

**EASTERN AND SOUTHERN AFRICAN
TRADE AND DEVELOPMENT BANK
(TDB)**

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
CORPORATE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
CORPORATE INFORMATION (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS

Mr. Veenay Rambarassah	Non-Executive Director for All Other Shareholders and Chairman, Board of Directors
Ms. Busisiwe Alice Dlamini-Nsibande	Non-Executive Director for Djibouti, Egypt, Eswatini, South Sudan and Tanzania
Mr. George T. Guvamatanga	Non-Executive Director for Eritrea, Mauritius, Rwanda, and Zimbabwe
Mr. Peter Moku Ibrae	Non-Executive Director for Kenya, Mozambique, Somalia and Zambia
Mr. Gerald Kasaato	Non-Executive Director for Comoros, DRC, Sudan and Uganda
Mr. Solomon Quaynor	Non-Executive Director for African Institutions
Mr. Peter Simbani	Non-Executive Director for Burundi, Ethiopia, Malawi, Madagascar and Seychelles
Mr. Juste Rwamabuga	Non-Executive Independent Director
Dr. Abdel-Rahman Taha	Non-Executive Independent Director
Ms. Shuo Zhou	Non-Executive Director for Non-African States
Mr. Admassu Tadesse	President Emeritus and Group MD/CEO
Mr. Ayman Al Adl	Alternate Independent Non-Executive Director
Mr. Gerard Bussier	Alternate Non-Executive Director for Eritrea, Mauritius, Rwanda, and Zimbabwe
Ms. Lynda Kahari	Alternate Independent Non-Executive Director
Mr. Said Mhamadi	Alternate Non-Executive Director for Comoros, DRC, Sudan and Uganda
Dr. Natu Mwamba	Alternate Non-Executive Director for Djibouti, Egypt, Eswatini, South Sudan and Tanzania
Ms. Nnenna Nwabufu	Alternate Non-Executive Director for African Institutions
Ms. Isabel Sumar	Alternate Non-Executive Director for Kenya, Mozambique, Somalia and Zambia
Mr. Liu Wenzhong	Alternate Non-Executive Director for Non-African States
TBC	Alternate Non-Executive Director for Burundi, Ethiopia, Malawi, Madagascar and Seychelles
TBC	Alternate Non-Executive Director for All Other Shareholders

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
CORPORATE INFORMATION (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

AUDITORS	Deloitte & Touche LLP Certified Public Accountants (Kenya) Deloitte Place, Waiyaki Way, Muthangari P. O. Box 40092, 00100 Nairobi, Kenya	
HEADQUARTERS	TDB Headquarters Africa FI Place Lot 13, Wall Street, Ebene, Cybercity, P. O. Box 43, Reduit, Mauritius Telephone : +230- 4676021/4676016 Fax : +230-4675971 Email :Official@tdbgroup.org	TDB Headquarters Chaussee, Prince Louis, Rwagasore P. O. Box 1750, Bujumbura, Burundi Telephone :257 (22) 4966 / 257 (22) 4625 Fax :257 (22) 4983 Email :Official@tdbgroup.org
OTHER OFFICES	<p>TDB Nairobi Regional Office: East Africa 197 Lenana Place, Lenana Road P. O. Box 48596 - 00100 Nairobi, Kenya Telephone :254 (20) 2712250 Fax :254 (20) 2711510 Swift :ESATKENA</p> <p>TDB Harare Regional Office: Southern Africa 70 Enterprise Road Harare, Zimbabwe Telephone : 263(4)788330-3/788336-9/788317 FCT Line : +263-7827884955 Fax :+263-772788345</p> <p>TDB Addis Ababa Regional Office: Horn of Africa and North Africa UNDP Compound Main Bole Rd, Olympia Roundabout, DRC St. Kirkos Subcity, Kebele 01, House No. 119, Addis Ababa, Ethiopia</p> <p>TDB Kinshasa Country Office Crown Tower 2nd Floor Off No 301 Avenue Batetela and Boulevard du 30 Juin, Gombe Commune, Kinshasa, Democratic Republic of Congo Telephone :243 (0) 99601090 - 104</p>	

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors have pleasure in presenting their report and the annual financial statements of the Eastern and Southern African Trade and Development Bank (TDB) for the year ended 31 December 2021.

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. FINANCIAL RESULTS

The results for the year are set out on pages 11 and 12.

3. DIVIDEND

The Board has recommended a dividend of USD 339.71 (2020: USD 327.03) 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 1.

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

5. DIRECTORS

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

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

6. AUDITORS

The Bank's auditors, Deloitte & Touche LLP, were appointed for a three-year term with effect from July 2021. 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

31 March 2022

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2021

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.

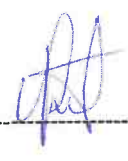
The directors accept responsibility for the preparation and presentation of these financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the 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 subsidiaries 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 subsidiaries' 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

31st March 2022


Director

31st March 2022

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)

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 subsidiaries (together the "Group"), set out on pages 11 to 127 which comprise the consolidated and separate statements of financial position at 31 December 2021, 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 to the financial statements, 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 2021 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 *Auditors' responsibilities for Audit of the 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.



Partners: D.M. Mbogho; A.N. Muraya; E. O. Aloo; J. Nyang'aya; B.W. Irungu; I. Karim; F. Okwiri; E.O Omondi; F. Mitambo; P. Seroney; D. Waweru; C Luo.

Deloitte & Touche, a partnership with registration No. 177912, converted to Deloitte & Touche LLP Registration No. LLP-A21DDP effective 14 June 2021.

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited.

Report on the Audit of the Financial Statements (Continued)

Key Audit Matter	How the matter was addressed in the audit
<p>Impairment of loans and advances</p> <p>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 financial position and the results of the Group and Bank.</p> <p>At 31 December 2021, the Group and Bank reported total gross trade finance loans of USD 3.68 billion and USD 105.9 million of expected credit loss (ECL) provisions, and total gross project finance loans of USD 2.1 billion and USD 46.21 million of ECL provisions. These are disclosed in Note 16 and Note 17 in the consolidated and separate financial statements.</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>The areas of significant management judgement include the modelling methodology applied to Stage 1 and Stage 2 exposures, which include:</p> <ul style="list-style-type: none"> • 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. 	<p>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:</p> <ol style="list-style-type: none"> 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 of loans, and tested controls relating to data and model governance; Assessed the appropriateness of the ECL methodology, including any refinements against actual experience and industry practice; 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; For a sample of advances, agreed the input data to underlying documentation; 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; 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; Assessed the Group and Bank'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 macroeconomic variables through the appropriate governance structures. We also assessed how management has incorporated the impact of COVID-19 into the macroeconomic scenarios; 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;

Report on the Audit of the Financial Statements (Continued)

Key Audit Matter	How the matter was addressed in the audit
<p>Impairment of loans and advances</p> <ul style="list-style-type: none"> Assessing the impact of COVID-19 on ECL raised for the restructured loans, as SICR in the form of arrears may have been delayed. <p>In addition, for Stage 3 exposures:</p> <ul style="list-style-type: none"> The assumptions used for estimating the recoverable amounts and timing of future cash flows of individual exposures which have been classified as non-performing. <p>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.</p> <p>The related disclosures in the consolidated financial statements are included in:</p> <ul style="list-style-type: none"> Note 18 – Impairment allowance; Note 3(s)(ii) - 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 (b) – Financial Risk Management - Credit risk. 	<ul style="list-style-type: none"> (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. <p>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.</p> <ul style="list-style-type: none"> (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 (ii) 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. <p>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.</p>

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 document titled "TDB annual report 2021" which is 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 and the management 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.

Report on the Audit of the Financial Statements (Continued)

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year 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.

The engagement partner responsible for this independent review is CPA F Okwiri, Practising certificate No. 1699



For and on behalf of Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Nairobi

Date: 4 April 2022

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 USD	2020 USD
INCOME			
Interest income	4	423,570,371	435,283,929
Interest expense	5	(169,668,911)	(194,147,067)
Other borrowing costs	6	(18,892,076)	(11,580,793)
Interest and similar expense		(188,560,987)	(205,727,860)
Net interest income		235,009,384	229,556,069
Fee and commission income	7(a)	52,945,017	51,767,366
(Loss)/gain on financial assets designated at fair value through profit or loss	15	(1,905,701)	14,200,217
Net trading income	10	286,048,700	295,523,652
Risk mitigation costs	7(b)	(40,636,360)	(36,085,713)
Other income	8	2,452,645	6,812,154
OPERATING INCOME	10	247,864,985	266,250,093
EXPENDITURE			
Operating expenses	9(a)	(44,486,786)	(44,461,783)
Impairment on other financial assets	11	(698,625)	(363,754)
Impairment allowance on loans	18	(31,965,646)	(60,598,738)
Net foreign exchange gain/(loss)		3,229,849	(3,211,459)
TOTAL EXPENDITURE		(73,921,208)	(108,635,734)
PROFIT BEFORE TAXATION		173,943,777	157,614,359
Taxation credit	12(a)	-	3,494
PROFIT FOR THE YEAR		173,943,777	157,617,853
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Fair value gain through other comprehensive income – Equity investments	19	7,090,952	2,803,020
Fair value gain through other comprehensive income – Trade Fund	23	1,842,917	2,777,578
		8,933,869	5,580,598
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		182,877,646	163,198,451
Profit for the year is attributable to:			
Owners of the Bank		173,555,182	157,253,961
Non-controlling interest		388,595	363,892
		173,943,777	157,617,853
Total comprehensive income is attributable to:			
Owners of the Bank		182,489,051	162,834,559
Non-controlling interest		388,595	363,892
		182,877,646	163,198,451
EARNINGS PER SHARE:			
Basic	13	1,426	1,362
Diluted	13	1,390	1,306

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

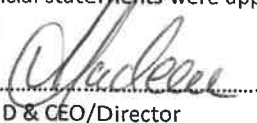
	Note	2021 USD	2020 USD
INCOME			
Interest income	4	423,570,371	435,283,929
Interest expense	5	(169,668,911)	(194,147,067)
Other borrowing costs	6	(18,892,076)	(11,580,793)
Interest and similar expense		(188,560,987)	(205,727,860)
Net interest income		235,009,384	229,556,069
Fee and commission income	7(a)	52,945,017	51,767,366
(Loss)/gain on financial assets designated at fair value through profit or loss	15	(1,905,701)	14,200,217
Net trading income	10	286,048,700	295,523,652
Risk mitigation costs	7(b)	(40,636,360)	(36,085,713)
Other income	8	1,601,335	6,197,848
OPERATING INCOME	10	247,013,675	265,635,787
EXPENDITURE			
Operating expenses	9(a)	(43,246,710)	(44,415,191)
Impairment on other financial assets	11	(698,625)	(363,754)
Impairment allowance on loans	18	(31,965,646)	(60,598,738)
Net foreign exchange gain/(loss)		3,229,849	(3,211,459)
TOTAL EXPENDITURE		(72,681,132)	(108,589,142)
PROFIT FOR THE YEAR		174,332,543	157,046,645
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be subsequently reclassified to profit and loss:</i>			
Fair value gain through other comprehensive income - Equity investments	19	7,090,952	2,803,020
Fair value gain through other comprehensive income – Trade Fund	23	1,842,917	2,777,578
		8,933,869	5,580,598
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS		183,266,412	162,627,243
EARNINGS PER SHARE			
Basic	13	1,429	1,360
Diluted	13	1,394	1,305

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 USD	2020 USD
ASSETS			
Cash and balances held with other banks	14	1,971,937,461	1,539,924,217
Derivative financial instruments	15	57,634,835	-
Trade finance loans	16	3,579,041,684	3,084,634,815
Project loans	17	2,052,889,467	2,224,776,722
Investment in Government securities	22	83,950,034	120,928,084
Investment in Trade Fund	23	54,170,335	52,327,417
Other receivables	24	42,378,470	136,891,570
Equity investments at fair value through other comprehensive income	19	61,078,070	53,987,118
Investment in joint venture	20(a)	-	317,010
Property and equipment	25	35,562,919	29,331,571
Right-of-use assets	26	3,053,898	3,348,569
Intangible assets	27	1,507,557	1,998,699
TOTAL ASSETS		7,943,204,530	7,248,465,792
LIABILITIES AND EQUITY			
LIABILITIES			
Collection account deposits	28	64,979,105	93,275,106
Derivative financial instruments	15	-	41,329,500
Lease liabilities	29	612,758	1,087,250
Short term borrowings	30	2,663,462,546	2,407,476,876
Provision for service and leave pay	33	11,287,734	9,957,779
Other payables	32	96,219,148	86,016,880
Long term borrowings	31	3,374,096,364	3,051,524,280
TOTAL LIABILITIES		6,210,657,655	5,690,667,671
EQUITY			
Share capital	34	555,868,667	534,933,840
Share premium	34	176,188,495	146,999,927
Retained earnings		913,251,791	801,599,826
Proposed dividend		41,403,979	37,691,195
Fair value reserve		25,228,266	16,294,397
Management reserve	35	19,842,911	19,842,911
Equity attributable to owners of the Bank		1,731,784,109	1,557,362,096
Non-controlling interest		762,766	436,025
TOTAL EQUITY		1,732,546,875	1,557,798,121
TOTAL LIABILITIES AND EQUITY		7,943,204,530	7,248,465,792

The notes on pages 19 to 127 are an integral part of these financial statements.

The financial statements were approved by the board of directors on 31st March 2022 and were signed on its behalf by:

by: 
Group MD & CEO/Director

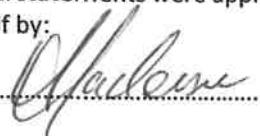

Director

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 USD	2020 USD
ASSETS			
Cash and balances held with other banks	14	1,970,882,704	1,539,158,445
Derivative financial instruments	15	57,634,835	-
Trade finance loans	16	3,579,041,684	3,084,634,815
Project loans	17	2,052,889,467	2,224,776,722
Investment in Government securities	22	83,950,034	120,928,084
Investment in Trade Fund	23	54,170,235	52,327,317
Other receivables	24	40,903,159	136,817,961
Equity investments at fair value through other comprehensive income	19	61,078,070	53,987,118
Investment in joint venture	20(a)	-	317,010
Investment in subsidiaries	21	1,114,135	69,984
Property and equipment	25	35,562,919	29,331,571
Right-of-use assets	26	3,053,898	3,348,569
Intangible assets	27	1,507,557	1,998,699
TOTAL ASSETS		7,941,788,697	7,247,696,295
LIABILITIES AND EQUITY			
LIABILITIES			
Collection account deposits	28	64,979,105	93,275,106
Derivative financial instruments	15	-	41,329,500
Lease liabilities	29	612,758	1,087,250
Short term borrowings	30	2,663,462,546	2,407,476,876
Provision for service and leave pay	33	11,287,734	9,957,779
Other payables	32	95,108,411	86,003,099
Long term borrowings	31	3,374,096,364	3,051,524,280
TOTAL LIABILITIES		6,209,546,918	5,690,653,890
EQUITY			
Share capital	34	555,868,667	534,933,840
Share premium	34	176,188,495	146,999,927
Retained earnings		913,709,461	801,280,135
Proposed dividend		41,403,979	37,691,195
Fair value reserve		25,228,266	16,294,397
Management reserve	35	19,842,911	19,842,911
TOTAL EQUITY		1,732,241,779	1,557,042,405
TOTAL LIABILITIES AND EQUITY		7,941,788,697	7,247,696,295

The notes on pages 19 to 127 are an integral part of these financial statements.

The financial statements were approved by the board of directors on 31st March 2022 and were signed on its behalf by:

.....


Group MD & CEO/Director

.....


Director

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Share Capital	Share premium	Retained earnings	Proposed Dividend	Fair value Reserve	Management Reserve (Note 35)	Total	Non-controlling interest	Total
		USD	USD	USD	USD	USD	USD	USD	USD	USD
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	19,23	-	-	-	-	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
At 1 January 2021		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
Capital subscriptions	34	20,934,827	-	-	-	-	-	20,934,827	-	20,934,827
Share Premium	34	-	29,188,568	-	-	-	-	29,188,568	-	29,188,568
General Capital Increase 2 (GCI-2) share allotment*	34	-	-	(20,499,238)	-	-	-	(20,499,238)	-	(20,499,238)
Proposed dividend	34	-	-	(41,403,979)	41,403,979	-	-	-	-	-
Dividend declared and paid	34	-	-	-	(28,125,735)	-	-	(28,125,735)	(61,854)	(28,187,589)
Dividend declared and payable	32	-	-	-	(9,565,460)	-	-	(9,565,460)	-	(9,565,460)
Other comprehensive income	19,21,23	-	-	-	-	8,933,869	-	8,933,869	-	8,933,869
Profit for the year		-	-	173,555,182	-	-	-	173,555,182	388,595	173,943,777
At 31 December 2021		555,868,667	176,188,495	913,251,791	41,403,979	25,228,266	19,842,911	1,731,784,109	762,766	1,732,546,875

* 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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Share Capital	Share premium	Retained earnings	Proposed dividend	Fair value Reserve	Management Reserve (Note 35)	Total equity
		USD	USD	USD	USD	USD	USD	USD
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	19,23	-	-	-	-	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
At 1 January 2021		534,933,840	146,999,927	801,280,135	37,691,195	16,294,397	19,842,911	1,557,042,405
Capital subscriptions	34	20,934,827	-	-	-	-	-	20,934,827
Share Premium	34	-	29,188,568	-	-	-	-	29,188,568
General Capital Increase 2 (GCI-2) share allotment*	34	-	-	(20,499,238)	-	-	-	(20,499,238)
Proposed dividend	34	-	-	(41,403,979)	41,403,979	-	-	-
Dividend declared and paid	34	-	-	-	(28,125,735)	-	-	(28,125,735)
Dividend declared and payable	32	-	-	-	(9,565,460)	-	-	(9,565,460)
Other comprehensive income	19,21,23	-	-	-	-	8,933,869	-	8,933,869
Profit for the year		-	-	174,332,543	-	-	-	174,332,543
At 31 December 2021		555,868,667	176,188,495	913,709,461	41,403,979	25,228,266	19,842,911	1,732,241,779

* 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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 USD	2020 USD
OPERATING ACTIVITIES			
Net cash generated from operations	36(a)	405,106,188	217,195,456
INVESTING ACTIVITIES			
Purchase of property and equipment	25	(7,211,038)	(5,716,336)
Purchase of intangible assets	27	(354,576)	(760,161)
Acquisition of equity investments	19	-	(48,248)
Investment in government securities	22	-	(76,030,448)
Redemption of government securities	22	36,978,050	-
Redemption of Trade Fund	23	-	447,250
Net cash generated from/(used in) investing activities		29,412,436	(82,107,943)
FINANCING ACTIVITIES			
Proceeds from capital subscriptions	34	10,781,651	23,638,328
Proceeds from share premium	34	18,842,505	25,865,600
Payment of dividends	34	(28,125,735)	(28,651,751)
Payment of lease liabilities	29	(891,826)	(594,011)
Net cash generated from financing activities		606,595	20,258,166
INCREASE IN CASH AND CASH EQUIVALENTS		435,125,219	155,345,679
Foreign exchange (gain)/loss on cash and cash equivalents		(3,111,975)	2,174,974
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,539,924,217	1,382,403,564
CASH AND CASH EQUIVALENTS AT END OF YEAR	36(c)	1,971,937,461	1,539,924,217

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 USD	2020 USD
OPERATING ACTIVITIES			
Net cash generated from operations	36(a)	404,817,203	216,722,667
INVESTING ACTIVITIES			
Purchase of property and equipment	25	(7,211,038)	(5,716,336)
Purchase of intangible assets	27	(354,576)	(760,161)
Acquisition of equity investments	19	-	(48,248)
Investment in government securities		-	(76,030,448)
Redemption of government securities	22	36,978,050	-
Redemption of Trade Fund	23	-	447,250
Net cash generated from/(used in) investing activities		29,412,436	(82,107,943)
FINANCING ACTIVITIES			
Proceeds from capital subscriptions	34	10,781,651	23,638,328
Proceeds from share premium	34	18,842,505	25,865,600
Payment of dividends	34	(28,125,735)	(28,651,751)
Payment of lease liabilities	29	(891,826)	(594,011)
Net cash generated from financing activities		606,595	20,258,166
INCREASE IN CASH AND CASH EQUIVALENTS		434,836,234	154,872,890
Foreign exchange (gain)/loss on cash and cash equivalents		(3,111,975)	2,174,974
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,539,158,445	1,382,110,581
CASH AND CASH EQUIVALENTS AT END OF YEAR	36(c)	1,970,882,704	1,539,158,445

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 2020, except for new standards, amendments and interpretations effective 1 January 2021. The nature and impact of each new standard/ amendment are described below. The nature and impact of each new standard/ amendment are described below:

i) Relevant new standards and amendments to published standards effective for the year ended 31 December 2021

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) Interest Rate Benchmark Reform

Phase 1 amendments are irrelevant to the Group because it does not apply hedge accounting to its interest rate benchmark exposures.

With effect from 1 January 2021, the Group adopted the Phase 2 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Group has not restated the prior year.

An important development is confirmation by the committee handling the USD LIBOR transition that most USD LIBOR rates would continue until June 2023. The application of the Phase 2 amendments will affect the Group's accounting when the contractual terms of non-derivative financial instruments will be amended as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

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 fully provide a reasonable financial estimate of the effect because the lenders are yet to provide complete information on their facilities. The Bank has run simulations on its variable loan book which imply a reduction in income by 5%. In addition, the Bank has several fixed rate loans that are insulated from this change and about 75% of the Bank's current loans will not change in the short-term. It is largely new loans that would be priced using SOFR and the Bank had not lent using the SOFR rate by 31 December 2021. The Group will change the basis for determining the contractual cash flows prospectively by revising the effective interest rate. If additional changes are made, which are not directly related to the reform, the applicable requirements of IFRS 9 will be applied to the other amendments. Note 43 (d)(i) provides the required disclosures related to this amendment.

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 2021 (continued)**

b) **Impact of the initial application of Covid-19-Related Rent Concessions beyond 30 June 2021 Amendment to IFRS 16**

In March 2021, the IASB issued *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)* that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.

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.

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 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022) and;
- There is no substantive change to other terms and conditions of the lease

In the current financial year and prior year, the Group has not applied the practical expedient included in the amendment to IFRS 16 (as issued by the IASB in March 2021). There were no Covid-19 related rent concessions in the current year and therefore the Group has not applied the amendments.

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.

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

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 years, except as noted below:

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)

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 years 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 years beginning on or after 1 January 2022, with early application permitted.

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 years 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 2021.

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 years 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) and the Bank's charter.

Presentation of financial statements

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

(b) Basis of consolidation

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

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

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

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

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

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

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

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

Amortised cost and gross carrying amount

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

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

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 year 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Revenue recognition (continued)

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

Presentation

Interest income from loans and investments is presented in the statement of profit or loss and OCI and includes

- Interest on financial assets measured at amortised cost
- Interest on deposits or investment held at amortised cost

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). Fee and commission income that is yet to be earned is recognised as deferred income.

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

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

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

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

(d) Borrowing and financing costs

Borrowing costs are interest and other borrowing and financing costs that the Group incurs in connection with the borrowing of funds. Interest expense is recognised in profit or loss on the accrual basis taking into account the effective interest rate. Other borrowing and financing costs are expensed in the year 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 year 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 under construction 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 year the asset is derecognised.

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

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

(g) Intangible assets

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Taxation

In accordance with paragraph 6 of Article 43 of its Charter, the Bank and its subsidiaries are exempt from all forms of tax.

(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 year-end are deducted therefrom. For Class B shares, payment of the amount subscribed by subscribers shall be paid in full within 90 days from the date of subscription. For Class C shares, payment of the amount subscribed by subscribers shall be paid in full within a period determined by the Board of Directors.

Earnings per share

The Group presents basic and diluted EPS data on its Class A and B shares which have equal rights to earnings. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of shares in issue. 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.

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (continued)

Initial Recognition and Measurement (continued)

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 year 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. yearic reset of interest rates.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

Initial Recognition and Measurement (Continued)

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 year 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 years, 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)

Derecognition and Modification (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.

Initial Recognition and Measurement (continued)

Financial Liabilities

Initial Measurement of Financial Liabilities

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

Subsequent Measurement

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

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

Derecognition

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

Reclassification

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

An entity shall not reclassify any financial liability.

Write-off

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

Write-off (Continued)

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

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

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;
- 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 year 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

Measurement of ECLs

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

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

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

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

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 foreign currency risks. This is done by engaging in interest rate swaps, currency swaps and currency forward contracts.

All derivatives are measured at fair value in the statement of financial position. The change in fair value is recognised in profit or loss .

(k) Employee entitlements

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

(l) Retirement benefit costs

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Contingent liabilities

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

(n) Cash and cash equivalents

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

(o) Leases

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Leases (Continued)

Right-of-use assets are depreciated over the shorter year 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 year 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) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses and whose operating results are regularly reviewed by the Group MD and CEO who acts as the chief operating decision maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CODM include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Unallocated items comprise items 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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Critical judgments in applying the Group's accounting policies (Continued)

(i) *Fair value of financial instruments*

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

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

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

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

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Key sources of estimation uncertainty (Continued)

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.

(v) 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.

(w) 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.

(x) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

	GROUP AND BANK	
	2021 USD	2020 USD
4. INTEREST INCOME		
On loans and facilities:		
Project finance loans	151,610,883	170,243,373
Trade finance loans	186,522,536	189,196,103
	<hr/>	<hr/>
	338,133,419	359,439,476
On placements:		
Deposits/Held at amortised cost	85,436,952	75,844,453
	<hr/>	<hr/>
	423,570,371	435,283,929
	=====	=====
5. INTEREST EXPENSE		
Regional and International Bond Markets	80,405,538	70,363,933
Interest payable on funds borrowed from:		
Banks and financial institutions	67,504,528	100,408,688
Amortisation of deferred borrowing cost	11,555,103	11,905,932
Other institutions	10,203,742	11,468,514
	<hr/>	<hr/>
	169,668,911	194,147,067
	=====	=====
6. OTHER BORROWING COSTS		
Facility and management fees	12,981,883	7,533,462
Other costs	3,828,578	2,273,829
Commitment fees	1,823,822	1,044,955
Bank commission	169,131	495,793
Agency costs	76,633	112,754
Technical grants fees and expenses	12,029	120,000
	<hr/>	<hr/>
	18,892,076	11,580,793
	=====	=====
7 (a) FEE AND COMMISSION INCOME		
Upfront fees in trade finance	20,365,988	20,266,335
Letter of credit fees in trade finance	7,939,769	4,133,922
Facility fees in project finance	7,636,125	5,163,349
Management fees in trade finance	5,964,237	6,192,524
Commitment fees in project finance	3,931,850	5,199,852
Appraisal fees in project finance	1,661,893	658,000
Other project fees	1,563,688	79,751
Drawdown fees in trade finance	1,289,364	1,049,971
Document handling fees in trade finance	499,148	457,178
Restructuring fees in trade finance	475,697	1,604,264
Management fees in project finance	445,071	309,623
Other fees in trade finance	428,902	199,961
Restructuring fees in project finance	308,886	3,741,180
Syndication Fees in project finance	202,400	1,142,039
Guarantee Fees in project finance	95,431	371,250
Letter of credit fees in project finance	73,130	(14,805)
Guarantee Fees in trade finance	63,438	1,212,972
	<hr/>	<hr/>
	52,945,017	51,767,366
	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

		GROUP AND BANK	
7	(b) RISK MITIGATION COSTS	2021 USD	2020 USD
	Insurance cover costs*	35,239,230	34,512,993
	Risk down-selling costs**	5,397,130	1,572,720
		<u>40,636,360</u>	<u>36,085,713</u>
		=====	=====

*These are premiums on insurance cover taken on loans made to various borrowers. As at 31 December 2021, the insurance cover was USD 1.54 billion (December 2020: USD 1.61 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 2021, the Group had down sold/distributed an aggregate of USD 206 million (December 2020 – USD 702 million).

		GROUP		BANK	
8.	OTHER INCOME	2021 USD	2020 USD	2021 USD	2020 USD
	Impaired assets recovered *	-	5,356,771	-	5,356,771
	Management fee	837,438	770,877	-	-
	Dividend income	772,707	354,376	1,096,721	510,952
	Miscellaneous income	592,563	275,252	254,677	275,247
	Interest on staff loans	250,184	165,052	250,184	165,052
	Loss on disposal of property and equipment	(247)	(110,174)	(247)	(110,174)
		<u>2,452,645</u>	<u>6,812,154</u>	<u>1,601,335</u>	<u>6,197,848</u>
		=====	=====	=====	=====

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

		GROUP		BANK	
9(a)	OPERATING EXPENSES	2021 USD	2020 USD	2021 USD	2020 USD
	Staff costs (Note 9(b))	34,443,386	35,055,218	34,443,386	35,055,218
	Office running expenses	3,009,311	1,469,063	1,795,702	1,431,288
	Consultants and advisors	2,275,586	1,850,698	2,275,586	1,850,698
	Business promotion	1,046,196	2,660,304	1,046,196	2,660,304
	Depreciation of property and equipment	979,443	957,654	979,443	957,654
	Amortisation of intangible assets	845,718	759,464	845,718	759,464
	Depreciation of right-of-use assets	587,290	582,663	587,290	582,663
	Official missions	555,015	407,658	555,015	407,658
	Board of Directors meetings	347,720	175,034	347,720	175,034
	Interest expense on lease liability (note 29)	124,716	141,575	124,716	141,575
	Audit fees	110,467	64,817	84,000	56,000
	Short term leases and other rentals	90,408	186,018	90,408	186,018
	Board of Governors meeting	71,530	151,617	71,530	151,617
		<u>44,486,786</u>	<u>44,461,783</u>	<u>43,246,710</u>	<u>44,415,191</u>
		=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED 31 DECEMBER 2021

		GROUP AND BANK	
		2021	2020
		USD	USD
9(b).	STAFF COSTS		
	Salaries and wages	16,816,129	16,688,577
	Staff reward and recognition scheme	7,714,162	8,548,907
	Staff provident fund contributions-defined contribution plan	2,979,447	2,716,318
	School fees for dependents	2,955,748	3,002,612
	Medical costs	1,375,259	1,189,809
	Service pay provision	1,180,534	1,098,668
	Other costs*	883,099	1,040,595
	Leave pay expense	539,008	769,732
		<u>34,443,386</u>	<u>35,055,218</u>
		=====	=====

*Other staff costs include training costs, staff relocation and installation expenses.

10. NET TRADING INCOME & OPERATING INCOME

Management has presented Net trading income and Operating income in the statement of profit or loss because it monitors these performance measure in its operations and believes that these measures are relevant to understanding of the Group's and Bank's financial performance.

Net trading income represents the interest, fees and commission income, less interest on borrowings. It is calculated to exclude the impact of other income, risk mitigation costs, operating expenditure, impairment charges and foreign exchange differences. Net trading income is not a defined performance measure in IFRS Standards hence the Group's definition may not be comparable with similarly titled performance measures and disclosures by other entities

Operating income represents the interest, fees and commission income and other income less interest on borrowing, risk mitigation and other related direct expenses. It is calculated to exclude the impact of operating expenditure, impairment charges and foreign exchange differences. Operating income is not a defined performance measure in IFRS Standards hence the Group's definition may not be comparable with similarly titled performance measures and disclosures by other entities

11. IMPAIRMENT ON OTHER FINANCIAL ASSETS

Other receivables (Note 24)	698,625	363,754
	=====	=====

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

12. CURRENT TAX PAYABLE

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

For the year from 1 January 2021 to 31 December 2021, the Group had no tax liability (2020: NIL).

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED 31 DECEMBER 2021

13. EARNINGS PER SHARE

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

	GROUP		BANK	
	2021	2020	2021	2020
	USD	USD	USD	USD
EARNINGS:				
Earnings for the purpose of the basic earnings per share being net profit attributable to shareholders	173,953,777	157,617,853	174,332,543	157,046,645
	=====	=====	=====	=====
Earnings for the purpose of the diluted earnings per share	173,953,777	157,617,853	174,332,543	157,046,645
	=====	=====	=====	=====
There were no earnings with a potential dilutive effect during the year (2020: NIL).				
NUMBER OF SHARES:				
Weighted average number of shares for the purpose of basic earnings per share:				
Class A	90,155	86,207	90,155	86,207
Class B	31,831	29,239	31,831	29,239
	=====	=====	=====	=====
	121,986	115,446	121,986	115,446
	=====	=====	=====	=====
Basic Earnings Per Share	1,426	1,365	1,429	1,360
	=====	=====	=====	=====
Weighted average number of shares for the purpose of diluted earnings per share:				
	125,104	120,343	125,104	120,343
	=====	=====	=====	=====
Diluted Earnings Per Share	1,390	1,308	1,394	1,305
	=====	=====	=====	=====

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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

14. CASH AND BALANCES HELD WITH OTHER BANKS

	GROUP		BANK	
	2021 USD	2020 USD	2021 USD	2020 USD
Current accounts – Note 14 (i)	447,496,806	156,760,578	446,442,049	155,994,806
Call and term deposits with banks – Note 14 (ii)	1,524,440,655	1,383,163,639	1,524,440,655	1,383,163,639
	<u>1,971,937,461</u>	<u>1,539,924,217</u>	<u>1,970,882,704</u>	<u>1,539,158,445</u>
	=====	=====	=====	=====
(i) Current accounts:				
Amounts maintained in United States Dollars (USD)	407,896,189	134,055,178	406,841,610	133,289,406
	<u>407,896,189</u>	<u>134,055,178</u>	<u>406,841,610</u>	<u>133,289,406</u>
Amounts maintained in other currencies:				
Zambia Kwacha	21,964,621	10,732,930	21,964,621	10,732,930
Malawi Kwacha	8,213,657	3,198,035	8,213,657	3,198,035
Tanzania Shillings	5,787,048	5,811,688	5,787,048	5,811,688
Euro	2,898,972	2,028,034	2,898,875	2,028,034
Ethiopian Birr	393,123	141,042	393,123	141,042
Burundi Francs	247,647	586,035	247,647	586,035
Zimbabwean Dollar	39,997	54,344	39,997	54,344
British Pounds	19,445	9,587	19,445	9,587
Kenyan Shilling	17,894	77,597	17,894	77,597
United Arab Emirates Dirham	8,738	1,922	8,738	1,922
Japanese Yen	5,812	6,515	5,812	6,515
Ugandan Shilling	2,072	205	2,072	205
South African Rand	955	14,783	955	14,783
Mauritian Rupee	636	42,683	555	42,683
	<u>39,600,617</u>	<u>22,705,400</u>	<u>39,600,439</u>	<u>22,705,400</u>
	<u>447,496,806</u>	<u>156,760,578</u>	<u>446,442,049</u>	<u>155,994,806</u>
	=====	=====	=====	=====
(ii) Call and term deposits with banks:				
United States Dollars (USD)	1,514,515,078	1,348,406,230	1,514,515,078	1,348,406,230
	<u>1,514,515,078</u>	<u>1,348,406,230</u>	<u>1,514,515,078</u>	<u>1,348,406,230</u>
Amounts maintained in other currencies:				
Ugandan Shillings	6,257,680	5,387,630	6,257,680	5,387,630
Sudanese Pounds	3,667,872	29,369,779	3,667,872	29,369,779
Euro	25	-	25	-
	<u>9,925,577</u>	<u>34,757,409</u>	<u>9,925,577</u>	<u>34,757,409</u>
	<u>1,524,440,655</u>	<u>1,383,163,639</u>	<u>1,524,440,655</u>	<u>1,383,163,639</u>
	=====	=====	=====	=====
Total call and term deposits	1,524,440,655	1,383,163,639	1,524,440,655	1,383,163,639
	=====	=====	=====	=====

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	
	2021	2020
	USD	USD
Currency forward exchange contracts		
Net opening balance at start of year	(41,329,500)	40,049,341
Contracts entered into during year-net	1,272,928,304	1,122,725,037
Net amounts settled	(1,172,058,268)	(1,218,304,095)
Fair value (loss)/gains through profit or loss	(1,905,701)	14,200,217
	<hr/>	<hr/>
Net closing balance as at end of year	57,634,835	(41,329,500)
	=====	=====

As at 31 December 2021 and 31 December 2020, the Group only had currency forward exchange contracts in its derivative financial instruments portfolio.

	GROUP AND BANK	
	2021	2020
	USD	USD
16. TRADE FINANCE LOANS		
Principal loans	3,651,502,067	2,593,587,582
Interest receivable	33,440,745	587,909,480
	<hr/>	<hr/>
Gross loans	3,684,942,812	3,181,497,062
Impairment on trade finance loans (note 18)*	(105,901,128)	(96,862,247)
	<hr/>	<hr/>
Net loans	3,579,041,684	3,084,634,815
	=====	=====
Analysis of gross loans by maturity:		
<i>Maturing:</i>		
Within one year	1,842,614,920	1,056,073,385
One to three years	1,713,244,510	1,435,549,642
Over three years	129,083,382	689,874,035
	<hr/>	<hr/>
	3,684,942,812	3,181,497,062
	=====	=====

*Includes impairment charge for off-balance sheet commitments.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

16. TRADE FINANCE LOANS (Continued)

As at 31 December 2021, the gross non-performing trade finance loans (stage 3) amounted to USD 103,018,461 (December 2020- USD 89,735,648). The specific impairment provisions related to these loans amounted to USD 61,740,539 (December 2020 - USD 71,917,281) hence the carrying amount of the stage 3 loans amounted to USD 41,277,922 (December 2020- USD 17,818,367). The provisions related to stage 1 and stage 2 trade finance loans amounted to USD 44,160,589 (December 2020 - USD 24,944,967).

17. PROJECT LOANS

	GROUP AND BANK	
	2021	2020
	USD	USD
Loans disbursed	4,411,317,213	4,225,163,924
Interest capitalised*	93,010,342	74,649,100
Loans repaid	(2,467,535,040)	(2,057,830,433)
	<hr/>	<hr/>
Principal loan balances	2,036,792,515	2,241,982,591
Interest receivable	62,302,773	50,281,026
	<hr/>	<hr/>
Gross loans	2,099,095,288	2,292,263,617
Impairment on project loans (Note 18)	(46,205,821)	(67,486,895)
	<hr/>	<hr/>
Net loans	2,052,889,467	2,224,776,722
	=====	=====

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

	GROUP AND BANK	
	2021	2020
	USD	USD
Analysis of gross loans by maturity:		
<i>Maturing:</i>		
Within one year	494,927,418	398,862,677
One year to three years	783,723,450	692,703,245
Three to five years	507,391,974	708,447,718
Over five years	313,052,446	492,249,977
	<hr/>	<hr/>
	2,099,095,288	2,292,263,617
	=====	=====

The gross non-performing (Stage 3) project loans was USD 66,740,124 (December 2020 - USD 67,820,124). The impairment provisions on stage 3 loans amounted to USD 9,159,700 (December 2020 - USD 33,063,944) hence the carrying value of the loans amounted to USD 57,580,424 (December 2020- USD 34,756,180). Stage 1 and 2 provisions for project finance loans amounted to USD 37,046,121 (December 2020 - USD 34,422,954).

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

18. IMPAIRMENT ALLOWANCE

GROUP AND BANK

	Finance Project Loans On-balance sheet USD	Project Finance Loans Off- balance sheet USD	Total/ Project Finance Loans Allowance USD	Trade Finance Loans On- balance sheet USD	Trade Finance Loans Off- sheet USD	Total Trade Finance Loans Allowance USD	Low Credit Risk Assets USD	Total Allowance USD
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
As at 1 January 2021	65,931,193	1,555,702	67,486,895	96,436,459	425,788	96,862,247	9,813,609	174,162,751
Amounts written off	(1,000,000)	-	(1,000,000)	(42,454,544)	-	(42,454,544)	-	(43,454,544)
Charge for the year	(20,221,169)	(59,905)	(20,281,074)	48,170,290	3,323,135	51,493,425	753,295	31,965,646
At 31 December 2021	44,710,024	1,495,797	46,205,821	102,152,205	3,748,923	105,901,128	10,566,904	162,673,853

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

19. EQUITY INVESTMENTS

(i) Equity participation

Equity participation	GROUP AND BANK					
	Beginning Cost USD	Additions at cost USD	Total Ending Cost USD	Investment Carrying Value At 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 2021						
African Export Import Bank	2,364,160	-	2,364,160	7,903,000	7,393,000	510,000
ZEP Reinsurance	31,938,654	-	31,938,654	49,609,000	42,496,000	7,113,000
Tononoka Steels Limited	628,653	-	628,653	706,000	194,000	512,000
Tanruss Investment Limited	1,755,000	-	1,755,000	(375,000)	168,000	(543,000)
Africa Trade Insurance Company	1,000,000	-	1,000,000	1,170,000	981,000	189,000
Gulf African Bank	1,978,734	-	1,978,734	1,809,000	2,448,000	(639,000)
Pan African Housing Fund	805,098	-	805,098	256,070	307,118	(51,048)
	<u>40,470,299</u>	<u>-</u>	<u>40,470,299</u>	<u>61,078,070</u>	<u>53,987,118</u>	<u>7,090,952</u>
	=====	=====	=====	=====	=====	=====
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)
	<u>40,422,051</u>	<u>48,248</u>	<u>40,470,299</u>	<u>53,987,118</u>	<u>51,135,850</u>	<u>2,803,020</u>
	=====	=====	=====	=====	=====	=====

The Group's main equity investments are in ZEP-RE (PTA Reinsurance Company), African Export-Import Bank, Tanruss, Africa Trade Insurance Agency and Gulf African Bank. In addition, the Group has subscribed to the equity of various projects in its Member States. The Group's participation is expressed in US Dollars. As at 31 December 2021, 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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

19. EQUITY INVESTMENTS (Continued)

	GROUP AND BANK	
	2021	2020
	USD	USD
ii) Instalments paid:		
Total subscribed capital*	41,865,201	41,865,201
Less: Instalments not due – Note 19 (iii)	(1,394,902)	(1,394,902)
	<hr/>	<hr/>
Instalments paid at end of year – Note 19 (i) and (iv)	40,470,299	40,470,299
	=====	=====
*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	194,902
	<hr/>	<hr/>
*Unpaid subscriptions are payable on call.	1,394,902	1,394,902
	=====	=====
iv) Movement in the instalments paid:		
At beginning of year	40,470,299	40,422,051
Net additions at cost – Note 19 (i)	-	48,248
	<hr/>	<hr/>
At end of year	40,470,299	40,470,299
	=====	=====

20(a) INVESTMENT IN JOINT VENTURE

The Bank had a 50% interest in Eastern and Southern African Infrastructure Fund (ESAIF) until September 2017 when TDB acquired 100% ownership of ESAIF. ESAIF was incorporated in 2016 and its principal place of business is Ebene, Mauritius. ESAIF is a vehicle designated to raise and manage the COMESA Infrastructure Fund. No quoted market price exists for the investment. ESAIF has a 31 December year end for reporting purposes.

	GROUP AND BANK	
	2021	2020
	USD	USD
Movement in joint venture:		
At 1 January	317,010	317,010
Movement in investment- note 20(b)	(317,010)	-
	<hr/>	<hr/>
At 31 December	-	317,010
	=====	=====

20(b) PRIOR PERIOD ERROR IN DISCLOSING ESAIF AS A JOINT VENTURE INSTEAD OF A SUBSIDIARY

As set out in note 20(a), ESAIF was set up as a joint venture in 2016 until September 2017, when the Bank acquired full control. However, due to an omission, the Group and Bank continued to incorrectly account for and disclose its investment in ESAIF as a joint venture instead of a subsidiary in the financial statements. The error was identified in the current year and the correct accounting treatment and disclosures have been incorporated in these financial statements in the current year. In determining the correction of the error, the Group and Bank considered the provisions of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors, that require an entity to correct material prior period errors retrospectively.

The Group and Bank determined that the error related to the accounting treatment and disclosure of ESAIF as a Joint Venture instead of a subsidiary does not constitute a material prior period error in respect to these financial statements. The financial results and financial position of ESAIF are not material to either the separate or consolidated financial statements. Consequently, the directors determine that it is not necessary to restate the reported information related to past period in the financial statements.

The Group considers the Diluted Earnings per share (DEPS) as a key metric in its financial reporting. The resulting error would have resulted in USD 1 reduction in the DEPS reported in 2020.

The error had no impact on the Group's balance sheet because the movement was within the Group's assets. Investment in Joint Ventures reduced by USD 317,010 while Other Receivables increased by a similar amount.

21 INVESTMENT IN SUBSIDIARIES – AT COST

(a) Eastern and Southern African Trade Advisers Limited (ESATAL)

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 Eastern and Southern African Trade Fund – “ESATF” (see note 23). ESATAL has a 31 December year end for reporting purposes.

(b) Trade and Development Fund (TDF)

The Bank has 100% interest in Trade and Development Fund (TDF). TDF was incorporated in 2020 and the principal place of business of TDF is Harare, Zimbabwe. TDF provides grants, donations, technical assistance and financial assistance under non-commercial terms, as well as providing training and capacity building. TDF has a 31 December year end for reporting purposes.

(c) Eastern and Southern African Infrastructure Fund (ESAIF)

The Bank has a 100% interest in Eastern and Southern African Infrastructure Fund (ESATAL). ESAIF was incorporated in 2015 as a joint venture between TDB and Harith General Partners, with each party controlling 50% interest in the joint venture. In September 2017, ESATAL became a subsidiary of TDB after the Bank obtained control see note 20(b). The principal place of business of ESAIF is Ebene, Mauritius. ESAIF is an investment Manager for COMESA Infrastructure Fund – “CIF”. ESAIF has a 31 December year end for reporting purposes.

(d) TDB Captive Insurance (TCI)

The Bank has 100% interest in TDB Captive Insurance (TCI). TCI was incorporated in 2021 and the principal place of business of TCI is Ebene, Mauritius. TCI provides risk mitigation services for its parent company TDB and other related group entities, primarily focusing on insurance services for financial assets. TCI has a 31 December year end for reporting purposes. As at 31 December 2021, TCI had not commenced operations, hence no transactions to report for the year.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED 31 DECEMBER 2021

21 INVESTMENT IN SUBSIDIARIES (Continued)

(e) Shareholding

ESATAL	2021		2020	
	No of Shares	Ordinary Share USD	No of Shares	No of Shares
Total issued and fully paid	139,967 =====	139,967 =====	139,967 =====	139,967 =====
TDB's share -50% + 1 share	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				
ESAIF	2021		2020	
	No of Shares	Ordinary Share USD	No of Shares	Ordinary Share USD
Total issued and fully paid*	1,166,944 =====	1,166,944 =====	- =====	- =====
TDB's share -100%	1,166,944 =====	1,166,944 =====	- =====	- =====
TDF				
Total issued and fully paid	1 =====	1 =====	- =====	- =====
TDB's share -100%	1 =====	1 =====	- =====	- =====
Total Investment in subsidiaries				
Total issued and fully paid	1,236,929 =====	1,236,929 =====	69,984 =====	69,984 =====

TDB's actual number and value of shares in TDF had not been determined as at year end, hence a token amount of USD 1 disclosed for reporting purposes

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED 31 DECEMBER 2021

21 INVESTMENT IN SUBSIDIARIES (Continued)

(f) Summarised Financial Information

	BANK	
	As at 31 December 2021	
	TDF	ESAIF
	USD	USD
Summarised statement of financial position		
Total assets	2,402,889	37,194
Total liabilities	(3,418,206)	(174,799)
Net assets	(1,015,317)	(137,605)
	=====	=====
Summarised statement of profit and loss and other comprehensive income		
Income	13,873	-
Expenditure	(1,029,190)	(25,099)
Loss for the year	(1,015,317)	(25,099)
	=====	=====

ii. *Subsidiary with non-controlling interest – ESATAL*

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	
	2021	2020
	USD	USD
Summarised statement of financial position		
Total assets	1,253,893	839,480
Total liabilities	(196,845)	(13,781)
Net assets	1,057,048	825,699
	=====	=====
Non-controlling interest	50%	50%
	=====	=====
Summarised statement of profit and loss and other comprehensive income		
Profit before taxation	777,191	724,290
Taxation credit	-	3,494
	777,191	727,784
	=====	=====
Profit for the year attributable to owners of the Bank	388,596	363,892
Profit for the year attributable to non-controlling interest	388,595	363,892
	=====	=====
Total comprehensive income for the year	777,191	727,784
	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

21. INVESTMENT IN SUBSIDIARIES (Continued)

(f) Summarised financial information (Continued)

ii. Subsidiary with non-controlling interest – ESATAL (Continued)

	BANK 2021 USD	2021 USD
Summarised statement of cash flows		
Net cash generated from operating activities	800,091	643,974
Net cash used in financing activities	(545,826)	(171,185)
Net increase in cash and cash equivalents	254,265	472,789
Cash and cash equivalents at beginning of year	765,772	292,983
Cash and cash equivalents at end of year	1,020,037	765,772
	=====	=====

22. INVESTMENTS IN GOVERNMENT SECURITIES

	GROUP AND BANK 2021 USD	2020 USD
Held at amortised cost:		
Treasury Notes and Treasury Bonds:		
At beginning of year	120,928,084	44,897,636
Maturities	(36,978,050)	-
Additions: Treasury Bonds*	-	47,801,418
Margin receivable	-	28,229,030
At end of year	83,950,034	120,928,084
	=====	=====

*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	
	2021 USD	2020 USD	2021 USD	2020 USD
Investment in ESATF – at fair value through other comprehensive income:				
At beginning of year	52,327,417	49,997,089	52,327,317	49,996,989
Additions during the year	1	-	1	-
Retirements/maturities during the year	-	(447,250)	-	(447,250)
Fair value gains	1,842,917	2,777,578	1,842,917	2,777,578
At end of year	54,170,335	52,327,417	54,170,235	52,327,317
	=====	=====	=====	=====

Investment in trade fund comprises of equity investments in The East and Southern African Trade Fund – "ESATF".

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

24. OTHER RECEIVABLES	2019		2018	
	GROUP		BANK	
	2021	2020	2021	2020
	USD	USD	USD	USD
Down-sold assets*	-	85,000,000	-	85,000,000
Prepayments and other receivables**	26,261,292	36,850,165	24,537,847	36,776,556
Staff loans and advances***	16,041,750	14,123,916	16,041,750	14,123,916
Appraisal fees****	323,563	917,489	323,563	917,489
	<u>42,626,605</u>	<u>136,891,570</u>	<u>40,903,160</u>	<u>136,817,961</u>
	=====	=====	=====	=====
<i>Appraisal fees receivable****</i>				
At beginning year	917,489	677,703	917,489	677,703
Accrued income	917,450	1,201,581	917,450	1,201,581
Receipts	(812,751)	(598,041)	(812,751)	(598,041)
Amounts written off (Note 11)	(698,625)	(363,754)	(698,625)	(363,754)
	<u>323,563</u>	<u>917,489</u>	<u>323,563</u>	<u>917,489</u>
	=====	=====	=====	=====
Amounts due within one year	29,913,002	126,004,800	28,189,557	125,931,190
Amounts due after one year	12,713,603	10,886,770	12,713,603	10,886,771
	<u>42,626,605</u>	<u>136,891,570</u>	<u>40,903,160</u>	<u>136,817,961</u>
	=====	=====	=====	=====

*Down-sold assets represent loan assets sold to counterparties on a non-funded basis. Down-selling receivable does not attract interest.

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

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

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

25. PROPERTY AND EQUIPMENT – GROUP AND BANK

Year ended 31 December 2021:

	Freehold land USD	Building under construction USD	Buildings USD	Motor vehicles USD	Furniture and fittings USD	Office equipment USD	Total USD
COST							
At 1 January 2021	140,400	10,117,248	26,685,461	985,164	1,740,237	2,617,250	42,285,760
Additions	-	6,884,052	3,164	62,825	5,650	255,347	7,211,038
Disposals	-	-	-	-	-	(4,827)	(4,827)
At 31 December 2021	140,400	17,001,300	26,688,625	1,047,989	1,745,887	2,867,770	49,491,971
ACCUMULATED DEPRECIATION							
At 1 January 2021	-	-	8,759,218	667,582	1,250,776	2,276,613	12,954,189
Charge for the year	-	-	514,840	115,371	116,158	233,074	979,443
Disposals	-	-	-	-	-	(4,580)	(4,580)
At 31 December 2021	-	-	9,274,058	782,953	1,366,934	2,505,107	13,929,052
NET CARRYING AMOUNT							
At 31 December 2021	140,400	17,001,300	17,414,567	265,036	378,953	362,663	35,562,919

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 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 2020: NIL).

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

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

Year ended 31 December 2020:	Freehold land USD	Building under construction USD	Buildings USD	Motor vehicles USD	Furniture and fittings USD	Office equipment USD	Total USD
COST							
At 1 January 2020	140,400	4,770,891	26,598,015	864,665	1,865,267	2,477,509	36,716,747
Additions	-	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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

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	
	2021	2020
	USD	USD
COST		
At beginning of year	4,397,415	4,378,195
Lease asset recognised	292,619	19,220
	<hr/>	<hr/>
At end of year	4,690,034	4,397,415
	<hr/>	<hr/>
ACCUMULATED AMORTISATION		
At beginning of year	1,048,846	466,183
Charge for the year	587,290	582,663
	<hr/>	<hr/>
At end of year	1,636,136	1,048,846
	<hr/>	<hr/>
NET BOOK VALUE		
At the end of the year	3,053,898	3,348,569
	<hr/>	<hr/>
<i>Amounts recognized in profit and loss:</i>		
Depreciation expense-right-of-use asset	587,290	582,663
Interest expense on lease liabilities	124,716	141,575
Expense relating to short term lease contracts	50,152	53,273
	<hr/>	<hr/>
	762,158	777,511
	<hr/>	<hr/>
27. INTANGIBLE ASSETS		
COST		
At beginning of year	4,379,081	3,618,920
Additions	354,576	760,161
	<hr/>	<hr/>
At end of year	4,733,657	4,379,081
	<hr/>	<hr/>
AMORTISATION		
At beginning of year	2,380,382	1,620,918
Charge for the year	845,718	759,464
	<hr/>	<hr/>
At end of year	3,226,100	2,380,382
	<hr/>	<hr/>
NET CARRYING AMOUNT		
At end of year	1,507,557	1,998,699
	<hr/>	<hr/>

Intangible assets relate to cost of acquired computer software.

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

28. COLLECTION ACCOUNT DEPOSITS

	GROUP AND BANK	
	2021	2020
	USD	USD
At beginning of year	93,275,106	95,822,611
Increase	9,440,947	49,600,753
Reduction	(37,736,948)	(52,148,258)
	<hr/>	<hr/>
At end of year	64,979,105	93,275,106
	=====	=====

Collection account deposits are collections against loans that are short term in nature and 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 LIABILITIES

	GROUP AND BANK	
	2021	2020
	USD	USD
At start year	1,087,250	1,520,467
New lease liabilities	292,618	19,219
Payment of lease liabilities	(891,826)	(594,011)
Interest on lease liabilities (note 9)	124,716	141,575
	<hr/>	<hr/>
	612,758	1,087,250
	=====	=====
At end of year		
<i>Maturity Analysis of undiscounted cash flows</i>		
Year 1	127,361	551,599
Year 2	485,397	280,042
Year 3	-	255,609
	<hr/>	<hr/>
Total discounted lease liabilities	612,758	1,087,250
	=====	=====

The lease liabilities are discounted at a rate of 6.88%

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

30. SHORT TERM BORROWINGS

	Date of renewal/ Advance	Maturity Date	Currency	GROUP AND BANK 2021 USD	2020 USD
Global Syndication 2021	Dec-21	Nov-24	USD	497,251,930	-
Global Syndication 2020	Dec-20	Dec-22	USD	450,000,000	450,000,000
National Bank of Ethiopia	Oct-21	Mar-22	USD	301,000,000	-
Syndicated Loan - Asia (11)	Dec-20	Dec-22	USD	260,000,000	225,000,000
Syndicated Loan- Middle First Abu Dhabi Bank PJSC	Dec-19	Dec-22	USD	259,065,216	468,989,865
Syndicated Loan - Asia (I)	Aug-21	Jun-22	USD	200,000,000	400,000,000
The Bank of Tokyo Mitsubishi UFJ, Ltd	May-21	May-23	USD	150,000,000	150,000,000
Sumarai 2021	Dec-21	Dec-24	USD	150,000,000	-
CDC	Dec-20	Dec-22	USD	100,000,000	100,000,000
CASSA	Jan-21	Jan-24	USD	67,968,000	-
Standard Chartered Bank London	Jul-21	Apr-23	USD	53,797,668	-
NORFUND	Jul-21	Jul-22	USD	50,000,000	50,611,417
Citibank	Sep-21	Apr-22	USD	40,967,211	9,247,080
Africa 50 Financement de Projets	Nov-21	Feb-22	USD	32,146,475	31,903,540
Commerzbank	Jul-21	Apr-22	USD	21,994,717	-
NOUVBANK	Nov-21	Feb-22	USD	15,670,891	-
African Trade Insurance Agency	Jan-21	Sep-22	USD	8,985,304	5,550,674
BANCOBU	Oct-21	Oct-22	USD	3,000,000	-
KFW	Jun-20	Jun-21	USD	-	20,000,000
Standard Chartered Bank London	Jul-20	May-21	USD	-	21,653,436
Global Syndication 2018	Oct-18	Oct-22	USD	-	260,000,000
Samurai Syndication	Dec-18	Dec-21	USD	-	123,783,324
Nedbank	Dec-18	Nov-21	USD	-	50,000,000
Mizuho Bank London	Oct-20	Jul-21	USD	-	40,000,000
				<hr/>	<hr/>
Sub-total for other short-term borrowings				2,661,847,412	2,406,739,336
INTEREST PAYABLE				1,615,134	737,540
				<hr/>	<hr/>
TOTAL SHORT-TERM BORROWINGS				2,663,462,546	2,407,476,876
				=====	=====
Amounts due within one year				1,798,242,616	503,487,011
Amounts due after one year				865,219,930	1,903,252,325
				<hr/>	<hr/>
				2,663,462,546	2,407,476,876
				=====	=====

Borrowings are classified as short term or long term on the basis of the book of business that the Group funds i.e., Trade finance loans or project loans and not on the basis of contractual maturity of the liability. The Trade finance loans have a tenure of upto 3 years while project loans extend beyond 3 years.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

31. LONG TERM BORROWINGS

Lender	Date of Renewal/	Maturity	Amount in	Amounts as at 31 December 2021		Amounts as at 31 December 2020	
				Balance outstanding	Amount due within one year	Balance outstanding	Amount due within one year
African Development Bank	Nov-08	Mar-29	175,620,749	162,500,000	136,250,000	188,750,000	162,500,000
African Economic Research Consortium	Nov-19	Nov-26	2,993,975	2,993,975	2,993,975	2,993,975	2,993,975
US\$ 3.5 Billion Euro Medium Term Note Programme: Third Tranche	May-19	May-24	750,000,000	750,000,000	750,000,000	750,000,000	750,000,000
US\$ 3.5 Billion Euro Medium Term Note Programme: Second Tranche	Dec-13	Mar-22	700,000,000	700,000,000	-	700,000,000	700,000,000
US\$ 3.5 Billion Euro Medium Term Note Programme: Fourth Tranche	Jun-21	Jun-28	650,000,000	650,000,000	650,000,000	-	-
Opex Fund for International Development (OFID)	Mar-19	Jun-23	50,000,000	40,000,000	20,000,000	60,000,000	40,000,000
Development Bank of Southern Africa (DBSA)	Aug-07	Jun-21	-	-	-	4,687,500	-
Private Export Funding Corporation	Aug-11	Oct-21	2,231,064	-	-	5,205,825	-
KfW	Dec-13	Nov-31	135,238,143	135,238,143	118,095,286	145,714,286	134,285,714
KfW-IPEX	Sep-16	Dec-28	-	17,142,857	-	96,382,577	83,017,956
European Investment Bank (EIB)	Aug-16	Jun-33	94,620,915	11,749,333	76,997,334	70,496,000	58,746,667
CDC Group	Oct-16	May-26	50,754,732	12,878,788	29,166,667	59,469,697	42,045,455
Standard Chartered Bank / USAID	Sep-17	Mar-24	14,797,669	12,683,716	8,455,810	15,911,622	12,683,716
Finnish Export Credit (FEC)-Sumitomo Mitsui Banking Corporation	Jul-17	Dec-29	53,488,158	6,292,724	44,049,071	53,921,901	48,695,529
Japan Bank for International Corporation	Jul-17	Feb-24	-	-	-	853,983	-
Agence Francaise De Developpement	Dec-17	Aug-35	88,749,700	85,625,000	79,375,000	71,875,000	65,625,000
The Exim -Import Bank of China	Dec-17	Dec-23	250,000,000	100,000,000	-	250,000,000	-
Industrial Development Corporation	Mar-18	Feb-26	67,043,456	13,408,691	46,930,420	82,164,643	60,339,111
Arab Bank for Economic Development in Africa	Feb-18	Jan-28	12,187,500	1,875,000	9,375,000	13,125,000	11,250,000
Development Bank of the Republic of Belarus	Jun-20	Apr-25	20,764,678	7,185,192	13,275,016	15,677,754	13,888,320
Oesterreichische Entwicklungsbank AG	Jun-20	Jun-30	25,000,000	2,941,176	22,058,824	25,000,000	25,000,000
MIGA Guaranteed Syndicated	Jul-20	Jun-30	334,434,877	378,847,830	378,847,830	411,237,846	411,237,846
Cassa Depositi e Prestiti	Jul-20	Jun-30	50,000,000	6,663,529	49,976,471	61,482,500	61,482,500
World Bank Facility-Infrastructure Facility	Mar-21	Aug-39	25,560,000	-	25,560,000	-	-
World Bank Facility-Technical Assistance Facility	Jan-21	Aug-58	1,641,000	-	1,641,000	-	-
Development Finance Institute Canada-FinDev	Nov-21	Nov-29	20,000,000	-	20,000,000	-	-
Sub total for long term borrowings			3,419,912,900	936,865,196	2,483,047,704	3,085,950,109	2,683,791,789
Interest payable			23,836,580	23,836,580	-	29,829,894	-
Total			3,443,749,480	960,701,776	2,483,047,704	3,115,780,003	2,683,791,789
Deferred Expenditure			(69,653,116)	(13,023,735)	(56,629,381)	(64,255,723)	(53,710,640)
Total Long term borrowings			3,374,096,364	947,678,041	2,426,418,323	3,051,524,280	2,630,081,149

The Group repays these borrowings in either quarterly or semi-annual instalments as well as bullet payments. 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 finance or Project loans, and not on the basis of contractual maturity of the liability. The Trade finance loans have a tenure of up to 3 years while project loans extend beyond 3 years.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

32. OTHER PAYABLES	GROUP		BANK	
	2021 USD	2020 USD	2021 USD	2020 USD
Provident fund*	38,413,550	29,217,684	38,413,550	29,217,684
Deferred income-LC discounting	16,284,287	10,116,963	16,284,287	10,116,963
Other creditors**	14,198,319	18,871,780	13,087,582	18,857,999
Accrued Long Term Incentive Scheme	12,199,651	10,282,849	12,199,651	10,282,849
Dividends payable	9,565,460	7,661,404	9,565,460	7,661,404
Accrued reward and recognition	3,811,765	3,547,549	3,811,765	3,547,549
Accrued fees-Trade Finance	1,314,331	2,301,542	1,314,331	2,301,542
Accrued expenses	363,452	1,640,962	363,452	1,640,962
Rental deposit	51,622	51,622	51,622	51,622
Accrued fees-Project Finance	16,139	16,139	16,139	16,139
Accrued Syndication fees	572	2,308,386	572	2,308,386
	<u>96,219,148</u>	<u>86,016,880</u>	<u>95,108,411</u>	<u>86,003,099</u>
	=====	=====	=====	=====
<i>Analysis of other payables by maturity:</i>				
Amounts due within one year	57,805,598	46,516,347	56,694,861	46,502,566
Amounts due after one year	38,413,550	39,500,533	38,413,550	39,500,533
	<u>96,219,148</u>	<u>86,016,880</u>	<u>95,108,411</u>	<u>86,003,099</u>
	=====	=====	=====	=====

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

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

33. PROVISION FOR SERVICE AND LEAVE PAY

(ii) PROVISION FOR SERVICE PAY	GROUP AND BANK	
	2021 USD	2020 USD
At start of year	7,451,942	6,600,151
Increase in provision	1,180,534	1,098,668
Payment of service pay	(174,402)	(246,877)
	<u>8,458,074</u>	<u>7,451,942</u>
	=====	=====
(i) PROVISION FOR LEAVE PAY		
At start of year	2,505,837	1,951,359
Increase in provision	391,612	670,419
Payment of leave pay	(67,789)	(115,941)
	<u>2,829,660</u>	<u>2,505,837</u>
	=====	=====
TOTAL PROVISION FOR SERVICE AND LEAVE PAY	<u>11,287,734</u>	<u>9,957,779</u>
	=====	=====

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

34. SHARE CAPITAL

34. SHARE CAPITAL	GROUP AND BANK							
	As at 31 December 2021				As at 31 December 2020			
	CLASS 'A' SHARES USD	CLASS 'B' SHARES USD	CLASS 'C' SHARES USD	TOTAL USD	CLASS 'A' SHARES USD	CLASS 'B' SHARES USD	CLASS 'C' 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	4,000,000,156	-	-	4,000,000,156
- 220,585 Class 'B' ordinary shares of USD 4,533.40 each	-	1,000,000,039	-	1,000,000,039	-	1,000,000,039	-	1,000,000,039
- 220,585 Class 'C' ordinary shares of USD 4,533.40 each	-	-	1,000,000,039	1,000,000,039	-	-	1,000,000,039	1,000,000,039
Less: Unsubscribed								
- Class 'A'	(1,894,462,526)	-	-	(1,894,462,526)	(1,975,179,713)	-	-	(1,975,179,713)
- Class 'B'	-	(853,960,460)	-	(853,960,460)	-	(859,400,539)	-	(859,400,539)
- Class 'C'	-	-	(1,000,000,039)	(1,000,000,039)	-	-	(1,000,000,039)	(1,000,000,039)
Subscribed capital:								
- 92,890 Class 'A' (December 2020: 89,329) ordinary shares of USD 22,667 each	2,105,537,630	-	-	2,105,537,630	2,024,820,443	-	-	2,024,820,443
- 32,214 Class 'B' (December 2020: 31,014) ordinary shares of USD 4,533.40 each	-	146,039,579	-	146,039,579	-	140,599,500	-	140,599,500
Less: Callable capital	(1,684,430,104)	-	-	(1,684,430,104)	(1,619,856,354)	-	-	(1,619,856,354)
Payable capital								
Less: Amounts not yet due	421,107,526 (10,114,000)	146,039,579	-	567,147,105 (10,114,000)	404,964,089 (9,802,117)	140,599,500	-	545,563,589 (9,802,117)
Capital due								
Less: subscriptions in arrears	410,993,526 (1,164,438)	146,039,579	-	557,033,105 (1,164,438)	395,161,972 (827,632)	140,599,500	-	535,761,472 (827,632)
Paid up capital	409,829,088	146,039,579	-	555,868,667	394,334,340	140,599,500	-	534,933,840

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

34. SHARE CAPITAL (Continued)

	GROUP AND BANK				31 December 2021		31 December 2020	
	CLASS 'A' SHARES USD	CLASS 'B' SHARES USD	TOTAL USD	CLASS 'A' SHARES USD	CLASS 'B' SHARES USD	TOTAL USD	CLASS 'A' SHARES USD	CLASS 'B' SHARES USD
Movement in paid up share capital								
At beginning of year	394,334,340	140,599,500	534,933,840	371,673,026	127,434,446	499,107,472		
African Economic Research Consortium	-	18,134	18,134	-	-	-	503,210	1,876,830
African Development Bank	897,614	231,203	1,128,817	1,373,620	-	-	113,336	113,336
African Reinsurance Corporation	-	145,069	145,069	-	-	-	258,405	258,405
BADEA - Arab Bank for Economic Development in Africa	-	181,336	181,336	-	-	-	131,469	131,469
Banco Nazionale De Investment	-	63,468	63,468	-	-	-	1,858,702	1,858,702
Caisse Nationale de Sécurité Sociale (CNSS) Djibouti	-	1,768,026	1,768,026	-	-	-	7,425,743	7,425,743
Investment Fund for Developing Countries	-	-	-	-	-	-	36,267	36,267
Mauritian Eagle Insurance Company	-	22,667	22,667	-	-	-	698,147	698,147
National Pension Fund-Mauritius	-	349,072	349,072	-	-	-	834,149	834,149
National Social Security Fund- Uganda	-	580,275	580,275	-	-	-	308,273	308,273
OPEC Fund for International Development (OFID)	-	140,535	140,535	-	-	-	462,409	462,409
Rwanda Social Security Board	-	213,070	213,070	-	-	-	27,201	27,201
Seychelles Pension Fund	-	72,534	72,534	-	-	-	149,603	149,603
Sacos Group Limited	-	22,667	22,667	-	-	-	(63,468)	(63,468)
TDB Directors & Select Stakeholders Provident Fund	-	417,072	417,072	-	-	-	(113,336)	(113,336)
TDB Staff Provident Fund	-	965,614	965,614	-	-	-	-	158,669
Belarus	145,068	-	145,068	158,669	-	-	498,674	498,674
Burundi	335,472	-	335,472	1,523,221	-	-	534,944	2,058,165
China- People's Republic	1,001,882	249,337	1,251,219	31,734	-	-	-	81,734
Comoros	18,134	-	18,134	843,212	-	-	-	843,212
Congo DRC	734,411	-	734,411	77,068	-	-	-	77,068
Djibouti	18,134	-	18,134	2,153,365	-	-	-	2,153,365
Egypt	1,446,154	-	1,446,154	147,901	-	-	-	147,901
Eritrea	110,733	-	110,733	432,486	-	-	-	432,486
Eswatini	441,552	-	441,552	3,162,500	-	-	-	3,162,500
Ethiopia	2,487,023	-	2,487,023	2,076,297	-	-	-	2,076,297
Kenya	1,441,621	-	1,441,621	418,886	-	-	-	418,886
Madagascar	427,953	-	427,953	521,341	-	-	-	521,341
Malawi	353,605	-	353,605	879,480	-	-	-	879,480
Mauritius	616,542	-	616,542	2,161,030	-	-	-	2,161,030
Mozambique	217,603	-	217,603	2,548,877	-	-	-	2,548,877
Rwanda	1,444,241	-	1,444,241	108,802	-	-	-	108,802
Seychelles	72,534	-	72,534	195,969	-	-	-	195,969
Somalia	146,721	-	146,721	285,604	-	-	-	285,604
South Sudan	267,470	-	267,470	1,813,360	-	-	-	1,813,360
Tanzania	1,264,818	-	1,264,818	1,249,218	-	-	-	1,249,218
Uganda	902,786	-	902,786	-	-	-	-	-
Zambia	702,677	-	702,677	-	-	-	-	-
Capital subscriptions for the year*	15,494,748	5,440,079	20,934,827	22,661,314	13,165,054	35,826,368		
At end of year	409,829,088	146,039,579	555,868,667	394,334,340	140,599,500	534,933,840		

*The amount includes USD 10,153,175 GCI Capital subscriptions. The Share Premium related to the subscription amounted to USD 10,346,063 hence the total amount paid was USD 20,499,238

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

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

SHARE PREMIUM:

	Number of shares	GROUP AND BANK Share value USD	Price paid USD	Share premium USD
As at 31 December 2021:				
<i>Share Premium – Class B:</i>				
At 1 January 2021	31,014	140,599,500	250,203,353	109,603,853
Additions – Cash paid	1,698	7,697,712	18,026,358	10,326,646
Maturities during the year -Note 40 (f)	(498)	(2,257,633)	(6,443,124)	(4,185,491)
At 31 December 2021	32,214	146,039,579	261,786,587	115,747,008
<i>Share Premium – Class A:</i>				
At 1 January 2021	89,329	23,161,140	66,703,354	37,396,074
Additions -Without share premium	819	3,064,168	3,064,168	-
Additions – Cash paid	1,855	7,762,303	23,999,990	16,237,687
Additions – GCI Allotment	887	4,668,280	11,476,006	6,807,726
At 31 December 2021	92,890	38,655,891	105,243,518	60,441,487
Total Share Premium	125,104	184,695,470	367,030,105	176,188,495
	=====	=====	=====	=====
As at 31 December 2020:				
<i>Share Premium – Class B:</i>				
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
Maturities during the year -Note 40 (f)	(85)	(385,340)	(5,161,298)	(4,775,958)
At 31 December 2020	31,014	140,599,500	250,203,353	109,603,853
<i>Share Premium – Class A:</i>				
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	163,760,640	316,906,707	146,999,927
	=====	=====	=====	=====

Class A and B shares

As at 31 December 2021, there were 92,890 Class 'A' ordinary shares (December 2020: 89,329) and 32,214 Class 'B' ordinary shares (December 2020: 31,014). 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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

34. SHARE CAPITAL (Continued)

Nature and purpose of the share premium

Class 'B' shares are issued at a premium of USD 9,312.51 (December 2020: USD 8,404.58) 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.

	2021 USD	2020 USD
<i>Dividends on ordinary shares declared and paid:</i>		
Final dividend for 2020: USD 327.03 per share (2019: 342.01 per share)		
-Declared and paid	28,125,735	28,822,936
-Declared and not paid/payable (note 32)	9,565,460	7,661,404
	<hr/> 37,691,195	<hr/> 36,484,340
	=====	=====
<i>Proposed dividends on ordinary shares:</i>		
Dividend for 2021: 339.71 (2020: USD 327.03 per share)	41,403,979	37,691,195
	=====	=====

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

	GROUP		BANK	
	2021 USD	2020 USD	2021 USD	2020 USD
a) Reconciliation of profit for the year to net cash generated from operations:				
Profit for the year	173,943,777	157,614,359	174,332,543	157,046,645
<i>Adjustments:</i>				
Depreciation on property and equipment (Note 25)	979,443	957,654	979,443	957,654
Depreciation of right of use asset (Note 26)	587,290	582,663	587,290	582,663
Amortisation of intangible assets (Note 27)	845,718	759,464	845,718	759,464
Loss from disposal of property and equipment	247	110,174	247	110,174
Gain in foreign exchange	3,111,975	(2,174,974)	3,111,975	(2,174,974)
Interest received	(601,100,946)	(243,085,234)	(601,100,946)	(243,085,234)
Interest paid	162,529,549	181,021,188	162,529,549	181,021,188
Provision for impairment	31,965,646	60,598,739	31,965,646	60,598,739
Increase in provision for service and leave	1,087,764	1,043,450	1,087,764	1,043,450
Impairment of off-balance sheet items	(4,016,525)	(2,011,016)	(4,016,525)	(2,011,016)
Interest on lease liability (note 29)	124,716	141,575	124,716	141,575
Profit before changes in operating assets and liabilities	<hr/> (229,941,346) =====	<hr/> 155,558,042 =====	<hr/> (229,552,580) =====	<hr/> 154,990,328 =====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

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

	GROUP		BANK	
	2021	2020	2021	2020
	USD	USD	USD	USD
a) Reconciliation of profit for the year to net cash generated from operations (continued):				
Profit before changes in operating assets and liabilities:	(229,941,346)	155,558,042	(229,552,580)	154,990,328
<i>Working capital changes:</i>				
Increase in other receivables	94,390,504	(16,368,132)	95,914,803	(16,401,851)
Decrease in hedging derivative instruments-assets	(57,634,835)	40,049,341	(57,634,835)	40,049,341
(Increase)/decrease in hedging derivative instruments-liabilities	(41,329,500)	41,329,500	(41,329,500)	41,329,500
Increase in trade finance loans	(542,577,159)	(251,226,695)	(542,577,159)	(251,226,695)
Decrease/(increase) in project loans	192,108,424	(145,268,062)	192,108,424	(145,268,062)
Decrease in collection accounts deposits	(28,296,001)	(2,547,505)	(28,296,001)	(2,547,505)
Movement in investment in subsidiary	317,010	-	(727,141)	-
Increase/(decrease) in other payables	697,748	(68,982,158)	(460,150)	(68,853,514)
Provision for service and leave pay paid	242,191	362,818	242,191	362,818
Interest received	601,100,946	243,085,234	601,100,946	243,085,234
Interest paid	(162,529,549)	(181,021,188)	(162,529,549)	(181,021,188)
Net increase in borrowings (Note 36 (b))	578,557,754	402,224,261	578,557,754	402,224,261
Net cash generated from operations	405,106,188	217,195,456	404,817,203	216,722,667
	=====	=====	=====	=====
b) Analysis of changes in borrowings			GROUP AND BANK	
			2021	2020
			USD	USD
Short term borrowings:				
At start of year			2,407,476,876	2,465,247,997
Loans received			1,484,608,823	1,095,330,075
Repayments			(1,228,623,153)	(1,153,101,196)
At end of year			2,663,462,546	2,407,476,876
			=====	=====
Long term borrowings:				
At start of year			3,051,524,280	2,591,528,898
Loans received			862,922,868	739,994,679
Repayments			(540,350,784)	(279,999,297)
At end of year			3,374,096,364	3,051,524,280
			=====	=====
Total borrowings at end of year			6,037,558,910	5,459,001,156
			=====	=====
Increase in total borrowings (Note 36(a))			578,557,754	402,224,261
			=====	=====
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		BANK	
	2021	2020	2021	2020
	USD	USD	USD	USD
Cash and balances with other banks - Note 14	1,971,937,461	1,539,924,217	1,970,882,704	1,539,158,445
	=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED 31 DECEMBER 2021

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

d) Facilities available for lending

As at 31 December 2021, the following facilities were available to the Group for lending:

SHORT-TERM FACILITIES	GROUP AND BANK		
	Facilities available USD	Facilities utilised USD	Facilities unutilised USD
LENDER			
Global Syndication 2021	497,251,930	497,251,930	-
Global Syndication 2020	450,000,000	450,000,000	-
National Bank of Ethiopia	301,000,000	301,000,000	-
Syndicated Loan - Asia (11)	260,000,000	260,000,000	-
Syndicated Loan- Middle First Abu Dhabi	259,065,216	259,065,216	-
Syndicated Loan - Asia (I)	200,000,000	200,000,000	-
Standard Chartered Bank Hong Kong	200,000,000	50,000,000	150,000,000
Sumitomo Mitsui Banking Corporation Euro	200,000,000	-	200,000,000
Mashreq Bank	200,000,000	-	200,000,000
The Bank of Tokyo Mitsubishi UFJ, Ltd	150,000,000	150,000,000	-
Samurai 2021	150,000,000	150,000,000	-
Citibank	120,000,000	40,967,211	79,032,789
CDC	100,000,000	100,000,000	-
Mauritius Commercial Bank	75,000,000	-	75,000,000
Cassa Depositi e Prestiti	67,968,000	67,968,000	-
Standard Chartered Bank London	58,680,162	58,680,162	-
ING Bank	56,640,000	-	56,640,000
Mizuho Bank London	50,000,000	-	50,000,000
NORFUND	50,000,000	50,000,000	-
Nedbank	35,000,000	-	35,000,000
Emirates NBD Group	35,000,000	-	35,000,000
BHF Bank	33,984,000	-	33,984,000
Africa 50 Financement de Projets	32,146,475	32,146,475	-
KBC Bank	28,320,000	2,220,830	26,099,170
Commerzbank	21,994,717	21,994,717	-
KfW IPEX	20,000,000	-	20,000,000
NOUVBANK	15,670,891	15,670,891	-
DZ Bank	15,158,226	-	15,158,226
Rand Merchant Bank	15,000,000	-	15,000,000
Absa Bank	15,000,000	-	15,000,000
Bank of Kigali	10,002,995	-	10,002,995
Banque de Commerce de placement	9,138,500	-	9,138,500
African Trade Insurance Agency	8,985,303	8,985,303	-
BANCOBU	3,000,000	3,000,000	-
	<hr/>	<hr/>	<hr/>
	3,744,006,415	2,718,950,735	1,025,055,680
	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

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

d) Facilities available for lending (Continued)

As at 31 December 2021, the following facilities were available to the group for lending:

LONG TERM FACILITIES LENDER	GROUP AND BANK		
	Facilities available USD	Facilities utilised USD	Facilities unutilised USD
Eurobond	750,000,000	750,000,000	-
Eurobond	700,000,000	700,000,000	-
Eurobond	650,000,000	650,000,000	-
Japan Bank for International Corporation	430,000,000	7,275,000	422,725,000
World Bank Facility-Infrastructure Facility	400,000,000	25,560,000	374,440,000
MIGA Guaranteed Syndicated	378,847,829	378,847,829	-
Agence Francaise De Development	347,520,000	95,000,000	252,520,000
African Development Bank	330,000,000	330,000,000	-
European Investment Bank	300,443,200	118,120,000	182,323,200
The Exim -Import Bank of China	250,000,000	250,000,000	-
KfW	160,000,000	160,000,000	-
Industrial Development Corporation	100,565,184	100,565,184	-
Exim Bank India	100,000,000	75,000,000	25,000,000
KfW	100,000,000	-	100,000,000
CDC Group	100,000,000	100,000,000	-
KEXIM	100,000,000	-	100,000,000
Development Bank of the Republic of Belarus	70,000,000	21,477,535	48,522,465
Opec Fund for International Development	60,000,000	60,000,000	-
Cassa Depositi e Prestiti	56,640,000	56,640,000	-
Finnish Export Credit Sumitomo Mitsui Banking	56,634,521	56,634,521	-
Invest International (formerly FMO)	44,400,000	-	44,400,000
Standard Chartered Bank / USAID	25,703,000	25,703,000	-
Oesterreichische Entwicklungsbank AG	25,000,000	25,000,000	-
Development Finance Institute Canada -FinDev	20,000,000	20,000,000	-
Arab Bank for Economic Development in Africa	15,000,000	15,000,000	-
World Bank Facility-Technical Assistance Facility	15,000,000	1,641,000	13,359,000
Exim Bank USA	No limit	-	-
	5,585,753,734	4,022,464,069	1,563,289,665
	=====	=====	=====
TOTAL FACILITIES	9,329,760,149	6,741,414,804	2,588,345,345
	=====	=====	=====

Note:

Facilities utilised include outstanding letters of credit amounting to USD 180,069,758 (December 2020: USD 279,740,762) as disclosed in note 39(b).

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED 31 DECEMBER 2021

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

d) Facilities available for lending (continued)

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

SHORT-TERM FACILITIES LENDER	GROUP AND BANK		Facilities unutilised USD
	Facilities available USD	Facilities Utilised USD	
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
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	31,903,540	-
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
	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED 31 DECEMBER 2021

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

d) Facilities available for lending (continued)

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

LONG TERM FACILITIES LENDER	GROUP AND BANK		
	Facilities available USD	Facilities utilised USD	Facilities unutilised USD
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
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
	=====	=====	=====

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			
At 31 December 2021:	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
ASSETS				
Net derivative financial instruments	-	57,634,835	-	57,634,835
Investment in Trade Fund	-	54,170,335	-	54,170,335
Equity investments at fair value through other comprehensive income	-	-	61,078,070	61,078,070
	-	111,805,170	61,078,070	172,883,240
	=====	=====	=====	=====
At 31 December 2020:				
ASSETS				
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
	-	52,327,417	54,304,128	106,314,535
	=====	=====	=====	=====
LIABILITIES:				
Net derivative financial instruments	-	41,329,500	-	-
	=====	=====	=====	=====

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

37. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Transfers between Level 1, 2 and Level 3:

As at 31 December 2021 and 31 December 2020, there were no transfers between the levels.

Valuation of financial instruments recorded at fair value:

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

Valuations of financial instruments are the responsibility of Management.

The valuation of derivative financial instruments is performed daily in the Treasury Management System, while that of equity investments is performed on a semi-annual basis by consultants who are contracted by the Financial Management Department. The valuations are also subject to quality assurance procedures performed by the Group's internal auditors. In addition, the accuracy of the computation is tested. The latest valuation is also compared with the valuations in the preceding years. 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 2021			As at 31 December 2020		
	Realised USD	Unrealised USD	Total gains USD	Realised USD	Unrealised USD	Total gains USD
ASSETS						
Equity investments – at fair value through other comprehensive income	-	7,090,952	7,090,952	-	2,803,020	2,803,020
	=====	=====	=====	=====	=====	=====

Quantitative information of significant unobservable inputs – Level 3:

Description	Valuation Technique	Unobservable input	Range (weighted average)	GROUP AND BANK	
				2021 USD	2020 USD
Equity investments – at fair value through other comprehensive income	Equity method-% of net assets	Professional Investment Managers Valuation	n/a	61,078,070	53,987,118
			=====	=====	=====

The primary valuation technique adopted in the valuation of the Investee Companies is the market multiple approach. This relative valuation technique uses multiples of comparable listed institutions such as their price-to-book(P/B) multiple and EV/EBITDA multiple to arrive at a fair value.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED 31 DECEMBER 2021

37. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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

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

		GROUP AND BANK		
			2021	2020
Description	Input	Sensitivity used	USD	USD
Equity investments – at fair value through other comprehensive income	Professional Investment Managers Valuation	5%	3,053,903	2,699,356
		=====	=====	=====

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

Level 3 reconciliation

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

		GROUP AND BANK	
		2021	2020
		USD	USD
At start of year		53,987,118	51,135,850
FV gains and losses		7,090,952	2,803,020
Additions		-	48,248
		-----	-----
At end of year		61,078,070	53,987,118
		=====	=====

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 and Seychelles.
- Congo and Prospective Africa – Covering DR Congo and other countries yet to be determined.

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB-formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

38. SEGMENT REPORTING (Continued)

a) STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year 31 December 2021	East Africa USD	North East Africa USD	Southern Africa USD	Franco / Lusophone USD	Congo and Prospective Africa USD	Multi - Regional USD	Total Lending Operations USD	Corporate USD	Subsidiary USD	Consolidated/ Bank Total USD
Interest income	111,628,903	111,778,536	65,078,279	13,835,061	851,052	34,961,588	338,133,419	85,436,952	-	423,570,371
Interest expense and other borrowing costs	(49,129,094)	(50,830,087)	(28,956,904)	(6,169,789)	(370,344)	(15,070,768)	(150,526,986)	(38,034,001)	-	(188,560,987)
Net interest income	62,499,809	60,948,449	36,121,375	7,665,272	480,708	19,890,820	187,606,433	47,402,951	-	235,009,384
Fee and commission income	15,446,570	13,415,599	15,097,090	2,509,851	1,113,073	5,362,834	52,945,017	-	-	52,945,017
Fair value gains on financial assets - derivatives	-	-	-	-	-	-	-	(1,905,701)	-	(1,905,701)
Net Trading Income	77,946,379	74,364,048	51,218,465	10,175,123	1,593,781	25,253,654	240,551,450	45,497,250	-	286,048,700
Risk Mitigation Costs	(14,110,133)	(8,205,857)	(13,381,935)	-	-	-	(35,697,925)	(4,938,435)	-	(40,636,360)
Other Income	-	-	-	-	-	-	-	1,601,335	851,310	2,452,645
Depreciation and amortisation	-	-	-	-	-	-	-	(2,412,450)	-	(2,412,450)
Operating expenditure	(802,257)	(493,898)	(751,784)	(923,013)	(39,368)	(4,160,640)	(7,170,960)	(33,663,300)	(1,240,076)	(42,074,336)
Impairment allowance on loans	(26,280,326)	(16,009,713)	11,174,633	(1,730,977)	(52,265)	1,686,297	(31,212,351)	(753,295)	-	(31,965,646)
Impairment on other assets	-	-	-	-	-	-	-	(698,625)	-	(698,625)
Net foreign exchange loss	-	-	-	-	-	-	-	3,229,849	-	3,229,849
PROFIT FOR THE YEAR	36,753,663	49,654,580	48,259,379	7,521,133	1,502,148	22,779,311	166,470,214	7,862,329	(388,766)	173,943,777

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB-formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

38. SEGMENT REPORTING (Continued)

a) STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year 31 December 2020	East Africa USD	North East Africa USD	Southern Africa USD	Franco / Lusophone USD	Multi - Regional USD	Total Lending Operations USD	Corporate USD	Subsidiary USD	Consolidated/ Bank Total USD
Interest income	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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

38. SEGMENT REPORTING (Continued)

a) STATEMENT OF COMPREHENSIVE INCOME (Continued)

Year ended 31 December 2021	Trade finance USD	Project finance USD	Other USD	Subsidiaries USD	Total USD
Gross interest income	186,522,536	151,610,883	85,436,952	-	423,570,371
Interest expense and other borrowing costs	18,108,567	(118,596,087)	(88,073,467)	-	(188,560,987)
Net interest income	204,631,103	33,014,796	(2,636,515)	-	235,009,384
Fee and commission income	37,026,545	15,918,472	-	-	52,945,017
Fair value gains on financial assets – derivatives	(1,905,701)	-	-	-	(1,905,701)
Risk mitigation costs	(27,909,314)	(7,179,843)	(5,547,203)	-	(40,636,360)
Other income	-	-	1,601,335	851,310	2,452,645
Other assets written-off	(698,625)	-	-	-	(698,625)
Operating expenses	(34,187,406)	(6,646,854)	-	(1,240,076)	(42,074,336)
Depreciation and amortisation	(2,060,385)	(352,065)	-	-	(2,412,450)
Impairment on assets	(50,699,982)	22,893,357	(753,296)	-	(28,559,921)
Impairment on off-balance sheet commitments	(3,461,302)	55,577	-	-	(3,405,725)
Net foreign exchange gain	2,471,805	-	758,044	-	3,229,849
Profit for the year	123,206,738	57,703,440	(6,577,635)	(388,766)	173,943,777
	=====	=====	=====	=====	=====
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	(425,788)	(1,555,703)	-	-	(1,981,491)
Net foreign exchange loss	(2,024,439)	-	(1,187,020)	-	(3,211,459)
Profit before taxation	125,386,024	37,394,270	(5,890,225)	724,290	157,614,359
Taxation credit	-	-	-	3,494	3,494
Profit for the year	125,386,024	37,394,270	(5,890,225)	727,784	157,617,853
	=====	=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

38. SEGMENT REPORTING (Continued)

b) REVENUE FROM MAJOR GROUPS

	GROUP AND BANK	
	2021	2020
	USD	USD
Groups contributing 10% or more of revenue	94,897,665	179,686,861
All other customers	381,554,285	307,364,434
	<hr/>	<hr/>
Total Revenue	476,451,950	487,051,295
	=====	=====

c) STATEMENT OF FINANCIAL POSITION

As at 31 December 2021	GROUP AND BANK				
	Trade finance USD	Project finance USD	Other USD	Subsidiaries USD	Total USD
Assets					
Cash and balances held with other banks	3,667,872	-	1,967,214,832	1,054,757	1,971,937,461
Investment in Government securities	83,950,034	-	-	-	83,950,034
Investment in Trade Fund	54,170,235	-	-	101	54,170,335
Derivative financial instruments	57,634,835	-	-	-	57,634,835
Other receivables	-	-	40,903,159	1,475,111	42,378,270
Trade finance loans	3,579,041,684	-	-	-	3,579,041,684
Project loans	-	2,052,889,67	-	-	2,052,889,467
Equity investments at fair value	-	-	-	-	-
other comprehensive income	-	61,078,070	-	-	61,078,070
Property and equipment	-	-	35,562,919	-	35,562,919
Right of use asset	-	-	3,053,898	-	3,053,898
Intangible assets	-	-	1,507,557	-	1,507,557
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	3,778,464,660	61,078,070	2,048,242,365	2,529,969	7,943,204,530
	=====	=====	=====	=====	=====
Liabilities:					
Short term borrowings	2,663,462,546	-	-	-	2,663,462,546
Long term borrowings	-	3,374,096,364	-	-	3,374,096,364
Collection account deposits	64,979,105	-	-	-	64,979,105
Lease Liability	-	-	612,758	-	612,758
Provision for service and leave pay	-	-	11,287,734	-	11,287,734
Other payables	-	-	95,108,409	1,110,739	96,219,148
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	2,728,441,651	3,374,096,364	107,008,901	1,110,739	6,210,657,655
	=====	=====	=====	=====	=====
Equity	-	-	1,731,784,109	-	1,731,784,109
Non-controlling interest	-	-	-	762,766	762,766
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total equity	-	-	1,731,784,109	762,766	1,732,546,875
	=====	=====	=====	=====	=====
Total Liabilities and equity	2,728,441,651	3,374,096,364	1,838,793,010	1,873,505	7,943,204,530
	=====	=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

38. SEGMENT REPORTING (Continued)

d) STATEMENT OF FINANCIAL POSITION

As at 31 December 2020	Trade finance USD	Project finance USD	Other USD	Subsidiary USD	Total USD
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					
Equity	-	-	1,557,362,096	-	1,557,362,096
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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

39. CONTINGENT LIABILITIES AND COMMITMENTS

	GROUP AND BANK	
	2021 USD	2020 USD
(a) Approved capital expenditure		
Approved but not contracted	14,146,745 =====	20,374,471 =====
Approved and contracted	7,211,038 =====	983,312 =====
(b) Loans committed but not disbursed		
Project finance loans	187,725,114	251,982,800
Trade finance loans	330,975,149	248,476,824
	<hr/>	<hr/>
	518,700,263 =====	500,459,624 =====

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

	GROUP AND BANK	
	2021 USD	2020 USD
Letters of credit – Project finance loans	3,068,218	2,283,939
- Trade finance loans	177,001,540	277,456,823
	<hr/>	<hr/>
	180,069,758	279,740,762
Guarantees	133,250,000	39,258,744
	<hr/>	<hr/>
	313,319,758 =====	318,999,506 =====

(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 2021, there were no material legal proceedings involving the Group (December 2020 – NIL). No provision has been made as, in the opinion of the Directors and the Group's lawyers, it is unlikely that any significant loss will crystallise.

40. RELATED PARTY TRANSACTIONS

(a) Membership and governance

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

40. RELATED PARTY TRANSACTIONS (Continued)

(a) Membership and governance (continued)

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

	GROUP AND BANK	
	2021 USD	2020 USD
(b) Loans to member states		
Outstanding loans at start of year	2,529,746,431	2,397,403,823
Loans disbursed during the year	293,109,085	303,859,892
Loans repaid during the year	(293,784,996)	(171,517,284)
	<hr/>	<hr/>
Outstanding loan balances at end of year	2,529,070,520	2,529,746,431
	=====	=====

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 (December 2020: Nil). General provisions have been raised as applicable.

	GROUP AND BANK	
	2021 USD	2020 USD
(c) Borrowings from members		
Outstanding borrowings at start of year	188,749,999	207,499,999
Borrowings received during the year	704,593	5,014,284
Borrowings repaid during the year	(26,954,592)	(23,764,284)
	<hr/>	<hr/>
Outstanding balances at end of year	162,500,000	188,749,999
	=====	=====

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 year of ten years.

	GROUP AND BANK	
	2021 USD	2020 USD
(d) Income and expenses		
• Interest income from loans to Member States earned during the year	165,197,950	228,237,210
	=====	=====
• Interest expense on borrowings from Member States incurred during the year	(6,242,699)	(9,067,346)
	=====	=====
• Fees and commission earned from Member States during the year	26,241,006	14,794,113
	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

40. RELATED PARTY TRANSACTIONS (Continued)

(e) Other related parties

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

	GROUP AND BANK	
	2021	2020
	USD	USD
Salaries and other short-term benefits	4,296,699	2,233,483
Other long-term employee benefits	643,951	343,138
Post-employment benefits: Defined contribution: Provident Fund	255,536	136,199
Board of Directors and Board of Governors allowances	163,550	23,030
	<u>5,359,736</u>	<u>2,735,850</u>
	=====	=====

(f) Share capital

During the year, Class 'B' shares with a value of USD 3,540,585 (December 2020: USD 4,161,680) 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 2,257,633 (December 2020: USD 4,338,483) 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:

	2021	2020
British Pound	0.7401	0.7351
Euro	0.8828	0.8132
United Arab Emirates Dirham	3.6730	3.6726
South Africa Rand	15.9186	14.6928
Zambian Kwacha	16.6550	21.1186
Mauritian Rupee	43.8004	39.5010
Ethiopian Birr	49.3766	39.3369
Zimbabwe Dollar	108.6660	81.7861
Kenya Shilling	113.1400	109.1800
Japanese Yen	115.0350	103.1371
Sudanese Pound	442.6039	55.2750
Malawi Kwacha	815.1308	772.1772
Burundi Franc	1,986.0554	1,923.0000
Tanzania Shilling	2,304.7950	2,319.0000
Uganda Shilling	3,547.3750	3,647.7950
	=====	=====

42. IMPACT OF COVID-19

In 2021, Africa recovered from its worst recession in more than 50 years, which saw its GDP decline by 2.1% in 2020. Headwinds and downside risk factors include repeated COVID-19 waves, slower-than expected progress on deploying vaccines, wary investor sentiments and partially-reversed capital flight, high debt and liquidity shortfalls by African sovereigns, an increase in conflict-related events and natural and weather-related catastrophes. Recovery is expected to hasten if vaccine rollout is enhanced, government fiscal stimuli is sustained, and productivity of the human and physical capital boosted facilitated by digitisation. Africa's performance varies across country regions depending on structural characteristics. East Africa was the most resilient recording marginal growth in 2021, while all other regions experienced contraction.

The major source of risk to the Bank's portfolio remains its exposure to sovereigns experiencing socio-political transitions and economic challenges. However, the Group is comforted by timely servicing of facilities by sovereigns and the demonstrated sovereign commitment to TDB as a regional multilateral and preferred lender of record by member states. Aligned to portfolio-wide mitigation initiatives offered to clients to counter pandemic related negative effects, the Bank noted positive recovery across key sectors within the region. This was evident through the 2021 Covid impact survey and a decline in requests for loan modifications in 2021.

Overall, sovereign creditworthiness remains resilient despite the 2020 recession. The Bank's gross portfolio exposure to Sovereigns including public enterprises stood at USD 3.8 billion and constituted 64% of the portfolio (December 2020: USD 3.5 billion - 61%). The affected sectors in 2021 include transport (aviation) and hospitality, as well as projects under implementation in the energy sector. This was due to logistical delays; travel bans and government lockdowns which adversely impacted supply and demand. Modified loans in the affected sectors totalled USD 4.2 million (2021) down from USD 156.60 million (2020). From a credit perspective, in 2021, the Bank managed to contain the significant migration risk across asset brackets and continues to identify sectors and clients that have been affected and modifying certain loan assets where appropriate. 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

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.

42. IMPACT OF COVID-19 (Continued)

Significant judgement and estimates impacted by COVID-19 (continued)

(a) Impairment provisions on advances (continued)

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.

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 year, 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.

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) INTRODUCTION (Continued)

Risk management structure (Continued)

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

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

Risk measurement and reporting systems

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

Monitoring and controlling risks 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.

(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 2021.

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) CREDIT RISK (Continued)

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 39(b).

Credit quality

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
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43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Credit quality (Continued)

	31 December 2021			31 December 2020			Total USD	
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD	Stage 1 USD	Stage 2 USD		Stage 3 USD
<i>Project finance loans:</i>								
Pass/Acceptable	1,650,513,792	-	-	1,650,513,792	1,871,236,148	-	-	1,871,236,148
Special mention	-	381,841,372	-	381,841,372	-	353,207,345	-	353,207,345
Substandard, Doubtful & Loss	-	-	66,740,124	66,740,124	-	-	67,820,124	67,820,124
Gross Amount	1,650,513,792	381,841,372	66,740,124	2,099,095,288	1,871,236,148	353,207,345	67,820,124	2,292,263,617
Loss Allowance	(9,880,506)	(27,165,615)	(9,159,700)	(46,205,821)	(2,697,363)	(31,725,588)	(33,063,944)	(67,486,895)
Net Carrying Amount	1,640,633,286	354,675,757	57,580,424	2,052,889,467	1,868,538,785	321,481,757	34,756,180	2,224,776,722
	=====	=====	=====	=====	=====	=====	=====	=====
<i>Trade finance loans:</i>								
Pass/ acceptable	3,449,549,875	-	-	3,449,549,875	2,899,754,462	-	-	2,899,754,462
Special mention	-	132,374,476	-	132,374,476	-	192,006,952	-	192,006,952
Substandard, Doubtful & Loss	-	-	103,018,461	103,018,461	-	-	89,735,648	89,735,648
Gross Amount	3,449,549,875	132,374,476	103,018,461	3,684,942,812	2,899,754,462	192,006,952	89,735,648	3,181,497,062
Loss Allowance	(35,534,554)	(8,626,034)	(61,740,539)	(105,901,128)	(18,082,726)	(6,862,240)	(71,917,281)	(96,862,247)
Net Carrying Amount	3,414,015,321	123,748,442	41,277,922	3,579,041,684	2,881,671,736	185,144,712	17,818,367	3,084,634,815
	=====	=====	=====	=====	=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Credit quality (Continued)

	31 December 2021				31 December 2020			
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
<i>Undisbursed commitments and guarantees:</i>								
Pass/ Acceptable	651,950,263	-	-	651,950,263	518,443,767	-	-	518,443,767
Special mention	-	-	-	-	21,274,601	-	-	21,274,601
Loss Allowance	651,950,263 (5,159,480)	-	-	651,950,263 (5,159,480)	539,718,368 (1,936,873)	-	-	539,718,368 (1,936,873)
Carrying Amount	646,790,783	-	-	646,790,783	537,781,495	-	-	537,781,495
<i>Letters of Credit:</i>								
Pass/acceptable	180,069,758	-	-	180,069,758	279,740,762	-	-	279,740,762
Loss Allowance	180,069,758 (85,240)	-	-	180,069,758 (85,240)	279,740,762 (44,617)	-	-	279,740,762 (44,617)
Carrying Amount	179,984,518	-	-	179,984,518	279,696,145	-	-	279,696,145
<i>Total off-balance sheet items</i>								
Pass/ Acceptable	832,020,021	-	-	832,020,021	798,184,529	-	-	798,184,529
Special mention	-	-	-	-	21,274,601	-	-	21,274,601
Gross Amount	832,020,021	-	-	832,020,021	819,459,130	-	-	819,459,130
Loss Allowance	(5,244,720)	-	-	(5,244,720)	(1,981,490)	-	-	(1,981,490)
Net Carrying Amount	826,775,301	-	-	826,775,301	817,477,640	-	-	817,477,640

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Maximum Exposure to Credit Risk before Collateral Held:

Credit Exposures	2021	GROUP AND BANK		2020	
	USD	%		USD	%
<i>On – statement of financial position Items</i>					
Cash and Balances held with other banks	1,971,937,461	25	1,539,924,217	21	
Investment in Government securities	83,950,034	1	120,928,084	2	
Investment in Trade Fund	54,170,335	1	52,327,417	1	
Derivative financial instruments	57,634,835	1	-	-	
Other receivables	16,365,314	-	100,041,405	1	
Loans and advances	5,784,038,100	72	5,473,760,679	75	
-Project loans	2,099,095,288		2,292,263,617		
-Trade finance loans	3,684,942,812		3,181,497,062		
Sub Total	7,968,096,079	100	7,286,981,802	100	
	=====	=====	=====	=====	
<i>Off – statement of financial position Items</i>					
Letters of Credit	180,069,758	26	279,740,762	34	
Loan commitments not disbursed	518,700,263	74	500,459,624	61	
Guarantees and Performance bonds	133,250,000	-	39,258,744	5	
Sub Total	832,020,021	100	819,459,130	100	
	=====	=====	=====	=====	
Total Credit Exposure	8,800,116,100		8,106,440,932		
	=====		=====		

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 75.18% in December 2021 (December 2020 – 77.63%) of the total maximum credit exposure.

Other than cash and bank balances amounting to USD 1,971,937,461 (December 2020 - USD 1,539,924,217), Investment in government securities of USD 83,950,034 (December 2020 - USD 120,928,084) and investment in the trade fund of USD 54,170,335 (December 2020 - USD 52,327,417), 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 2021, the fair value of collateral held for impaired loans and advances was USD 167,273,966 (December 2020 – USD 165,930,368) and the gross impaired loans exposure was USD 169,758,585 (December 2020-USD 157,555,772).

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED 31 DECEMBER 2021

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Collateral Held

In addition to its rigorous credit risk assessments, the Group seeks to protect its interests in the event of unpredictable and extreme factors that negatively affect the borrower's capacity to service the Group's loan by calling for credit enhancement arrangements in need. In this regard, the Group calls for security such as mortgage interest on property, registered securities over financed or third-party assets and guarantees 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.

Collateral held for loan portfolio

		GROUP AND BANK	
		2021 USD	2020 USD
(i)	Total portfolio:		
	Insurance and Guarantees	2,377,280,729	2,564,069,192
	Cash security deposits	1,420,176,889	982,877,837
	Fixed charge on plant and equipment	587,701,239	561,480,756
	Other floating all asset debenture	481,904,025	905,229,843
	Mortgages on properties	317,612,386	406,496,444
	Sovereign undertakings	43,675,652	68,675,652
	Total security cover	5,228,350,920	5,488,829,724
	Gross portfolio	(5,784,038,100)	(5,473,760,679)
	Net (gap)/cover	(555,687,180)	15,069,045
		=====	=====
(ii)	Loans not impaired:		
	Insurance and Guarantees	2,346,273,455	2,513,581,778
	Cash security deposits	1,420,176,889	982,307,661
	Fixed charge on plant and equipment	543,331,453	536,910,970
	Other floating all asset debenture	481,904,025	904,999,044
	Mortgages on properties	227,215,480	317,924,250
	Sovereign undertakings	42,175,652	67,175,652
	Total security cover	5,061,076,954	5,322,899,355
	Gross portfolio	(5,614,279,515)	(5,316,204,907)
	Net (gap)/cover	(553,202,561)	6,694,448
		=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED 31 DECEMBER 2021

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Collateral held for loan portfolio (Continued)

		GROUP AND BANK	
		2021	2020
		USD	USD
(iii)	Impaired loans:		
	Mortgages on properties	90,396,906	88,572,194
	Sovereign undertakings	31,007,274	50,487,414
	Fixed charge on plant and equipment	44,369,786	24,569,786
	Cash security deposits	1,500,000	1,500,000
	Insurance and Guarantees	-	570,176
	Other	-	230,798
	Total security cover	167,273,966	165,930,368
	Gross portfolio	(169,758,585)	(157,555,772)
	Net cover	(2,484,619)	8,374,596
		=====	=====

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

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.

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

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

Trade Finance loans

<i>Grading:</i>	12-month weighted average PD
Very Low risk	4.06%
Low risk	
Moderate risk	26.11%
High risk	
Substandard	100%
Bad & Doubtful	
Loss	

Project Finance loans

<i>Grading:</i>	12-month weighted average PD
Very Low risk	5.69%
Low risk	
Moderate risk	24.67%
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 year 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 year 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 year 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.

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Enhancements in the Expected Credit Loss (ECL) model effected in the year ended 31 December 2021

In the current year the Bank made improvements in the (ECL) model to better reflect the Bank's experience.

The previous model was compliant with the IFRS 9 standard and was based on information that was readily available to the Bank at the time and used the standard approach where the impairment provisions were computed on product type (Project and Trade Finance Loans) and loan staging (Stage 1,2 and 3) classifications. The limitation of the model was that two clients with different credit risk profiles who were classified in the same product category and staging classification would be assigned the same probability of default.

The Bank embarked on an exercise to enhance the ECL model to an internal based rating (IBR) model where internally generated probabilities of default (PDs) and loss given default (LGDs) would be assigned to each borrower based on their specific credit rating as computed in the Bank's credit rating model. The result is that clients with varying risk ratings who are in the same staging classification would not be assigned the same probability of default. This would therefore reflect a more accurate position of the Bank's credit risk provisioning.

The changes in which the IBR ECL model and the discontinued Standard ECL model compute the impairment provisions are shown below.

Impairment element		Standard ECL Model (previous)	IBR ECL Model (Current)
Probability of Default (PD)	12-Month PD	Historical quarterly age analyses used to generate 12-months PD using markov chains.	Computed as outlined in the Obligor Risk Ratings and Probability of Default Methodology document
	Lifetime PD	Lifetime PD generated through matrix multiplication	Lifetime PD generated through Kaplan-Meier approach
Loss given default (LGD)	Customer LGD	Customer LGD derived from comparison of exposures and securities.	Computed using the Bank's Facility Risk Ratings and Loss Given Default Model.
	Industry LGD	Industry-level LGD derived from recovery rate generated from an analysis of historical write-offs, recoveries, and collections data.	Computed using the Bank's Facility Risk Ratings and Loss Given Default Model.

Probability of Default (PD)

In the previous model, 12-month PDs were derived from quarterly transition matrices using the principle of markov chains. The 12-month PDs were then used to forecast the lifetime PDs through matrix multiplication.

The 12-month PDs in the new model are based on external ratings from S&P and Moody's. The grades from the bank's internal rating system are mapped to the grades from external rating agencies. The corresponding external rating agencies' default rates are then used as the 12-month PDs. The Bank did not have sufficient internal portfolio data by the different obligor classifications to base its PDs solely on internal experience. It therefore used default rate data from Moody's and S&P on emerging markets to arrive at the PD scale to provide a similar experience base for the bank. The 12-month PDs are then combined with the probability of default derived from the survival analysis, which uses the Kaplan Meier estimator to compute the chances of survival at different residual tenures, to compute the lifetime PDs.

As a result of this model improvement, clients with different risk ratings who are in the same staging classification are not assigned the same probability of default.

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Enhancements in the Expected Credit Loss (ECL) model effected in the year ended 31 December 2021

Loss Given Default (LGD)

In the previous model, the LGD for unsecured facilities was calculated using collections from written off and NPL loans, while the LGD for secured facilities was calculated using collaterals held on each facility. The collaterals for all facilities considered:

- Haircut that is applied to collaterals depending on the type of collateral.
- Time to realization that is dependent on collateral type.
- Effective interest rate to allow for the effect of time value of money.

A 10% minimum LGD was applied to fully secured loans. In accordance with the Basel II guidelines, sovereign exposures were subjected to a maximum of 45% LGD.

As a baseline, the new model assigns a global estimated LGD of 5% from the Fitch and AfDB study to sovereign unsecured exposures. This takes into account the Bank's experience, relationship depth, and low country risk scores. An additional 5% haircut is applied to medium-range country risk scores, which take the Bank's experience and previously tested preferred creditor status with sovereign into account as a proxy for relationship depth. Finally, a further 10% haircut is applied based on the sovereign's medium to high-risk country risk scores, the Bank's experience, and relationship depth.

The LGD for secured facilities is calculated using the collaterals held on each facility at the time of reporting. The collaterals for all facilities take into account:

- Haircuts applied to collaterals depending on the type of collateral. The cost of realising collateral is implicitly considered in the applied haircuts.
- Time to realization that is dependent on collateral type.
- Effective interest rate to allow for the effect of time value of money.

A 10% minimum LGD is applied to fully secured loans. A 45% unsecured senior LGD is also assumed

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. 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.

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Restructured and Modified Loans (Continued)

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 year 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 cashflow 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 31 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.

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Inputs into Measurement of ECLs

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

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

These parameters are derived from internally developed statistical models and other historical data that leverage regulatory models. They are adjusted to reflect the rating of the support provider and the nature of support as applicable as well forward-looking information as described above.

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

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on collateral available against exposures, 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 31 December 2021, the ECL would increase by 9.30% (December 2020: 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 NIL (December 2020: 0.29%).

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Amount arising from ECL

Loss allowance

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

As at 31 December 2021:

	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
<i>Project Finance loans;</i>				
Balance at 1 January	2,697,363	31,725,588	33,063,944	67,486,895
Transfer to 12 months ECL	1,545,232	(1,545,232)	-	-
Transfer to Lifetime ECL not credit impaired	(27,506)	27,506	-	-
Net re-measurement of loss allowance	(125,563)	(3,042,247)	(23,904,244)	(27,072,054)
Net financial assets originated	5,902,845	-	-	5,902,845
Financial assets derecognized*	(111,865)	-	-	(111,865)
	=====	=====	=====	=====
Balance at 31 December	9,880,506	27,165,615	9,159,700	46,205,821
	=====	=====	=====	=====
<i>Trade Finance loans:</i>				
Balance at 1 January	18,082,726	6,862,240	71,917,281	96,862,247
Transfer to Lifetime ECL credit impaired	-	(4,482,624)	4,482,624	-
Net of financial assets originated	5,614,193	-	-	5,614,193
Net remeasurement of loss allowance	11,880,057	6,246,418	24,795,178	42,921,654
Financial assets derecognised	(42,422)	-	(39,454,544)	(39,496,966)
	=====	=====	=====	=====
Balance	35,534,554	8,626,034	61,740,539	105,901,128
	=====	=====	=====	=====
<i>Undisbursed commitments and guarantees</i>				
Balance at 1 January	606,803	1,330,070	-	1,936,873
Net financial assets originated	5,159,480	-	-	5,159,480
Financial assets derecognised	(606,803)	(1,330,070)	-	(1,936,873)
	=====	=====	=====	=====
Balance at 31 December	5,159,480	-	-	5,159,480
	=====	=====	=====	=====
<i>Letters of credit</i>				
Balance at 1 January	44,617	-	-	44,617
Net financial assets originated	85,240	-	-	85,240
Financial assets derecognised	(44,617)	-	-	(44,617)
	=====	=====	=====	=====
Balance at 31 December	85,240	-	-	85,240
	=====	=====	=====	=====

*Project finance loans that have been derecognised as a result of write-off amount to USD 1.00 million whereas the ECL on the same amounts to USD 1.00 million.

**Trade finance loans that have been derecognised as a result of write-off amount to USD 42.45 million whereas the ECL on the same amounts to USD 42.45 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 43.45 million (December 2020: USD 11.36 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 43.45 million.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Amount arising from ECL

Loss allowance

As at 31 December 2020:

<i>Project Finance loans;</i>	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
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 derecognised	(2,914)	-	(6,191,350)	(6,194,264)
	=====	=====	=====	=====
Balance at 31 December	2,697,363	31,725,588	33,063,944	67,486,895
	=====	=====	=====	=====
<i>Trade Finance loans:</i>				
Balance at 1 January	1,387,518	4,860,111	64,231,746	70,479,375
Transfer to 12 months ECL	-	-	-	-
Transfer to Lifetime ECL not credit impaired	(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 derecognized*	(1,349)	(175,320)	-	(176,669)
	=====	=====	=====	=====
Balance at 31 December	18,082,726	6,862,240	71,917,281	96,862,247
	=====	=====	=====	=====
<i>Undisbursed commitments:</i>				
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
	=====	=====	=====	=====
<i>Letters of credit:</i>				
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 derecognized	(139,437)	-	-	(139,437)
	=====	=====	=====	=====
Balance at 31 December	44,617	-	-	44,617
	=====	=====	=====	=====

43. FINANCIAL RISK MANAGEMENT (Continued)

Loss allowance - continued

Gross Loans and advances

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

... that have been derecognised as a result of write-off amount to USD 1.00 million whereas the ECL on the same amounts to USD 1.00 million.

***Trade finance loans that have been derecognised as a result of write-off amount to USD 42.45 million (December 2020: USD 11.36 million) whereas the ECL on the same amounts to USD 1.00 million. Write-offs amount to USD 1.00 million.

*Project finance loans that have been derecognised as a result of write-off amount to USD 42.45 million (December 2020: USD 11.36 million) whereas the ECL on the same amounts to USD 1.00 million. Write-offs amount to USD 1.00 million.

**Trade finance loans that have been derecognised as a result of write-off amount to USD 42.45 million (December 2020: USD 11.36 million) whereas the ECL on the same amounts to USD 1.00 million. Write-offs amount to USD 1.00 million.

***Trade finance loans that have been derecognised as a result of write-off amount to USD 42.45 million (December 2020: USD 11.36 million) whereas the ECL on the same amounts to USD 1.00 million. Write-offs amount to USD 1.00 million.

*Project finance loans that have been derecognised as a result of write-off amount to USD 42.45 million (December 2020: USD 11.36 million) whereas the ECL on the same amounts to USD 1.00 million. Write-offs amount to USD 1.00 million.

**Trade finance loans that have been derecognised as a result of write-off amount to USD 42.45 million (December 2020: USD 11.36 million) whereas the ECL on the same amounts to USD 1.00 million. Write-offs amount to USD 1.00 million.

***Trade finance loans that have been derecognised as a result of write-off amount to USD 42.45 million (December 2020: USD 11.36 million) whereas the ECL on the same amounts to USD 1.00 million. Write-offs amount to USD 1.00 million.

43. FINANCIAL RISK MANAGEMENT (Continued)

Loss allowance - continued

Letters of Credit

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
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43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Concentration of Risk by Sector

As at 31 December 2021

	Gross Exposure			Off-Statement of Financial Position		Cash Collateral/ In transit		Insurance		Other Mitigants		Net Exposure	
	On statement of Financial position	%	USD	USD	%	USD	USD	USD	USD	USD	USD	USD	%
Agri- Business	1,084,896,109	19	256,901,926	31	(13,832,889)	(459,359,600)	(77,442,173)	791,163,373	22				
Banking and Financial	1,040,746,846	18	348,172,743	42	(311,168,659)	(209,690,911)	-	868,060,019	24				
Construction	13,016,325	-	-	-	-	-	-	13,016,325	-				
Energy	258,507,536	4	32,946,435	4	-	-	-	291,453,971	8				
Health Services	21,963,399	-	6,748,703	1	-	-	-	28,712,102	1				
Hospitality	39,685,829	1	10,749,731	1	-	-	-	50,435,560	1				
ICT	190,676,757	3	-	-	(40,303,986)	-	-	150,372,771	4				
Infrastructure	1,251,124,879	22	122,452,527	15	-	(491,458,333)	(100,000,000)	782,119,073	22				
Manufacturing and Heavy	202,548,901	4	6,119,011	1	-	-	-	208,667,912	6				
Oil & Gas	1,525,644,547	26	-	-	(901,619,113)	(312,909,008)	(50,000,000)	261,116,426	7				
Other	61,037,315	1	-	-	(45,668)	-	-	60,991,647	2				
Real Estate	12,593,346	-	-	-	-	-	-	12,593,346	0				
Transport	79,520,518	1	-	-	-	(62,168,496)	(542,271)	16,809,751	0				
Wholesale Commodities	2,075,793	-	47,928,945	6	-	-	-	50,004,738	1				
	5,784,038,100	100	832,020,021	100	(1,266,970,315)	(1,535,586,348)	(227,984,444)	3,585,517,014	100				

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Concentration of Risk by Sector

As at 31 December 2020

	Gross Exposure				Off-statement Of financial Position	Cash collateral/ In transit	Insurance	Other mitigations	Net Exposure
	On-statement Of financial Position	USD	%	USD					
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)	(164,584,005)	(49,785,303)	594,817,440	18
Construction	16,723,249	-	-	-	(8,243)	(6,249,864)	-	16,723,249	1
Energy	255,441,663	5	57,618,201	7	-	-	-	306,801,757	9
Health Services	19,696,499	-	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	-	-	-	-	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	-	99,999,999	12	(16,161,816)	-	-	90,696,391	3
Real Estate	14,281,411	-	-	-	-	-	-	14,281,411	-
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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB-formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Concentration of Risk by Country

As at 31 December 2021

	Gross Exposure				Cash Collateral/ In transit USD	Insurance USD	Other Mitigants USD	Net Exposure USD	%
	On statement of Financial position USD	%	Off-Statement of Financial Position USD	%					
Burundi	13,601,870	-	18,000,000	2	(500,006)	-	-	31,101,864	1
Comoros	17,929,558	-	6,748,703	1	-	-	-	24,678,261	1
Congo DRC	55,768,557	1	4,119,011	1	-	-	-	59,887,568	2
Djibouti	10,075,686	-	-	-	-	-	-	10,075,686	-
Egypt	2,075,794	-	47,928,944	6	-	-	-	50,004,738	1
Eswatini	2,436,755	-	22,569,372	3	-	-	-	25,006,127	1
Ethiopia	805,782,851	14	168,525,879	20	(301,929,321)	(200,000,000)	(542,271)	471,837,138	13
Kenya	635,393,749	11	-	-	(45,667)	(350,000,000)	-	285,348,082	8
Madagascar	11,867,682	-	2,174,635	-	-	-	-	14,042,317	-
Malawi	323,761,658	6	202,295,709	24	(9,734,465)	(233,366,000)	(77,442,173)	205,514,729	6
Mauritius	208,552,400	4	2,000,000	-	(40,303,986)	-	-	170,248,414	5
Mozambique	120,098,565	2	19,815,384	3	-	-	-	139,913,949	4
Rwanda	403,167,072	7	2,220,830	-	(230,000,000)	(62,168,496)	-	113,219,406	3
Seychelles	43,574,715	1	749,731	-	-	-	-	44,324,446	1
South Sudan	59,681,374	1	-	-	-	-	(50,000,000)	9,681,374	-
Sudan	829,101,504	14	-	-	(225,093,070)	(225,993,600)	-	378,014,834	11
Tanzania	525,161,384	9	205,602,203	25	-	(141,458,333)	(100,000,000)	489,305,254	14
Uganda	401,586,833	7	69,135,818	8	-	-	-	470,722,651	13
Zambia	790,028,196	14	51,997,986	6	(9,264,718)	(312,909,008)	-	519,852,456	14
Zimbabwe	524,391,897	9	8,135,816	1	(450,099,082)	(9,690,911)	-	72,737,720	2
	5,784,038,100	100	832,020,021	100	(1,266,970,315)	(1,535,586,348)	(227,984,444)	3,585,517,014	100
	=====	=====	=====	=====	=====	=====	=====	=====	=====

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB-formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

43. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Concentration of Risk by Country

As at 31 December 2020

	Gross Exposure		Off-statement of Financial Position USD	Cash Collateral/ In transit USD	Insurance USD	Other Mitigants USD	Net Exposure USD	%
	On-statement of Financial Position USD	%						
Burundi	13,601,870	-	-	(570,176)	-	-	13,031,694	-
Comoros	15,447,540	-	13,064,655	-	-	-	28,512,196	1
Congo DRC	65,921,096	1	5,000,000	-	-	-	70,921,096	2
Djibouti	9,678,662	-	-	-	-	-	9,678,662	-
Egypt	79,663,684	1	-	-	-	-	79,663,684	2
Eswatini	6,421,664	-	18,586,851	-	-	-	25,008,515	1
Ethiopia	383,985,167	7	233,529,843	(149)	(150,000,000)	(50,327,574)	417,187,286	13
Kenya	678,901,765	12	99,999,999	(16,161,816)	(350,000,000)	(100,000,000)	312,739,948	9
Madagascar	10,498,098	-	7,078,256	-	-	-	17,576,355	1
Malawi	357,101,847	7	155,663,710	(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	-	-	-	142,482,805	4
Rwanda	637,244,307	12	3,631,499	(280,000,001)	(72,531,499)	(232,047)	288,112,259	9
Seychelles	52,686,913	1	749,731	-	-	-	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	(8,243)	(175,000,000)	(100,000,000)	445,491,051	13
Uganda	358,214,439	7	63,130,079	-	-	-	421,344,519	13
Zambia	686,122,079	13	22,789,421	(1,523,572)	(347,676,675)	-	359,711,252	11
Zimbabwe	597,784,020	11	35,746,573	(520,181,329)	(20,833,869)	-	92,515,395	3
	5,473,760,679	100	819,459,130	(1,039,189,668)	(1,611,857,218)	(325,861,351)	3,316,311,574	100

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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

43. FINANCIAL RISK MANAGEMENT (Continued)

(c) LIQUIDITY RISK (Continued)

Maturities of financial assets and financial liabilities are as follows:

At 31 December 2021:	Up to 1 month USD	2 to 3 months USD	4 to 6 months USD	6 to 12 months USD	1 to 5 years USD	Over 5 years USD	Total USD
ASSETS							
Cash and balances with other banks	486,296,437	915,000,000	423,670,987	81,179,535	65,790,502	-	1,971,937,461
Investment in Government securities	-	-	16,269,840	9,819,946	51,634,480	6,225,768	83,950,034
Investment in Trade Fund	-	-	-	-	54,170,335	-	54,170,335
Other receivables	1,060,437	483,266	713,239	1,394,770	9,334,578	3,379,024	16,365,314
Derivative financial instruments	-	-	57,634,835	-	-	-	57,634,835
Trade finance loans	292,921,717	440,591,121	318,371,758	802,840,562	2,124,058,044	14,782,392	3,993,565,594
Project loans	85,431,829	82,141,907	96,692,172	335,103,756	1,566,714,762	353,882,613	2,519,967,039
Equity investment at fair value through OCI	-	-	-	-	61,078,070	-	61,078,070
Total assets	865,710,420	1,438,216,294	913,352,831	1,230,338,569	3,932,780,771	378,269,797	8,758,668,682
LIABILITIES							
Short term borrowings	214,360,323	200,475,068	207,375,538	1,126,031,686	915,219,930	-	2,663,462,546
Long term borrowings	24,443,412	732,758,164	31,191,787	159,284,680	1,265,391,128	1,161,027,191	3,374,096,364
Collection Account	64,979,105	-	-	-	-	-	64,979,105
Other payables	57,753,976	-	-	-	38,413,550	-	96,167,526
Total liabilities	361,536,817	933,233,232	238,567,325	1,285,316,366	2,219,024,608	1,161,027,193	6,198,705,541
Net liquidity gap	504,173,603	504,983,062	674,785,506	-54,977,797	1,713,756,163	(782,757,396)	2,559,963,141
Cumulative gap	504,173,603	1,009,156,665	1,683,942,171	1,628,964,374	3,342,720,537	2,559,963,141	2,559,963,141

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

43. FINANCIAL RISK MANAGEMENT (Continued)

(c) LIQUIDITY RISK (Continued)

Maturities of financial assets and financial liabilities are as follows:

At 31 December 2020:	Up to 1 month USD	2 to 3 months USD	4 to 6 months USD	6 to 12 months USD	1 to 5 years USD	Over 5 years USD	Total USD
ASSETS							
Cash and balances with other banks	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 year at the reporting date to the contractual maturity date.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021:							
Guarantees	-	-	-	133,250,000	-	-	133,250,000
Letters of credit	48,970,096	71,383,648	57,495,184	-	-	-	180,069,758
Loan commitments	51,870,026	103,740,053	155,610,079	207,480,105	-	-	518,700,263
Total	100,840,122	175,123,701	213,105,263	340,730,105	2,220,830	-	832,020,021
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

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 year, required to raise such resources.
- Amount which can be raised from other counter parties based on the Group's past relationships.

(d) MARKET RISK

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

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

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

(i) Interest rate risk

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

43. FINANCIAL RISK MANAGEMENT

(d) MARKET RISK (Continued)

(i) Interest rate risk continued (Continued)

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

At 31 December 2021:

FINANCIAL ASSETS

Cash and balances with other banks
Investment in Government securities
Investment in Trade Fund
Other receivables
Derivative financial instruments
Trade finance loans
Project finance loans
Equity Investments at fair value through
other comprehensive income

	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
Cash and balances with other banks	482,628,565	915,000,000	25,110,967	-	545,530,057	3,667,872	1,971,937,461
Investment in Government securities	-	-	-	-	83,950,034	-	83,950,034
Investment in Trade Fund	-	-	-	-	-	54,170,335	54,170,335
Other receivables	-	-	-	-	15,551,057	814,257	16,365,314
Derivative financial instruments	-	-	-	-	-	57,634,835	57,634,835
Trade finance loans	60,133,929	138,052,061	1,753,271,680	-	1,560,556,229	67,027,785	3,579,041,684
Project finance loans	14,035,439	291,348,316	1,307,080,135	-	376,250,881	64,174,696	2,052,889,467
Equity Investments at fair value through other comprehensive income	-	-	-	-	-	61,078,070	61,078,070
Total financial assets	556,797,933	1,344,400,377	3,085,462,782	-	2,581,838,258	308,567,850	7,877,067,200
FINANCIAL LIABILITIES							
Short term borrowings	214,360,323	2,029,388,783	231,030,631	-	188,682,809	-	2,663,462,546
Long term borrowings	343,238,462	400,805,383	572,875,079	-	2,057,177,440	-	3,374,096,364
Collection Accounts	-	-	-	-	-	64,979,105	64,979,105
Other payables	-	-	-	-	-	96,167,526	96,167,526
Total financial liabilities	557,598,785	2,430,194,166	803,905,710	-	2,245,860,249	161,146,631	6,198,705,541
Net interest rate exposure	(800,852)	(1,085,793,789)	2,281,557,072	-	335,978,009	147,421,219	1,678,361,659
Cumulative interest rate exposure	(800,852)	(1,086,594,641)	1,194,962,431	1,194,962,431	1,530,940,440	1,678,361,659	1,678,361,659

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
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FOR THE YEAR ENDED 31 DECEMBER 2021

43. FINANCIAL RISK MANAGEMENT

(d) MARKET RISK (Continued)

(i) Interest rate risk continued (Continued)

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

At 31 December 2020:	Up to 1 month USD	1 to 6 Months USD	6 to 12 months USD	1 to 5 years USD	*Fixed interest Rate USD	*Non-interest bearing USD	Total USD
FINANCIAL ASSETS							
Cash and balances with other banks	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)

Interest Rate Benchmark Reform

The Group is exposed to floating interest rates benchmarked against the London Interbank Offering Rate (LIBOR). The exposures arise on the Group's use of floating interest rates to price its loan assets and liabilities. In addition to the benchmark interest rate exposures, the Group has significant volumes non-derivative financial instruments in its trading books linked to USD LIBOR that are not in hedge accounting relationships.

The Group has closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by the IBOR regulators. The FCA has confirmed that all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- Immediately after 31 December 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings
- Immediately after 30 June 2023, in the case of the remaining US dollar settings

In response to the announcements, the Group's Assets and Liabilities Committee ("ALCO") established a 'LIBOR Transition Steering Committee' and a 'LIBOR Transition Working Group' to oversee the Group's implementation of a transition roadmap and implementation framework, in collaboration with all departments within the Group. The transition programme comprises the following work streams: risk management, lending operations, treasury, legal, IT unit, and Finance.

Risks arising from interest rate benchmark reform

The key risks for the Group arising from the transition are:

a) *Interest rate basis risk:*

There are two elements to this risk as outlined below:

- If the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of IBORs, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into and is not captured by our interest rate risk management strategy. For example, in some cases the fallback clauses in IBOR loan contracts may result in the interest rate becoming fixed for the remaining term at the last IBOR quote. The Group is working closely with all counterparties to avoid this from occurring, however if this does arise, the Group's interest rate risk management policy will apply as normal and may result in closing out or entering into new interest rate swaps to maintain the mix of floating rate and fixed rate debt.
- Interest rate risk basis may arise if a non-derivative instrument and the derivative instrument held to manage the interest risk on the non-derivative instrument transition to alternative benchmark rates at different times. This risk may also arise where back-to-back derivatives transition at different times. The Group will monitor this risk against its risk management policy which has been updated to allow for temporary mismatches of up to 12 months and transact additional basis interest rate swaps if required.

43. FINANCIAL RISK MANAGEMENT (Continued)

(d) MARKET RISK (Continued)

(i) Interest rate risk (Continued)

Interest Rate Benchmark Reform (Continued)

b) *Liquidity risk:*

There are fundamental differences between IBORs and the various alternative benchmark rates which the Group will be adopting. IBORs are forward looking term rates published for a year (e.g. 3 months) at the beginning of that year and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk free overnight rates published at the end of the overnight year, with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments which will require additional liquidity management. The Group's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates.

c) *Accounting:*

If transition to alternative benchmark rates for certain contracts is finalised in a manner that does not permit the application of the reliefs introduced in the Phase 2 amendments, this could lead to volatility in the profit or loss if non-derivative financial instruments are modified or derecognised. The Group is aiming to agree changes to contracts that would allow IFRS 9 reliefs to apply.

d) *Litigation risk:*

If no agreement is reached to implement the interest rate benchmark reform on existing contracts, (e.g. arising from differing interpretation of existing fallback terms), there is a risk of litigation and prolonged disputes with counterparties which could give rise to additional legal and other costs. The Group is working closely with all counterparties to avoid this from occurring.

e) *Operational risk:*

The Group's IT systems are undergoing upgrades to fully manage the transition to alternative benchmark rates and there is a risk that such upgrades are not fully functional in time resulting in additional manual procedures which give rise to operational risks.

Progress towards implementation of alternative benchmark interest rates

An important development is confirmation by the committee handling the USD LIBOR transition that most USD LIBOR rates would continue until June 2023. 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 fully provide a reasonable financial estimate of the effect because the lenders are yet to provide complete information on their facilities. The Bank has run simulations on its variable loan book which suggest a reduction in income by 5%. In addition, the Bank has several fixed rate loans that are insulated from this change and about 75% of the Bank's current loans will not change in the short-term. It is largely new loans that would be priced using SOFR. The Bank had not lent using the SOFR rate by 31 December 2021.

43. FINANCIAL RISK MANAGEMENT (Continued)

(d) MARKET RISK (Continued)

(i) Interest rate risk (Continued))

Interest Rate Benchmark Reform (Continued)

The Group's specific LIBOR transition activities

- Because ISDA announced measures to reduce potential disruption by requesting market participants to send in a "letter of adherence" to ISDA by 25 January 2021 which will automatically build in a hardwire fallback protocol, the Group is already putting into all new contracts Fallback language.
- Since November 2020, the Group has been including the hard-wired fallback language in all its new loans as well as all restructured loans. This language is very flexible and general to the effect that when LIBOR becomes unavailable or unreliable, the parties will agree on an alternative pricing basis.
- Since LIBOR will continue to be published at least until June 2023 except for the 2-week and 2-month rates which stopped being published on 31s December 2021, the Group will continue with LIBOR for existing loan contracts that expire before the cutoff date. This will reduce the transition risk as statistically most of the Group's LIBOR based contracts would have expired by the June 2023 deadline.
- The Group is carefully coordinating the different aspects of the transition especially between the Asset side and Liabilities side to account for possible mismatches that can expose the Group to basis risk.
- Technical working teams were set up under each pillar for specific aspects of the transition such as documentation, Client communication, systems, simulation, etc.
- The legal pillar was prioritised. and LIBOR based contracts were identified based on their contractual maturity dates and engagements with respective borrowers and co-lenders has already commenced for contracts with maturity dates beyond June 2023.
- The Finance and Operations pillar is being driven by Financial Management Department, pulling on support from other departments including Information systems, Portfolio Management and Lending Operations. Some aspects of the Financial Pillar are being handled by Treasury. The teams have carried out a number of simulations and assessed the potential impact of the transition.
- The Customer, Budgeting and Corporate Plan Pillars are the preserve of Lending operations.. An FAQ document on the transition has been compiled and posted on the Group's website. In addition, an internal FAQ writeup have been developed to aid internal teams' engagements with clients.
- The Technology and capacity building and training pillars are being driven by the Risk Complex. The different working groups (pillars) identified capacity building (training and awareness) needs which were considered and integrated into trainings which have taken place for all concerned staff to ensure they understand the transition and the documentation requirements.
- Timelines and cut-off dates for TDB to stop issuing USD LIBOR based contracts and start issuing SOFR were based on the progress made by the different pillar working teams. With effect from 1 September 2021, the Group commenced the issuance of term-sheets based on forward looking SOFR term rates although no such transactions had been finalized as at 31 December 2021.
- The Group has run several iterations of the net loss under the various conventions. The maximum net loss was minimal assuming that the Group's assets and liabilities would use the same conventions for pricing.

43. FINANCIAL RISK MANAGEMENT (Continued)

(d) MARKET RISK (Continued)

(i) Interest rate risk (Continued)

Interest Rate Benchmark Reform (Continued)

The Group's specific LIBOR transition activities (Continued)

- On systems readiness, the SAP system was upgraded to handle SOFR pricing (both daily and term rates). As of September 2021, the Group IT systems were ready enough to book SOFR based loans. Credit Quest required minimal tweaking to enable it to handle the new pricing structure using SOFR. Origination of new transactions using SOFR will be through Credit Quest following the tweaks to the system. Discussions are underway with the supplier of Trade Innovations system on a version upgrade.
- As per the fallback waterfall language being included to the Group's contract, the preferred option is transitioning to a forward looking SOFR term rate. Noting the availability of SOFR term rates, the Group has adopted the SOFR term rate for the pricing of its floating rate contracts although no such transactions had been finalized as at 31 December 2021.
- On the borrowing side, the Group has noted a similar trend. Discussions with respective bilateral and syndicate of lenders to agree on the specific replacement pricing have generally resulted in the adoption of SOFR term rates with few opting for daily SOFR.
- As an agent, the Group has adopted the approach of an active agent where so allowed by the syndicate of lenders and manage the rate transition similar to the approach on its own loans. Where other lenders are not agreeable to this approach, then a meeting of lenders will be called to decide the way forward.
- Client sensitisation has begun by sending out the Frequently Asked Questions (FAQs) as well as having meetings with syndicates and governments.
- Internal sensitisation has been ongoing to ensure a seamless transition. External trainers were engaged to give TDB staff a clear understanding of the transition and the SOFR rate. Furthermore, internal FAQs were also developed and shared to provide a uniform reference point for questions or clarifications required by staff members during the transition.
- The Group through the financial pillar has also engaged with its external auditors and other consultants on relevant disclosures in its financials surrounding the transition.
- The Group has thus far managed its LIBOR transition well, and the LIBOR Transition Steering Committee continues having its fortnightly meetings to monitor progress in implementing the scheduled activities, follow up work of the various LIBOR Transition Working Groups, and make pertinent decisions.

The Group will continue to apply the Phase 2 amendments to IFRS 9 until the uncertainty arising from the interest rate benchmark reform with respect to the timing and the amount of the underlying cash flows that the Group is exposed to ends.

The Group expects this uncertainty will continue until the Group's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced and the basis for the cash flows of the alternative benchmark rate are determined including any fixed spread.

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 year would have on net interest income.

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

- Interest-bearing assets and liabilities outstanding as at 31 December 2021 were outstanding at those levels for the whole year,
- Interest-bearing assets and liabilities denominated in currencies other than USD experienced similar movements in interest rates, and
- All other variables are held constant.

If interest rates had been 100 basis points higher or lower with the above assumptions applying, the Group's net profit for the year ended 31 December 2021 of USD 173,943,777 (December 2020: USD 157,617,853) would increase or decrease by USD 11,939,077 (December 2020 - USD 7,984,686) as follows:

Effect on the Group's Net Profit:

The profit for the year ended 31 December 2021 would increase to USD 185,882,854 (December 2020: USD 165,602,539) or decrease to USD 162,004,700 (December 2020: USD 149,633,167).

The potential change is 6.9 % (December 2020 – 5.1%) 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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
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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 2021 was as follows:

FINANCIAL ASSETS	USD	GBP	EURO	KES	SDG	UGX	AED	MWK	TZSH	ZMW	JPY	OTHER	TOTAL
Cash and balances with other banks	1,903,538,158	19,445	2,898,900	17,894	3,667,872	6,259,752	18,852,025	8,213,657	5,787,048	21,964,621	5,812	712,277	1,971,937,461
Investment in Government securities	-	-	-	-	-	-	-	-	-	83,950,034	-	-	83,950,034
Investment in Trade Fund	54,170,335	-	-	-	-	-	-	-	-	-	-	-	54,170,335
Other receivables	16,365,314	-	-	-	-	-	-	-	-	-	-	-	16,365,314
Derivative Financial Investment	1,200,115,300	-	(1,142,480,465)	-	-	-	-	-	-	-	-	-	57,634,835
Trade finance loans	2,115,684,514	-	1,463,357,170	-	-	-	-	-	-	-	-	-	3,579,041,684
Project finance loans	1,677,656,800	-	375,232,667	-	-	-	-	-	-	-	-	-	2,052,889,467
Equity Investments at fair value through other comprehensive income	61,078,070	-	-	-	-	-	-	-	-	-	-	-	61,078,070
Total financial assets	7,028,608,491	19,445	699,008,272	17,894	3,667,872	6,259,752	18,852,025	8,213,657	5,787,048	105,914,655	5,812	712,277	7,877,067,200
FINANCIAL LIABILITIES													
Short term borrowings	2,431,225,040	-	231,926,867	-	-	-	-	-	-	-	146,393	164,246	2,663,462,546
Long term borrowings	2,989,661,487	-	384,434,877	-	-	-	-	-	-	-	-	-	3,374,096,364
Collection account	43,917,893	-	25	-	3,600,092	-	-	8,196,371	-	9,264,718	-	6	64,979,105
Other payables	95,126,718	-	-	90,696	-	-	-	-	-	-	-	950,112	96,167,526
Total financial liabilities	5,559,931,138	-	616,361,769	90,696	3,600,092	-	-	8,196,371	-	9,264,718	146,393	1,114,364	6,198,705,541
NET POSITION	1,468,677,353	19,445	82,646,503	(72,802)	67,780	6,259,752	18,852,025	17,286	5,787,048	96,649,937	(140,581)	(402,087)	1,678,361,659

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

43. FINANCIAL RISK MANAGEMENT (Continued)

d) MARKET RISK (Continued)

(ii) Currency Risk (Continued)

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

FINANCIAL ASSETS	USD	GBP	EURO	KES	SDG	UGX	AED	MWK	TZSH	ZMW	JPY	OTHER	TOTAL
Cash and balances with other banks	1,463,849,508	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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021	(56,039)	6,796,870	1,402	251	513,145	15	14,971	261,151
	=====	=====	=====	=====	=====	=====	=====	=====
December 2020	1,051	3,653,717	2,357	250	502,935	982	(6,238)	(183,869)
	=====	=====	=====	=====	=====	=====	=====	=====

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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED 31 DECEMBER 2021

44. CAPITAL MANAGEMENT (Continued)

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

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

	GROUP		BANK	
	2021	2020	2021	2020
	USD	USD	USD	USD
RISK WEIGHTED ASSETS				
On-Statement of financial position assets	4,528,049,409	4,279,000,679	4,525,271,109	4,278,161,199
Off- Statement of financial position assets	35,961,881	76,255,912	35,961,881	76,255,912
	<hr/>	<hr/>	<hr/>	<hr/>
Total risk weighted assets	4,564,011,290	4,355,256,591	4,561,232,990	4,354,417,111
	=====	=====	=====	=====
CAPITAL				
Paid up capital	555,868,667	534,933,840	555,868,667	534,933,840
Retained earnings and reserves	1,176,163,777	1,022,428,256	1,176,495,907	1,022,108,565
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital	1,732,032,444	1,557,362,096	1,732,364,574	1,557,042,405
	=====	=====	=====	=====
CAPITAL ADEQUACY RATIO	37.9%	35.8%	38.0%	35.8%
	=====	=====	=====	=====

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

45. 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 with reasonable certainty.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

46. FINANCIAL INSTRUMENTS CATEGORIES

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

As at 31 December 2021:	Amortised Cost USD	At fair value through profit or loss* USD	At fair value through other comprehensive income USD	Total carrying amount USD
Financial assets				
Cash and balances held with banks	1,971,937,461	-	-	1,971,937,461
Investment in Government securities	83,950,034	-	-	83,950,034
Investment in Trade Fund	-	-	54,170,335	54,170,335
Derivative financial instruments	-	57,634,835	-	57,634,835
Other receivables	16,365,314	-	-	16,365,314
Trade finance loans	3,579,041,684	-	-	3,579,041,684
Project finance loans	2,052,889,467	-	-	2,052,889,467
Equity investments at fair value through other comprehensive income	-	-	61,078,070	61,078,070
Total financial assets	7,704,183,960	57,634,835	115,248,405	7,877,067,200
Financial liabilities				
Collection account deposits	64,979,105	-	-	64,979,105
Short term borrowings	2,663,462,546	-	-	2,663,462,546
Long term borrowings	3,374,096,364	-	-	3,374,096,364
Other payables	95,865,182	-	-	95,865,182
Total financial liabilities	6,198,403,197	-	-	6,198,403,197

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

There are no assets pledged as security for liabilities.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

46. FINANCIAL INSTRUMENTS CATEGORIES (Continued)

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	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	100,358,415	-	-	100,358,415
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
Total financial assets	7,070,622,253	-	106,314,535	7,176,936,788
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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

47. TRADE FINANCE LOAN PORTFOLIO

Country	As at 31 December 2021			As at 31 December 2020		
	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
Congo DRC	5,819,262	1,952,596	3,866,666	15,001,067	3,092,081	11,908,986
Djibouti	7,139,512	7,139,512	-	6,481,943	5,767,776	714,167
Egypt	2,075,794	4,738	2,071,056	79,663,684	134,562	79,529,122
Eswatini	2,436,755	2,436,755	-	6,421,664	6,421,664	-
Ethiopia	681,474,121	225,170,236	456,303,885	256,470,157	48,078,755	208,391,402
Kenya	56,256,332	56,256,332	-	19,650,693	13,276,193	6,374,500
Madagascar	6,592,885	6,592,885	-	8,838,299	8,838,299	-
Malawi	323,761,658	217,288,574	106,473,084	357,101,847	149,234,816	207,867,031
Mauritius	68,872,903	57,320,527	11,552,376	21,381,344	12,551,953	8,829,391
Mozambique	26,199,432	6,135,512	20,063,920	24,507,937	18,756	24,489,181
Rwanda	241,845,844	2,516,497	239,329,347	349,668,051	2,822,207	346,845,844
South Sudan	59,681,374	59,681,374	-	-	-	-
Sudan	783,357,168	5,307,397	778,049,771	619,290,298	-	619,290,298
Tanzania	114,939,599	64,883,376	50,056,223	138,865,413	52,698,634	86,166,779
Uganda	15,031,237	6,614,911	8,416,326	40,582,783	27,491,762	13,091,021
Zambia	778,971,553	344,189,044	434,782,509	675,063,776	208,620,773	466,443,003
Zimbabwe	510,487,383	5,894,523	504,592,860	562,508,106	11,330,359	551,177,747
Gross Loans	3,684,942,812	1,069,384,789	2,615,558,023	3,181,497,062	550,378,590	2,631,118,472
Less: Impairment on trade finance loans (Note 18)	(105,901,128)	-	(108,466,556)	(96,862,247)	-	(96,862,247)
NET LOANS	3,579,041,684	1,069,384,789	2,507,091,467	3,084,634,815	550,378,590	2,534,256,225

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

48. PROJECT LOAN PORTFOLIO

Country	Amounts Disbursed USD	Interest Capitalized USD	Amounts Repaid USD	Interest Receivable USD	As at 31 December 2021			As at 31 December 2020		
					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
Burundi	26,176,875	1,192,186	(14,664,725)	897,534	13,601,871	11,244,727	2,357,144	13,601,870	8,442,014	5,159,856
Comoros	21,663,797	-	(3,698,499)	113,146	18,078,444	2,488,668	15,589,776	15,447,541	2,571,363	12,876,178
Congo DRC	49,918,664	2,138,538	(4,244,174)	2,136,266	49,949,295	13,256,777	36,692,518	50,920,029	5,100,960	45,819,069
Djibouti	3,086,487	-	(330,695)	180,382	2,936,174	621,309	2,314,865	3,196,719	905,280	2,291,439
Eritrea	403,652	-	(403,652)	-	-	-	-	-	-	-
Ethiopia	163,547,220	23,506,050	(66,972,414)	4,227,874	124,308,729	25,444,469	98,864,260	127,515,009	15,562,725	111,952,284
Kenya	1,469,375,736	1,532,900	(908,854,095)	17,150,548	579,205,089	108,696,198	470,508,891	659,251,068	105,684,111	553,566,957
Madagascar	5,115,627	-	(240,665)	159,170	5,034,132	589,235	4,444,897	1,659,800	21,369	1,638,431
Malawi	60,793,337	2,920	(60,796,257)	-	-	-	-	-	-	-
Mauritius	148,481,894	3,702,835	(17,577,779)	5,072,545	139,679,496	5,915,879	133,763,617	134,424,218	2,106,748	132,317,470
Mozambique	103,956,116	-	(11,055,852)	332,399	93,232,664	78,998,898	14,233,766	76,607,602	133,190	76,474,412
Rwanda	444,779,236	9,808,734	(298,149,436)	4,216,226	160,654,760	28,806,159	131,848,601	287,576,258	52,850,120	234,726,138
Seychelles	99,707,531	-	(58,080,512)	1,060,149	42,687,168	11,580,174	31,106,994	52,686,913	9,619,627	43,067,286
Sudan	45,106,624	17,056,064	(26,280,452)	8,974,551	44,856,788	8,974,551	35,882,237	42,898,082	42,898,082	-
Tanzania	738,811,983	682,910	(330,290,059)	1,016,957	410,221,792	94,795,747	315,426,045	462,512,635	92,318,724	370,193,911
Uganda	572,855,923	7,591,480	(206,567,100)	14,975,163	388,855,467	82,723,140	306,132,327	317,612,053	35,749,504	281,862,549
Zambia	131,225,914	25,086,069	(145,253,686)	-	11,058,297	11,058,297	-	11,058,324	-	11,058,324
Zimbabwe	326,310,597	709,656	(314,074,988)	1,789,863	14,735,122	9,733,190	5,001,932	35,295,496	24,898,860	10,396,636
Gross loans	4,411,317,213	93,010,342	(2,467,535,040)	62,302,773	2,099,095,288	494,927,418	1,604,167,870	2,292,263,617	398,862,677	1,893,400,940
Less: Impairment on project loans (note 18)					(46,205,821)	-	(46,205,821)	(67,486,895)	-	(67,486,895)
NET LOANS					2,052,889,467	494,927,418	1,557,962,049	2,224,776,722	398,862,677	1,825,914,045

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

49. STATEMENT OF SUBSCRIPTIONS TO THE CAPITAL STOCK

As at 31 December 2021

Class 'A' shares	Shares Subscribed	Percentage of total	Value USD	Callable capital USD	Payable capital USD	Instalments Payable on 31.12.2021 USD	Instalments paid as at 31.12.2021 USD	Premium Paid as at 31.12.2021 USD	Total Paid as at 31.12.2021 USD
Belarus	1,299	1.40	29,444,433	23,555,546	5,888,887	5,888,887	5,888,887	724,832	6,613,719
Burundi	1,830	1.97	41,480,610	33,184,488	8,296,122	8,296,122	8,296,122	1,746,849	10,042,971
China	5,112	5.50	115,873,704	92,698,963	23,174,741	23,174,741	23,174,741	5,202,173	28,376,914
Comoros	189	0.20	4,284,063	3,427,250	856,813	856,813	856,813	121,273	978,086
Djibouti	411	0.44	9,316,137	7,452,910	1,863,227	1,863,227	1,863,227	231,218	2,094,445
DR Congo	6,105	6.57	138,382,035	110,705,628	27,676,407	27,676,407	27,676,407	3,819,641	31,496,048
Egypt	7,948	8.56	180,157,316	144,125,853	36,031,463	36,031,463	36,031,463	7,552,861	43,584,324
Eritrea	240	0.26	5,440,080	4,352,064	1,088,016	1,088,016	1,017,370	-	1,017,370
eSwatini	463	0.50	10,494,821	8,395,857	2,098,964	2,098,964	2,098,964	150,188	2,249,152
Ethiopia	9,062	9.76	205,408,354	164,326,683	41,081,671	39,081,550	39,081,550	7,643,096	46,724,646
Kenya	8,559	9.21	194,006,853	155,205,482	38,801,371	35,088,516	35,088,516	6,094,279	41,182,795
Madagascar	453	0.49	10,268,151	8,214,521	2,053,630	1,652,878	1,652,878	88,075	1,740,953
Malawi	1,961	2.11	44,449,987	35,559,990	8,889,997	8,889,997	8,889,997	1,838,904	10,728,901
Mauritius	3,713	4.00	84,162,571	67,330,057	16,832,514	16,832,514	16,832,514	3,218,282	20,050,796
Mozambique	2,362	2.54	53,539,454	42,831,563	10,707,891	10,707,891	10,707,891	860,799	11,568,690
Rwanda	4,436	4.78	100,550,812	80,440,650	20,110,162	16,109,890	15,109,720	2,102,333	17,212,053
Seychelles	401	0.43	9,089,467	7,271,574	1,817,893	1,817,893	1,817,893	382,830	2,200,723
Somalia	318	0.34	7,208,106	5,766,485	1,441,621	1,441,621	1,348,016	-	1,348,016
South Sudan	2,392	2.58	54,219,464	43,375,571	10,843,893	10,843,893	10,843,893	1,402,392	12,246,285
Sudan	5,277	5.68	119,613,759	95,691,007	23,922,752	23,922,752	23,922,752	-	23,922,752
Tanzania	7,436	8.01	168,551,812	134,841,450	33,710,362	33,710,362	33,710,362	5,487,425	39,197,787
Uganda	5,758	6.20	130,516,586	104,413,269	26,103,317	26,103,317	26,103,317	4,668,927	30,772,244
Zambia	6,309	6.79	143,006,103	114,404,882	28,601,221	28,601,221	28,601,204	2,446,114	31,047,318
Zimbabwe	6,337	6.82	143,640,779	114,912,623	28,728,156	28,728,156	28,728,156	-	28,728,156
African Development Bank	4,519	4.86	102,432,173	81,945,738	20,486,435	20,486,435	20,486,435	4,658,996	25,145,431
	92,890	100	2,105,537,630	1,684,430,104	421,107,526	410,993,526	409,829,088	60,441,487	470,270,575

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

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

Class 'B' shares	Number of shares	Percentage of total	Payable capital USD	Instalments due as at year end USD	Paid up capital USD	Share premium USD	Total paid USD
As at 31 December 2021:							
African Development Bank	5,895	18.30	26,724,513	26,724,513	26,724,513	20,251,418	46,975,931
African Economic Research Consortium	179	0.56	811,482	811,482	811,482	1,246,295	2,057,777
African Reinsurance Corporation	837	2.60	3,794,473	3,794,473	3,794,473	2,283,597	6,078,070
Arab Bank for Economic Development in Africa	1,057	3.28	4,791,825	4,791,825	4,791,825	6,411,116	11,202,941
Banco Nacional de Inversión	931	2.89	4,220,614	4,220,614	4,220,614	1,817,160	6,037,774
Caisse Nationale de Sécurité Sociale Djibouti	800	2.48	3,626,736	3,626,736	3,626,736	6,426,414	10,053,150
Investment Fund for Developing Countries (IFC)	3,383	10.50	15,336,546	15,336,546	15,336,546	24,409,789	39,746,335
Mauritian Eagle Insurance Company Limited	283	0.88	1,282,958	1,282,958	1,282,958	496,436	1,779,394
National Pension Fund	2,018	6.26	9,148,442	9,148,442	9,148,442	4,780,871	13,929,314
National Social Security Fund Uganda	3,359	10.43	15,227,759	15,227,759	15,227,759	15,391,827	30,619,586
Opec Fund for International Development	2,153	6.68	9,760,454	9,760,454	9,760,454	11,444,656	21,205,110
People's Republic of China	3,729	11.58	16,905,125	16,905,125	16,905,125	7,299,691	24,204,816
Rwanda Social Security Board	3,649	11.33	16,542,451	16,542,451	16,542,451	12,039,505	28,581,956
Sacos Group Limited	135	0.42	612,012	612,012	612,012	561,693	1,173,705
Seychelles Pension Fund	1,078	3.35	4,887,027	4,887,027	4,887,027	2,718,804	7,605,831
TDB Directors and Select Stakeholders	185	0.57	838,677	838,677	838,677	55,525	894,202
TDB Staff Provident Fund	1,709	5.31	7,747,612	7,747,612	7,747,612	(3,110,916)	4,636,695
ZEP-Re-PTA Reinsurance Company	834	2.59	3,780,873	3,780,873	3,780,873	1,223,127	5,004,000
	32,214	100	146,039,579	146,039,579	146,039,579	115,747,008	261,786,587
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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 4,533.42 each. Class 'B' shares do not have a callable portion and are payable at once.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

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

As at 31 December 2020

Class 'A' shares	Shares Subscribed	Percentage of total	Value USD	Callable capital USD	Payable capital USD	Instalments Payable on 31.12.2021 USD	Instalments paid as at 31.12.2021 USD	Premium Paid as at 31.12.2021 USD	Total Paid as at 31.12.2021 USD
Belarus	1,267	1.42	28,719,089	22,975,271	5,743,818	5,743,818	5,743,818	455,885	6,199,703
Burundi	1,756	1.97	39,803,252	31,842,602	7,960,650	7,960,650	7,960,650	1,124,908	9,085,558
China	4,891	5.48	110,864,297	88,691,438	22,172,859	22,172,859	22,172,859	3,344,757	25,517,616
Comoros	185	0.21	4,193,395	3,354,716	838,679	838,679	838,679	87,655	926,334
Djibouti	407	0.46	9,225,469	7,380,375	1,845,094	1,845,094	1,845,094	197,599	2,042,693
Congo DRC	5,943	6.65	134,709,981	107,767,985	26,941,996	26,941,996	26,941,997	2,458,096	29,400,093
Egypt	7,629	8.54	172,926,543	138,341,234	34,585,309	34,585,309	34,585,308	4,871,793	39,457,101
Eritrea	240	0.27	5,440,080	4,352,064	1,088,016	1,088,016	906,637	-	906,637
eSwatini	454	0.51	10,290,818	8,232,654	2,058,164	2,058,164	1,657,411	74,546	1,731,957
Ethiopia	8,734	9.78	197,973,578	158,378,862	39,594,716	36,594,511	36,594,511	4,886,402	41,480,913
Kenya	7,422	8.31	168,234,474	134,587,579	33,646,895	33,646,895	33,646,895	3,421,616	37,068,511
Madagascar	1,883	2.11	42,681,961	34,145,569	8,536,392	8,536,392	8,536,392	37,648	8,574,040
Malawi	3,577	4.00	81,079,859	64,863,887	16,215,972	16,215,972	16,215,972	1,183,345	17,399,317
Mauritius	2,314	2.59	52,451,438	41,961,150	10,490,288	10,490,288	10,490,288	2,075,256	12,565,544
Mozambique	447	0.50	10,132,149	8,105,719	2,026,430	1,224,925	1,224,925	457,385	1,682,310
Rwanda	2,333	2.61	52,882,111	42,305,689	10,576,422	10,576,422	10,576,422	1,278,680	11,855,102
Seychelles	4,338	4.86	98,329,446	78,663,557	19,665,889	13,665,481	13,665,481	248,356	13,913,837
Somalia	385	0.43	8,726,795	6,981,436	1,745,359	1,745,359	1,745,359	-	1,745,359
South Sudan	318	0.36	7,208,106	5,766,485	1,441,621	1,441,621	1,201,294	906,520	2,107,814
Sudan	5,277	5.91	119,613,759	95,691,007	23,922,752	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	3,142,541	35,588,085
Uganda	5,560	6.22	126,028,520	100,822,816	25,205,704	25,205,704	25,200,531	3,004,816	28,205,347
Zambia	6,154	6.89	139,492,718	111,594,174	27,898,544	27,898,544	27,898,544	1,143,384	29,041,928
Zimbabwe	6,337	7.09	143,640,779	114,912,623	28,728,156	28,728,156	28,728,156	-	28,728,156
African Development	4,321	4.84	97,944,107	78,355,286	19,588,821	19,588,821	19,588,821	2,994,886	22,583,707
	89,329	100	2,024,820,443	1,619,856,354	404,964,089	395,161,972	394,334,340	37,396,076	431,730,416

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

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

Class 'B' shares	Number of shares	Percentage of total	Payable capital USD	Instalments due as at year end USD	Paid up capital USD	Share premium USD	Total paid USD
As at 31 December 2020:							
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 Invermento	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
Seycheilles 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
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