	(280,000,001)	(72,531,499)	(232,047)	288,112,259	9
Seychelles	52,686,913	1	749,731	0	-	-	-	53,436,644	2
Sudan	662,188,381	12	-	-	(152,894,320)	(245,315,175)	-	263,978,886	8
Tanzania	601,378,046	11	119,121,247	15	(8,243)	(175,000,000)	(100,000,000)	445,491,051	13
Uganda	358,214,439	7	63,130,079	8	-	-	-	421,344,519	13
Zambia	686,122,079	13	22,789,421	3	(1,523,572)	(347,676,675)	-	359,711,252	11
Zimbabwe	597,784,020	11	35,746,573	4	(520,181,329)	(20,833,869)	-	92,515,395	3
	5,473,760,679	100	819,459,130	100	(1,039,189,668)	(1,611,857,218)	(325,861,351)	3,316,311,574	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 MITIGATIONS USD	NET EXPOSURE USD	%
As at 31 December 2019									
Burundi	13,633,604	-	-	-	(592,897)	-	-	13,040,707	1
Comoros	12,769,196	-	15,563,915	1	-	-	-	28,333,111	1
Congo DRC	8,939,758	-	-	-	-	-	-	8,939,758	1
Djibouti	44,251,088	1	-	-	-	-	-	44,251,088	1
Egypt	29,529,122	1	-	-	-	-	-	29,529,122	1
Eswatini	7,029,752	-	18,000,000	2	-	-	-	25,029,752	1
Ethiopia	290,170,778	6	329,094,816	30	(149)	(100,000,000)	-	519,265,445	17
Kenya	760,886,817	15	104,678,805	10		(350,000,000)	(100,000,000)	415,565,622	13
Malawi	488,200,928	10	141,975,844	13	(59,172,497)	(248,000,000)	(72,399,560)	250,604,715	8
Mauritius	133,818,935	3	-	-	-	-	-	133,818,935	4
Mozambique	34,360,071	1	245,549,618	22	-	-	(151,675,409)	128,234,280	4
Rwanda	446,646,316	9	2,522,267	1	(150,000,000)	(82,894,502)	(46,697,214)	169,576,867	5
Seychelles	55,934,659	1	4,288,001	1	(743)	-	-	60,221,917	2
Sudan	658,953,698	13	-	-	(180,031,669)	(223,499,850)	-	255,422,179	8
Tanzania	683,182,864	13	22,025,508	2	(603,127)	(175,000,000)	(100,000,000)	429,605,245	14
Uganda	160,337,315	3	81,905,926	7	-	-	-	242,243,241	8
Zambia	703,969,604	14	57,961,870	5	(4,041,976)	(496,091,494)	-	261,798,004	8
Zimbabwe	550,027,347	11	69,200,000	6	(450,000,000)	(63,024,538)	-	106,202,809	3
	5,082,641,852	100	1,092,766,570	100	(844,443,058)	(1,738,510,384)	(470,772,183)	3,121,682,797	100

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

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 2020:							
ASSETS							
Cash and balances with other banks	1,056,710,876	-	-	5,387,630	477,825,711	-	1,539,924,217
Investment in Government securities	-	-	-	-	120,928,084	-	120,928,084
Investment in Trade Fund	-	-	-	-	52,327,417	-	52,327,417
Other receivables	86,920,238	422,085	627,218	1,185,093	7,888,659	2,998,112	100,041,405
Trade finance loans	43,074,939	50,141,061	309,773,493	557,081,520	2,485,086,386	27,803,773	3,472,961,172
Project loans	94,034,241	77,010,741	105,165,554	270,698,883	1,726,875,559	546,576,138	2,820,361,116
Equity investment at fair value through OCI	-	-	-	-	53,987,118	-	53,987,118
Investment in joint venture	-	-	-	-	317,010	-	317,010
Total assets	1,280,740,294	127,573,887	415,566,265	834,353,126	4,925,235,944	577,378,023	8,160,847,539
LIABILITIES							
Short term borrowings	10,846,242	45,919,030	232,030,405	415,393,927	1,703,287,272	-	2,407,476,876
Long term borrowings	38,097,710	38,329,519	29,535,753	315,480,149	1,942,786,358	687,294,791	3,051,524,280
Derivative financial instruments	-	-	41,329,500	-	-	-	41,329,500
Collection Account	93,275,106	-	-	-	-	-	93,275,106
Other payables	46,464,725	-	-	-	39,500,533	-	85,965,258
Total liabilities	188,683,783	84,248,549	302,895,658	730,874,076	3,685,574,163	687,294,791	5,679,571,020
Net liquidity gap	1,092,056,511	43,325,338	112,670,607	103,479,050	1,239,661,781	(109,916,768)	2,481,276,519
Cumulative gap	1,092,056,511	1,135,381,849	1,248,052,456	1,351,531,506	2,591,193,287	2,481,276,519	2,481,276,519

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 2019:							
ASSETS							
Cash and balances with other banks	973,598,469	33,449,454	-	5,364,894	369,990,747	-	1,382,403,564
Investment in Government securities	4,263,801	-	-	-	40,633,835	-	44,897,636
Investment in Trade Fund	49,997,089	-	-	-	-	-	49,997,089
Other receivables	71,092,371	103,093	136,482	200,563	193,188	-	71,725,697
Derivative financial instruments	40,049,341	-	-	-	-	-	40,049,341
Trade finance loans	313,547,881	37,401,126	231,846,650	544,676,772	2,020,752,353	-	3,148,224,782
Project loans	116,107,025	7,965,986	69,409,431	202,923,858	1,666,955,997	770,119,963	2,833,482,260
Equity investment at fair value through OCI	-	-	-	-	51,135,850	-	51,135,850
Investment in joint venture	-	-	-	-	317,010	-	317,010
Total assets	1,568,655,977	78,919,659	301,392,563	753,166,087	4,149,978,980	770,119,963	7,622,233,229
LIABILITIES							
Short term borrowings	52,431,358	49,339,555	89,628,413	840,367,715	775,360,110	658,121,846	2,465,248,997
Long term borrowings	12,431,829	19,283,010	48,560,850	125,601,782	2,138,000,425	247,651,002	2,591,528,898
Collection Account	95,822,611	-	-	-	-	-	95,822,611
Other payables	128,421,795	260,343	390,514	781,028	4,421,508	4,405,977	138,681,165
Total liabilities	289,107,593	68,882,908	138,579,777	966,750,525	2,917,782,043	910,178,825	5,291,281,671
Net liquidity gap	1,279,548,384	10,036,751	162,812,786	(213,584,438)	1,232,196,937	(140,058,862)	2,330,951,558
Cumulative gap	1,279,548,384	1,289,585,135	1,452,397,921	1,238,813,483	2,471,010,420	2,330,951,558	2,330,951,558

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

	UP TO 1 MONTH USD	2 TO 3 MONTHS USD	4 TO 6 MONTHS USD	6 TO 12 MONTHS USD	1 TO 5 YEARS USD	OVER 5 YEARS USD	TOTAL USD
At 31 December 2020:							
Guarantees	-	-	-	39,258,744	-	-	39,258,744
Letters of credit	55,521,717	171,490,035	20,477,977	14,853,391	17,397,642	-	279,740,762
Loan commitments	50,045,962	100,091,925	150,137,887	200,183,850	-	-	500,459,624
Total	105,567,679	271,581,960	170,615,864	254,295,985	17,397,642	-	819,459,130
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

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(C) LIQUIDITY RISK (CONTINUED)

(i) Liquidity and funding management

The Group's liquidity and funding policies require:

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

(ii) Contingency Plans

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

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

(D) MARKET RISK

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

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

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

(i) Interest rate risk

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

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 2020:							
FINANCIAL ASSETS							
Cash and balances with other banks	1,027,341,097	-	5,387,630	-	477,825,711	29,369,779	1,539,924,217
Investment in Government securities	-	-	-	-	120,928,084	-	120,928,084
Investment in Trade Fund	-	-	-	-	-	52,327,417	52,327,417
Other receivables	-	-	-	-	13,335,555	86,705,850	100,041,405
Trade finance loans	4,576,960	1,486,979,558	-	-	1,593,078,297	-	3,084,634,815
Project finance loans	16,936,067	1,849,807,659	-	-	357,695,629	337,367	2,224,776,722
Equity Investments at fair value through other comprehensive income	-	-	-	-	-	53,987,118	53,987,118
Investment in Joint Venture	-	-	-	-	-	317,010	317,010
Total financial assets	1,048,854,124	3,336,787,217	5,387,630	-	2,562,863,276	223,044,541	7,176,936,788
FINANCIAL LIABILITIES							
Short term borrowings	308,963,383	2,095,201,182	248,119	-	3,064,192	-	2,407,476,876
Long term borrowings	295,842,692	856,539,210	25,000,000	-	1,874,142,378	-	3,051,524,280
Derivative financial instruments	-	-	-	-	-	41,329,500	41,329,500
Collection Accounts	-	-	-	-	-	93,275,106	93,275,106
Other payables	-	-	-	-	-	85,965,258	85,965,258
Total financial liabilities	604,806,075	2,951,740,392	25,248,119	-	1,877,206,570	220,569,864	5,679,571,020
Net interest rate exposure	444,048,049	385,046,825	(19,860,489)	-	685,656,706	2,474,677	1,497,365,768
Cumulative interest rate exposure	444,048,049	829,094,874	809,234,385	809,234,385	1,494,891,091	1,497,365,768	1,497,365,768

* 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)

	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	939,500,285	33,449,454	5,364,894	-	369,990,747	34,098,184	1,382,403,564
Investment in Government securities	-	-	-	-	44,897,636	-	44,897,636
Investment in Trade Fund	-	-	-	-	-	49,997,089	49,9967,089
Other receivables	-	-	-	-	690,005	71,035,692	71,725,697
Derivative financial instruments	-	-	-	-	-	40,049,341	40,049,341
Trade finance loans	3,758,885	1,191,501,334	-	-	1,669,034,053	872,649	2,865,166,921
Project finance loans	14,327,581	1,902,020,209	-	-	183,584,929	6,404,864	2,106,337,583
Equity Investments at fair value through other comprehensive income	-	-	-	-	-	51,135,850	51,135,850
Investment in Joint Venture	-	-	-	-	-	317,010	317,010
Total financial assets	957,586,751	3,126,970,997	5,364,894	-	2,268,197,370	253,910,679	6,612,030,691
FINANCIAL LIABILITIES							
Short term borrowings	510,827,029	1,460,111,114	237,246,880	-	257,062,974	-	2,465,247,997
Long term borrowings	435,961,050	601,351,708	100,239,343	-	1,453,976,797	-	2,591,528,898
Collection Accounts	-	-	-	-	-	95,822,611	95,822,611
Other payables	-	-	-	-	10,389,542	128,163,806	138,681,165
Total financial liabilities	946,788,079	2,061,462,822	337,486,223	-	1,721,429,313	224,114,234	5,291,280,671
Net interest rate exposure	10,798,672	1,065,508,175	(332,121,329)	-	546,768,057	29,796,445	1,320,750,020
Cumulative interest rate exposure	10,798,672	1,076,306,847	744,185,518	744,185,518	1,290,953,575	1,320,750,020	1,320,750,020

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

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(D) MARKET RISK (CONTINUED)

(i) Interest rate risk (continued)

Interest rate risk - Sensitivity analysis

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

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

- Interest-bearing assets and liabilities outstanding as at 31 December 2020 were outstanding at those levels for the whole period,
- Interest-bearing assets and liabilities denominated in currencies other than USD experienced similar movements in interest rates, and
- All other variables are held constant.

If interest rates had been 100 basis points higher or lower with the above assumptions applying, the Group's net profit for the period ended 31 December 2020 of USD 157,617,853 (December 2019: USD 151,529,565) would increase or decrease by USD 7,984,686(December 2019 - USD 7,887,902) as follows:

Effect on the Group's Net Profit

The profit for the year ended 31 December 2020 would increase to USD 165,602,539 (December 2019: USD 159,417,467) or decrease to USD 149,633,167 (December 2019: USD 143,641,663)

The potential change is 5.1 % (December 2019 – 5.2%) 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 (continued)

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

The Group's currency position as at 31 December 2020 was as follows:

	USD	GBP	EURO	KES	SDG	UGX	AED	MWK	TZSH	ZMW	JPY	OTHER	TOTAL
FINANCIAL ASSETS													
Cash and balances with other banks	1,463,849,508	9,587	2,028,034	77,597	29,369,779	5,387,835	18,613,822	3,198,035	5,811,688	10,732,930	6,515	838,887	1,539,924,217
Investment in Government securities	-	-	-	-	-	-	-	-	-	120,928,084	-	-	120,928,084
Investment in Trade Fund	52,327,417	-	-	-	-	-	-	-	-	-	-	-	52,327,417
Other receivables	15,041,405	-	85,000,000	-	-	-	-	-	-	-	-	-	100,041,405
Trade finance loans	1,665,344,517	-	1,419,290,298	-	-	-	-	-	-	-	-	-	3,084,634,815
Project finance loans	1,919,366,648	-	305,410,074	-	-	-	-	-	-	-	-	-	2,224,776,722
Equity Investments at fair value through other comprehensive income	53,987,118	-	-	-	-	-	-	-	-	-	-	-	53,987,118
Investment in joint Venture	317,010	-	-	-	-	-	-	-	-	-	-	-	317,010
Total financial assets	5,170,233,623	9,587	1,811,728,406	77,597	29,369,779	5,387,835	18,613,822	3,198,035	5,811,688	131,661,014	6,515	838,887	7,176,936,788
FINANCIAL LIABILITIES													
Short term borrowings	2,169,665,499	-	199,030,761	-	-	-	-	-	-	-	38,780,616	-	2,407,476,876
Long term borrowings	2,578,306,842	-	473,217,438	-	-	-	-	-	-	-	-	-	3,051,524,280
Derivative Financial Investment	(1,081,340,950)	-	1,122,670,450	-	-	-	-	-	-	-	-	-	41,329,500
Collection account	59,430,123	-	-	-	28,827,039	-	-	3,159,925	8,379	1,280,655	-	568,985	93,275,106
Other payables	85,931,863	-	-	29,451	-	-	-	-	-	-	-	3,944	85,965,258
Total financial liabilities	3,811,993,377	-	1,794,918,649	29,451	28,827,039	-	-	3,159,925	8,379	1,280,655	38,780,616	572,929	5,679,571,020
NET POSITION	1,358,240,246	9,587	16,809,757	48,146	542,740	5,387,835	18,613,822	38,110	5,803,309	130,380,359	(38,774,101)	265,958	1,497,365,768

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(D) MARKET RISK (CONTINUED)

(ii) Currency Risk (continued)

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

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

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

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(D) MARKET RISK (CONTINUED)

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

	GBP	EURO	KES	TSH	AED	SDG	UGX	JPY
December 2020	1,051	3,653,717	2,357	250	506,935	982	(6,238)	(183,869)
December 2019	2,058	(19,601,775)	(270)	286	502,316	1,324	8,820	(87,560)

44. CAPITAL MANAGEMENT

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

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

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

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

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

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.

44. CAPITAL MANAGEMENT (CONTINUED)

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

	GROUP		BANK	
	2020 USD	2019 USD	2020 USD	2019 USD
RISK WEIGHTED ASSETS				
On-Statement of financial position assets	4,279,000,679	3,748,096,745	4,278,161,199	3,747,696,334
Off- Statement of financial position assets	76,255,912	100,013,828	76,255,912	100,013,828
Total risk weighted assets	4,355,256,591	3,848,110,573	4,354,417,111	3,847,710,162
CAPITAL				
Paid up capital	534,933,840	499,107,472	534,933,840	499,107,472
Retained earnings and reserves	1,022,428,256	890,819,532	1,022,108,565	890,707,157
Total capital	1,557,362,096	1,389,927,004	1,557,042,405	1,389,814,629
CAPITAL ADEQUACY RATIO	35.8%	36.1%	35.8%	36.1%

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

45. EVENTS AFTER THE REPORTING DATE

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

46. FINANCIAL INSTRUMENTS CATEGORIES

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

As at 31 December 2020:	AMORTISED COST USD	AT FAIR VALUE THROUGH PROFIT OR LOSS* USD	AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME USD	OTHER USD	TOTAL CARRYING AMOUNT USD
FINANCIAL ASSETS					
Cash and balances held with banks	1,539,924,217	-	-	-	1,539,924,217
Investment in Government securities	120,928,084	-	-	-	120,928,084
Investment in Trade Fund	-	-	52,327,417	-	52,327,417
Other receivables	100,041,405	-	-	-	100,041,405
Trade finance loans	3,084,634,815	-	-	-	3,084,634,815
Project finance loans	2,224,776,722	-	-	-	2,224,776,722
Equity investments at fair value through other comprehensive income	-	-	53,987,118	-	53,987,118
Investment in joint ventures	-	-	-	317,010	317,010
Total financial assets	7,070,305,243	-	106,314,535	317,010	7,176,936,788

46. FINANCIAL INSTRUMENTS CATEGORIES (CONTINUED)

As at 31 December 2020:	AMORTISED COST USD	AT FAIR VALUE THROUGH PROFIT OR LOSS* USD	AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME USD	OTHER USD	TOTAL CARRYING AMOUNT USD
FINANCIAL LIABILITIES					
Collection account deposits	93,275,106	-	-	-	93,275,106
Derivative financial instruments	-	41,329,500	-	-	41,329,500
Short term borrowings	2,407,476,876	-	-	-	2,407,476,876
Long term borrowings	3,051,524,280	-	-	-	3,051,524,280
Other payables	85,965,258	-	-	-	85,965,258
Total financial liabilities	5,638,241,520	41,329,500	-	-	5,679,571,020

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

There are no assets pledged as security for liabilities.

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

As at 31 December 2019:	AMORTISED COST USD	AT FAIR VALUE THROUGH PROFIT OR LOSS* USD	AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME USD	OTHER USD	TOTAL CARRYING AMOUNT USD
FINANCIAL ASSETS					
Cash and balances held with banks	1,382,403,564	-	-	-	1,382,403,564
Investment in Government securities	44,897,636	-	-	-	44,897,636
Investment in Trade Fund	-	-	49,997,089	-	49,997,089
Other receivables	71,725,697	-	-	-	71,725,697
Trade finance loans	2,865,166,921	-	-	-	2,865,166,921
Project finance loans	2,106,337,583	-	-	-	2,106,337,583
Equity investments at fair value through other comprehensive income	-	-	51,135,850	-	51,135,850
Investment in joint ventures	-	-	-	317,010	317,010
Derivative financial instruments	-	40,049,341	-	-	40,049,341
Total financial assets	6,470,531,401	40,049,341	101,132,939	317,010	6,612,030,691
FINANCIAL LIABILITIES					
Collection account deposits	95,822,611	-	-	-	95,822,611
Short term borrowings	2,465,247,997	-	-	-	2,465,247,997
Long term borrowings	2,591,528,898	-	-	-	2,591,528,898
Other payables	138,681,165	-	-	-	138,681,165
Total financial liabilities	5,291,280,671	-	-	-	5,291,280,671

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

There are no assets pledged as security for liabilities.

47. TRADE FINANCE LOAN PORTFOLIO

	AS AT 31 DECEMBER 2020			AS AT 31 DECEMBER 2019		
	BALANCE OUTSTANDING USD	AMOUNTS DUE WITHIN SIX MONTHS USD	AMOUNTS DUE AFTER SIX MONTHS USD	BALANCE OUTSTANDING USD	AMOUNTS DUE WITHIN SIX MONTHS USD	AMOUNTS DUE AFTER SIX MONTHS USD
COUNTRY						
Congo DRC	15,001,067	3,092,081	11,908,986	669,476	336,141	333,335
Djibouti	6,481,943	5,767,776	714,167	5,888,470	3,745,968	2,142,502
Egypt	79,663,684	134,562	79,529,122	29,529,122	29,529,122	-
Ethiopia	6,421,664	6,421,664	-	163,602,340	163,602,340	-
Eswatini	256,470,157	48,078,755	208,391,402	7,029,752	7,029,752	-
Kenya	19,650,693	13,276,193	6,374,500	43,994,735	36,709,434	7,285,301
Madagascar	8,838,299	8,838,299	-	-	-	-
Malawi	357,101,847	149,234,816	207,867,031	488,200,928	383,602,428	104,598,500
Mauritius	21,381,344	12,551,953	8,829,391	4,995,515	4,995,515	-
Mozambique	24,507,937	18,756	24,489,181	-	-	-
Rwanda	349,668,051	2,822,207	346,845,844	2,369,700	2,369,700	-
Seychelles	-	-	-	196,697,214	165,197,214	31,500,000
Sudan	619,290,298	-	619,290,298	619,002,822	201,880,534	417,122,288
Tanzania	138,865,413	52,698,634	86,166,779	155,836,721	151,797,109	4,039,612
Uganda	40,582,783	27,491,762	13,091,021	48,917,843	45,372,215	3,545,628
Zambia	675,063,776	208,620,773	466,443,003	692,267,632	358,105,878	334,161,754
Zimbabwe	562,508,106	11,330,359	551,177,747	476,644,026	19,630,440	457,013,586
Gross Loans	3,181,497,062	550,378,590	2,631,118,472	2,935,646,296	1,573,903,790	1,361,742,506
Less: Impairment on trade finance loans (Note 18)	(96,862,247)	-	(96,862,247)	(70,479,375)	-	(70,479,375)
NET LOANS	3,084,634,815	550,378,590	2,534,256,225	2,865,166,921	1,573,903,790	1,291,263,131

48. PROJECT LOAN PORTFOLIO

					AS AT 31 DECEMBER 2020			AS AT 31 DECEMBER 2019		
	AMOUNTS DISBURSED USD	INTEREST CAPITALIZED USD	AMOUNTS REPAID USD	INTEREST RECEIVABLE USD	BALANCE OUTSTANDING USD	DUE WITHIN ONE YEAR USD	DUE AFTER ONE YEAR USD	BALANCE OUTSTANDING USD	DUE WITHIN ONE YEAR USD	DUE AFTER ONE YEAR USD
COUNTRY										
Burundi	26,176,875	1,192,186	(14,664,725)	897,534	13,601,870	8,442,014	5,159,856	13,633,604	6,242,983	7,390,621
Comoros	15,347,845	-	-	99,696	15,447,541	2,571,363	12,876,178	12,769,196	11,343,852	1,425,344
Congo DRC	49,037,675	-	-	1,882,354	50,920,029	5,100,960	45,819,069	43,581,612	38,306,667	5,274,945
Djibouti	2,835,000	-	-	361,719	3,196,719	905,280	2,291,439	3,051,288	1,594,688	1,456,600
Eritrea	403,652	-	(403,652)	-	-	-	-	-	-	-
Ethiopia	162,536,048	18,670,182	(58,399,814)	4,708,593	127,515,009	15,562,725	111,952,284	126,568,438	103,788,562	22,779,876
Kenya	1,468,608,364	1,532,900	(830,811,138)	19,920,942	659,251,068	105,684,111	553,566,957	716,892,082	635,415,710	81,476,372
Madagascar	1,389,373	-	-	270,427	1,659,800	21,369	1,638,431			
Malawi	60,793,337	2,920	(60,796,257)	-	-	-	-	-	-	-
Mauritius	146,509,945	-	(12,766,112)	680,385	134,424,218	2,106,748	132,317,470	128,823,420	8,567,221	120,256,199
Mozambique	76,377,484	-	-	230,118	76,607,602	133,190	76,474,412	31,990,370	31,874,418	115,953
Rwanda	447,303,857	3,612,691	(166,266,082)	2,925,792	287,576,258	52,850,120	234,726,138	249,949,102	205,992,905	43,956,197
Seychelles	94,155,554	-	(42,245,021)	776,380	52,686,913	9,619,627	43,067,286	55,934,659	52,690,941	3,243,718
Sudan	45,106,624	17,056,064	(25,392,904)	6,128,298	42,898,082	42,898,082	-	39,950,876	36,769,785	3,181,091
Tanzania	717,452,885	682,910	(256,718,084)	1,094,924	462,512,635	92,318,724	370,193,911	527,346,143	464,852,730	62,493,414
Uganda	454,977,702	6,103,522	(153,566,388)	10,097,217	317,612,053	35,749,504	281,862,549	111,419,472	86,757,998	24,661,474
Zambia	131,225,914	25,086,069	(145,253,659)	-	11,058,324	-	11,058,324	11,701,973		11,701,973
Zimbabwe	324,925,790	709,656	(290,546,597)	206,647	35,295,496	24,898,860	10,396,636	73,383,321	38,224,796	35,158,523
Gross loans	4,225,163,924	74,649,100	(2,057,830,433)	50,281,026	2,292,263,617	398,862,677	1,893,400,940	2,146,995,556	1,722,423,256	424,572,300
Less: Impairment on project loans (note 18)					(67,486,895)	-	(67,486,895)	(40,657,973)	-	(40,657,973)
NET LOANS					2,224,776,722	398,862,677	1,825,914,045	2,106,337,583	1,722,423,256	383,914,327

49. STATEMENT OF SUBSCRIPTIONS TO THE CAPITAL STOCK

As at 31 December 2020:	SHARES SUBSCRIBED	PERCENTAGE OF TOTAL	VALUE USD	CALLABLE CAPITAL USD	PAYABLE CAPITAL USD	INSTALMENTS DUE AS AT 31.12.2020 USD	INSTALMENTS PAID AS AT 31.12.2020 USD
CLASS 'A' SHARES							
Belarus	1,267	1.42	28,719,089	22,975,271	5,743,818	5,743,818	5,743,818
Burundi	1,756	1.97	39,803,252	31,842,602	7,960,650	7,960,650	7,960,650
China	4,891	5.48	110,864,297	88,691,438	22,172,859	22,172,859	22,172,859
Comoros	185	0.21	4,193,395	3,354,716	838,679	838,679	838,679
Djibouti	407	0.46	9,225,469	7,380,375	1,845,094	1,845,094	1,845,094
Congo DRC	5,943	6.65	134,709,981	107,767,985	26,941,996	26,941,996	26,941,997
Egypt	7,629	8.54	172,926,543	138,341,234	34,585,309	34,585,309	34,585,308
Eritrea	240	0.27	5,440,080	4,352,064	1,088,016	1,088,016	906,637
eSwatini	454	0.51	10,290,818	8,232,654	2,058,164	2,058,164	1,657,411
Ethiopia	8,734	9.78	197,973,578	158,378,862	39,594,716	36,594,511	36,594,511
Kenya	7,422	8.31	168,234,474	134,587,579	33,646,895	33,646,895	33,646,895
Malawi	3,577	4.00	81,079,859	64,863,887	16,215,972	16,215,972	16,215,972
Mauritius	2,314	2.59	52,451,438	41,961,150	10,490,288	10,490,288	10,490,288
Mozambique	447	0.50	10,132,149	8,105,719	2,026,430	1,224,925	1,224,925
Madagascar	1,883	2.11	42,681,961	34,145,569	8,536,392	8,536,392	8,536,392
South Sudan	318	0.36	7,208,106	5,766,486	1,441,620	1,441,621	1,201,294
Rwanda	2,333	2.61	52,882,111	42,305,689	10,576,422	10,576,422	10,576,422
Seychelles	4,338	4.86	98,329,446	78,663,557	19,665,889	13,665,481	13,665,481
Somalia	385	0.43	8,726,795	6,981,436	1,745,359	1,745,359	1,745,359
Sudan	5,277	5.91	119,613,759	95,691,007	23,922,752	23,922,752	23,922,752
Tanzania	7,157	8.01	162,227,719	129,782,175	32,445,544	32,445,544	32,445,544
Uganda	5,560	6.22	126,028,520	100,822,816	25,205,704	25,205,704	25,200,531
Zambia	6,154	6.89	139,492,718	111,594,174	27,898,544	27,898,544	27,898,544
Zimbabwe	6,337	7.09	143,640,779	114,912,623	28,728,156	28,728,156	28,728,156
African Development Bank	4,321	4.84	97,944,107	78,355,286	19,588,821	19,588,821	19,588,821
	89,329	100	2,024,820,443	1,619,856,354	404,964,089	395,161,972	394,334,340

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

As at 31 December 2020:	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
CLASS 'B' SHARES							
African Development Bank	5,844	18.84	26,493,309	26,493,309	26,493,309	19,822,784	46,316,093
African Economic Research Consortium	175	0.56	793,349	793,349	793,349	1,212,676	2,006,025
Africa Reinsurance Corporation	805	2.60	3,649,403	3,649,403	3,649,403	2,014,651	5,664,054
Arab Bank for Economic Development in Africa	1,017	3.28	4,610,489	4,610,489	4,610,489	6,074,932	10,685,421
Banco Nacional de Investmento	917	2.96	4,157,146	4,157,146	4,157,146	1,699,496	5,856,642
Caisse Nationale de Sécurité Sociale (CNSS) Djibouti	410	1.32	1,858,702	1,858,702	1,858,702	3,148,628	5,007,330
Investment Fund for Developing Countries	3,383	10.91	15,336,561	15,336,561	15,336,561	24,470,626	39,807,187
Mauritian Eagle Insurance Company Limited	278	0.90	1,260,291	1,260,291	1,260,291	454,413	1,714,704
National Pension Fund–Mauritius	1,941	6.26	8,799,369	8,799,369	8,799,369	4,133,719	12,933,088
National Social Security Fund Uganda	3,231	10.42	14,647,481	14,647,481	14,647,481	14,316,766	28,964,247
OPEC Fund for International Development	2,122	6.84	9,619,918	9,619,918	9,619,918	11,184,114	20,804,032
People's Republic of China	3,674	11.85	16,655,786	16,655,786	16,655,786	6,837,440	23,493,226
Rwanda Social Security Board	3,602	11.61	16,329,380	16,329,380	16,329,380	11,644,490	27,973,870
Sacos Group Limited	130	0.42	589,346	589,346	589,346	519,669	1,109,015
Seychelles Pension Fund	1,062	3.42	4,814,492	4,814,492	4,814,492	2,584,331	7,398,823
TDB Directors and Select Stakeholders Provident Fund	93	0.30	421,608	421,608	421,608	(17,073)	404,535
TDB Staff Provident Fund	1,496	4.82	6,781,997	6,781,997	6,781,997	(1,720,936)	5,061,061
ZEP-RE (PTA Reinsurance Company)	834	2.69	3,780,873	3,780,873	3,780,873	1,223,127	5,004,000
	31,014	100	140,599,500	140,599,500	140,599,500	109,603,853	250,203,353

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.

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

As at 31 December 2019:	SHARES SUBSCRIBED	PERCENTAGE OF TOTAL	VALUE USD	CALLABLE CAPITAL USD	PAYABLE CAPITAL USD	INSTALMENTS DUE AS AT 31.12.2020 USD	INSTALMENTS PAID AS AT 31.12.2019 USD
CLASS 'A' SHARES							
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

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

As at 31 December 2019:	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
CLASS 'B' SHARES							
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