

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

**INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2022**

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

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EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
CORPORATE INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

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

Republic of Ghana (represented by the Ghana
Infrastructure Investment Fund)

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 (CNSS) Djibouti

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
CORPORATE INFORMATION (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

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 Molu 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, Ghana, 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
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 Nwabufo	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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

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 Email : Official@tdbgroup.org	TDB Headquarters Chaussee, Prince Louis, Rwagasore P. O. Box 1750, Bujumbura, Burundi Email : Official@tdbgroup.org
OTHER OFFICES	TDB Nairobi Regional Office: East Africa 197 Lenana Place, Lenana Road P. O. Box 48596 - 00100 Nairobi, Kenya	
	TDB Harare Regional Office: Southern Africa 70 Enterprise Road Harare, Zimbabwe	
	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	
	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	

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
REPORT OF THE DIRECTORS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

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 six months period ended 30 June 2022.

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 period are set out on pages 7 and 8.

3. DIVIDEND

The Board does not recommend a dividend in respect of the six-month period ended 30 June 2022 (USD 339.71 per share in respect of the financial year ended 31 December 2021).

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 the financial year ended 31 December 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

29/9/2022

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

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

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

Having made an assessment of the Bank and its 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 review of the financial statements does not relieve them of their responsibilities.



Director

29 September 2022



Director

29 September 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

Introduction

We have reviewed the accompanying interim financial statements of the Eastern and Southern African Trade and Development Bank (TDB), set out on pages 7 to 123, comprising the consolidated and separate statements of financial position as at 30 June 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the consolidated and separate financial position of Eastern and Southern African Trade and Development Bank (TDB) as at 30 June 2022, its consolidated and separate financial performance and its consolidated and separate cash flows for the six-month period then ended in accordance with International Financial Reporting Standards and the requirements of the Bank's Charter.

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



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

Date: 29 September 2022



EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Note	Reviewed Six months to 30 JUNE 2022 USD	Reviewed Six months to 30 JUNE 2021 USD
INCOME			
Interest income	4	225,523,230	211,399,582
Interest expense	5	(88,147,355)	(78,444,809)
Other borrowing costs	6	(4,475,586)	(7,624,706)
Interest and similar expense		(92,622,941)	(86,069,515)
Net interest income		132,900,289	125,330,067
Fees and commission income	7	25,011,193	22,773,773
Gains on financial assets designated at fair value through profit or loss - derivatives	17	9,266,818	1,743,437
Net trading income		167,178,300	149,847,277
Risk mitigation costs	8	(18,315,514)	(21,139,648)
Other income	9	5,127,706	670,102
OPERATING INCOME		153,990,492	129,377,731
EXPENDITURE			
Operating expenses	10(a)	(21,857,029)	(20,418,694)
Impairment on other financial assets	12	(215,617)	(12,319)
Impairment allowance on loans	20	(40,083,000)	(23,175,038)
Net foreign exchange (loss)/gain	13	(1,863,517)	692,372
TOTAL EXPENDITURE		(64,019,163)	(42,913,679)
PROFIT FOR THE PERIOD		89,971,329	86,464,052
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be subsequently reclassified to profit and loss:</i>			
Fair value gain on fair value through other comprehensive income – Equity investments	21	8,475,553	6,868,952
Fair value gain on fair value through other comprehensive income – Trade Fund	24	947,557	857,184
		9,423,110	7,726,136
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS		99,394,439	94,190,188
<i>Profit for the period is attributable to:</i>			
Owners of the Bank		89,971,329	86,271,566
Non-controlling interest		-	192,486
		89,971,329	86,464,052
<i>Total comprehensive income is attributable to:</i>			
Owners of the Bank		99,394,439	93,997,702
Non-controlling interest		-	192,486
		99,394,439	94,190,188
EARNINGS PER SHARE:			
Basic	15	729	730
Diluted	15	560	712

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Note	Reviewed Six months to 30 JUNE 2022 USD	Reviewed Six months to 30 JUNE 2021 USD
INCOME			
Interest income	4	225,523,230	211,399,582
Interest expense	5	(88,147,355)	(78,444,809)
Other borrowing costs	6	(4,475,586)	(7,624,706)
Interest and similar expense		(92,622,941)	(86,069,515)
Net interest income		132,900,289	125,330,067
Fees and commission income	7	25,011,193	22,773,773
Gains on financial assets designated at fair value through profit or loss – derivatives	17	9,266,818	1,743,437
Net trading income		167,178,300	149,847,277
Risk mitigation costs	8	(18,315,514)	(21,139,648)
Other income	9	3,192,960	264,991
OPERATING INCOME		152,055,746	128,972,620
EXPENDITURE			
Operating expenses	10(a)	(21,302,253)	(20,398,554)
Impairment on other financial assets	12	(215,617)	(12,319)
Impairment allowance on loans	20	(40,083,000)	(23,175,038)
Net foreign exchange (loss)/gain	13	(1,863,517)	692,372
TOTAL EXPENDITURE		(63,464,387)	(42,893,539)
PROFIT FOR THE PERIOD		88,591,359	86,079,081
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be subsequently reclassified to profit and loss:</i>			
Fair value gain on fair value assets through other comprehensive income - Equity investments	20	8,475,553	6,868,952
Fair value gain on fair value assets through other comprehensive income – Trade Fund	23	947,557	857,184
		9,423,110	7,726,136
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS		98,014,469	93,805,217
EARNINGS PER SHARE:			
Basic	14	718	727
Diluted	14	552	709

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

		JUNE 2022 USD	DECEMBER 2021 USD
ASSETS	Note		
Cash and balances held with other banks	16	1,343,063,341	1,971,937,461
Derivative financial instruments	17	73,105,685	57,634,835
Trade finance loans	18	3,673,548,401	3,579,041,684
Project loans	19	1,964,168,606	2,052,889,467
Investment in Government securities	23	69,182,746	83,950,034
Investment in Trade Fund	24	55,117,892	54,170,335
Other receivables	25	59,939,033	42,378,270
Equity investments at fair value through other comprehensive income	21	69,553,623	61,078,070
Property and equipment	26	39,833,775	35,562,919
Right-of-use assets	27	2,753,998	3,053,898
Intangible assets	28	1,106,245	1,507,557
TOTAL ASSETS		7,351,373,345	7,943,204,530
		=====	=====
LIABILITIES AND EQUITY			
LIABILITIES			
Collection account deposits	29	55,399,007	64,979,105
Lease liabilities	30	343,455	612,758
Short term borrowings	31	2,746,002,241	2,663,462,546
Provision for service and leave pay	34	10,951,914	11,287,734
Other payables	33	125,246,732	96,219,148
Long term borrowings	32	2,574,460,988	3,374,096,364
TOTAL LIABILITIES		5,512,404,337	6,210,657,655
EQUITY			
Share capital	35	561,601,488	555,868,667
Share premium	35	178,772,846	176,188,495
Retained earnings		1,002,696,408	913,251,791
Proposed dividend		41,403,979	41,403,979
Fair value reserve		34,651,376	25,228,266
Management reserve	36	19,842,911	19,842,911
Equity attributable to owners of the Bank		1,838,969,008	1,731,784,109
Non-controlling interest		-	762,766
TOTAL EQUITY		1,838,969,008	1,732,546,875
TOTAL LIABILITIES AND EQUITY		7,351,373,345	7,943,204,530
		=====	=====

The notes on pages 15 to 123 are an integral part of these financial statements.

The financial statements were approved by the board of directors on 29 September 2022 and were signed on its behalf by:


Group MD & CEO/Director

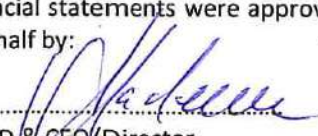

Director


EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

		JUNE 2022 USD	DECEMBER 2021 USD
	Note		
ASSETS			
Cash and balances held with other banks	16	1,339,372,669	1,970,882,704
Derivative financial instruments	17	73,105,685	57,634,835
Trade finance loans	18	3,673,548,401	3,579,041,684
Project loans	19	1,964,168,606	2,052,889,467
Investment in Government securities	21	69,182,746	83,950,034
Investment in Trade Fund	22	55,117,792	54,170,235
Other receivables	25	48,048,610	40,903,159
Equity investments at fair value through other comprehensive income	21	69,553,623	61,078,070
Investment in subsidiaries	22	32,566,772	1,114,135
Property and equipment	26	39,833,775	35,562,919
Right-of-use assets	27	2,753,998	3,053,898
Intangible assets	28	1,106,245	1,507,557
TOTAL ASSETS		7,368,358,922	7,941,788,697
LIABILITIES AND EQUITY			
LIABILITIES			
Collection account deposits	29	55,399,007	64,979,105
Lease liabilities	30	343,455	612,758
Short term borrowings	31	2,746,002,241	2,663,462,546
Provision for service and leave pay	34	10,951,914	11,287,734
Other payables	33	142,627,897	95,108,411
Long term borrowings	32	2,574,460,988	3,374,096,364
TOTAL LIABILITIES		5,529,785,502	6,209,546,918
EQUITY			
Share capital	35	561,601,488	555,868,667
Share premium	35	178,772,846	176,188,495
Retained earnings		1,002,300,820	913,709,461
Proposed dividend		41,403,979	41,403,979
Fair value reserve		34,651,376	25,228,266
Management reserve	36	19,842,911	19,842,911
TOTAL EQUITY		1,838,573,420	1,732,241,779
TOTAL LIABILITIES AND EQUITY		7,368,358,922	7,941,788,697

The notes on pages 15 to 123 are an integral part of these financial statements.

The financial statements were approved by the board of directors on 29 September 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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Note	Share Capital USD	Share premium USD	Retained earnings USD	Proposed Dividend USD	Management Reserve USD	Fair Value Reserve USD	Total USD	Non-controlling interest USD	Total USD
At 1 January 2021 – Audited		534,933,840	146,999,927	801,599,826	37,691,195	19,842,911	16,294,397	1,557,362,096	436,025	1,557,798,121
Capital subscriptions	35	2,888,659	-	-	-	-	-	2,888,659	-	2,888,659
Share Premium	35	-	(1,555,455)	-	-	-	-	(1,555,455)	-	(1,555,455)
Dividend Paid -General Capital Increase 2 (GCI-2) share allotment		-	-	(1,202,741)	-	-	-	(1,202,741)	-	(1,202,741)
Other comprehensive income for the period		-	-	-	-	-	7,726,136	7,726,136	-	7,726,136
Profit for the period		-	-	86,271,566	-	-	-	86,271,566	192,486	86,464,052
At 30 June 2021 – Reviewed		537,822,499	145,444,472	886,668,651	37,691,195	19,842,911	24,020,533	1,651,490,261	628,511	1,652,118,772
At 1 January 2022 - Audited		555,868,667	176,188,495	913,251,791	41,403,979	19,842,911	25,228,266	1,731,784,109	762,766	1,732,546,875
Capital subscriptions	35	5,732,821	-	-	-	-	-	5,732,821	-	5,732,821
Share Premium	35	-	2,584,351	-	-	-	-	2,584,351	-	2,584,351
Acquisition of minority interest in ESATAL		-	-	762,766	-	-	-	762,766	(762,766)	-
Amount paid on full acquisition of ESATAL (subsidiary)		-	-	(1,289,478)	-	-	-	(1,289,478)	-	(1,289,478)
Other comprehensive income		-	-	-	-	-	9,423,110	9,423,110	-	9,423,110
Profit for the period		-	-	89,971,329	-	-	-	89,971,329	-	89,971,329
At 30 June 2022 - Reviewed		561,601,488	178,772,846	1,002,696,408	41,403,979	19,842,911	34,651,376	1,838,969,008	-	1,838,969,008

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Note	Share Capital USD	Share premium USD	Retained earnings USD	Proposed dividend USD	Management Reserve USD	Fair Value Reserve USD	Total equity USD
At 1 January 2021 - Audited		534,933,840	146,999,927	801,280,135	37,691,195	19,842,911	16,294,397	1,557,042,405
Capital subscriptions	35	2,888,659	-	-	-	-	-	2,888,659
Share Premium	35	-	(1,555,455)	-	-	-	-	(1,555,455)
Dividend Paid -General Capital Increase 2 (GCI-2) share allotment		-	-	(1,202,741)	-	-	-	(1,202,741)
Other comprehensive income		-	-	-	-	-	7,726,136	7,726,136
Profit for the period		-	-	86,079,081	-	-	-	86,079,081
At 30 June 2021 - Reviewed		537,822,499	145,444,472	886,156,475	37,691,195	19,842,911	24,020,533	1,650,978,085
At 1 January 2022 - Audited		555,868,667	176,188,495	913,709,461	41,403,979	19,842,911	25,228,266	1,732,241,779
Capital subscriptions	35	5,732,821	-	-	-	-	-	5,732,821
Share Premium	35	-	2,584,351	-	-	-	-	2,584,351
Other comprehensive income		-	-	-	-	-	9,423,110	9,423,110
Profit for the period		-	-	88,591,359	-	-	-	88,591,359
At 30 June 2022 - Reviewed		561,601,488	178,772,846	1,002,300,820	41,403,979	19,842,911	34,651,376	1,838,573,420

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Note	Reviewed Six months to 30 JUNE 2022 USD	Reviewed Six months to 30 JUNE 2021 USD
OPERATING ACTIVITIES			
Net cash (used in)/ generated from operations	37(a)	(645,026,666)	338,790,028
INVESTING ACTIVITIES			
Purchase of property and equipment	26	(4,766,263)	(2,686,118)
Purchase of intangible assets		-	(308,920)
Redemption of investment in government securities	23	14,767,288	8,637,157
Net cash generated from investing activities		10,001,025	5,642,119
FINANCING ACTIVITIES			
Proceeds from capital subscriptions	35	5,732,821	2,888,659
Proceeds from share premium	35	2,584,351	(1,555,455)
Dividend paid -General Capital Increase 2 (GCI-2) share allotment		-	(1,202,741)
Payment of lease liabilities	30	(301,321)	(197,640)
Net cash generated from/ (used in) financing activities		8,015,851	(67,177)
(DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(627,009,790)	344,364,970
Foreign exchange loss on cash and cash equivalents		(1,864,330)	(2,164,641)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,971,937,461	1,539,924,217
CASH AND CASH EQUIVALENTS AT END OF PERIOD	37(c)	1,343,063,341	1,882,124,546

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
SEPARATE STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Note	Reviewed Six months to 30 JUNE 2022 USD	Reviewed Six months to 30 JUNE 2021 USD
OPERATING ACTIVITIES			
Net cash (used in)/ generated from operations	37(a)	(641,209,945)	338,416,690
INVESTING ACTIVITIES			
Purchase of property and equipment	26	(4,766,263)	(2,686,118)
Purchase of intangible assets		-	(308,920)
Investment in subsidiaries	22	(6,452,636)	-
Redemption of investment in government securities	23	14,767,288	8,637,157
Net cash generated from investing activities		3,548,389	5,642,119
FINANCING ACTIVITIES			
Proceeds from capital subscriptions	35	5,732,821	2,888,659
Proceeds from share premium	35	2,584,351	(1,555,455)
Dividend Paid -General Capital Increase 2 (GCI-2) share allotment		-	(1,202,741)
Payment of lease liabilities	30	(301,321)	(197,640)
Net cash generated from/(used in) financing activities		8,015,851	(67,177)
(DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(629,645,705)	343,991,633
Foreign exchange loss on cash and cash equivalents		(1,864,330)	(2,164,641)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,970,882,704	1,539,158,445
CASH AND CASH EQUIVALENTS AT END OF PERIOD	37(c)	1,339,372,669	1,880,985,437

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

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 2021 and interim reviewed financial statements for the period ended 30 June 2021, except for new standards, amendments and interpretations effective 1 January 2022. The nature and impact of each new standard/ amendment are described below.

i) Relevant new standards and amendments to published standards effective for the period ended 30 June 2022

Several new and revised standards and interpretations became effective during the period. 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 period 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 44 (d)(i) provides the required disclosures related to this amendment.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

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

i) *Relevant new standards and amendments to published standards effective for the period ended 30 June 2022 (continued)*

b) **Impact of the initial application of Covid-19-Related Rent Concessions beyond 30 June 2022 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 period 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 period 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 period ended 30 June 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

Statement of compliance

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) 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. A purchased or originated credit impaired asset (POCI) refers to assets for which on initial recognition one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, such as significant financial difficulty, default, and additional events.

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.

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.

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

(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. periodic reset of interest rates.

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

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

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 period and cumulatively over the life of the financial asset.

Business Model Assessment

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

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

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

Derecognition and Modification

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

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.

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

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

Classification of loans under IFRS 9

TDB classifies its loan exposures as follows:

Classification	Explanation of Stage
Stage 1	Loans in this stage have strong financial condition, liquidity, capitalization, earnings, cash flow, management, and capacity to repay. Facilities are fully collateralized by cash or physical assets or standby Letters of Credit or guarantees from banks with investment grade ratings from internationally recognized credit rating agencies and for which complete documentation for enforcement is held. Unquestionable primary source of loan repayment. Payments of both principal and interest, for existing clients, are up to date in accordance with the agreed terms.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

Classification	Explanation of Stage
Stage 2	<p>Loans classified under stage 2 have adequate capacity to meet financial obligations, but adverse conditions or changing circumstances are more likely to lead to weakened capacity to meet financial commitments. Company is newly formed (green field) or of average size within its industry and is facing adverse conditions and having challenges access funding. For existing clients, more regular monitoring required as the result of deterioration in earnings or cash flow, irregularities in the conduct of the accounts, lack of customer co-operation, announcement of litigation or some other negative factors. Capacity to repay as measured by key loan repayment indicators remains acceptable.</p> <p>The qualitative and quantitative factors which trigger a reclassification from stage 1 to stage 2 have been defined, under note 43. These meet the specific requirements of IFRS 9 and aligns with the Group's credit risk management practices. Stage 2 assets are considered to be cured (i.e., reclassified back into stage 1), when there is no longer evidence of a significant increase in credit risk, and in accordance with the Group's credit risk management cure criteria.</p>
Stage 3	<p>Asset has one or more well-defined weaknesses that make the full collection of principal and interest questionable such as weak financial condition including net worth, insufficient collateral, etc. The possibility of loss is very high. A full or partial provision of principal, interest or both may be required. Loans for which the principal and/or the interest remain outstanding for one hundred and eighty (180) days but less than three hundred and sixty (360) days. Account has been classified as a non-performing/non-accrual loan. Asset is deemed uncollectible and of such little value that their continuance as bankable assets is not warranted. Full write off remaining principal and interest will be required in due course, even though partial recovery may be affected in future. Loans for which the principal and/or the interest remain outstanding for three hundred and sixty (360) days or more.</p> <p>Defaulted assets are considered to be cured once the original event triggering default no longer exists, and the defined probation period (that is, the required consecutive months of performance) has been met.</p>

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 period end. Employees are entitled to a full month pay for every year of service completed. A provision is made for the estimated liability of annual leave for services rendered by employees up to the period end.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Retirement benefit costs

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

(m) Contingent liabilities

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

(n) Cash and cash equivalents

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

(o) Leases

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Leases (Continued)

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

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 period in which the event or condition that triggers those payments occurs and are included in the statement of the profit or loss.

(p) Provisions for other liabilities

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

(q) Collection accounts deposits

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

(r) 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)

(s) 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.

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 38.

(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 18, 19 and 20.

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.

The Bank applies the judgements on these forward-looking information as reflected in final assigned PD, LGD and exposure classification through the following considerations:

- Active portfolio management that enables TDB to have information from client on forward performance exposure against terms and conditions/covenants, account performance, prospects of the company and collateral diminution
- Expected regional and sector performance information from various sources like the World Bank, International Monetary Fund, Central Banks, observable and forecast market risk parameters and their expected impact on individual exposures, in discussions with the clients.

(v) *Application of IFRS 16-Leases*

Judgement is made in the application of IFRS 16 when 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)

(t) Key sources of estimation uncertainty (Continued)

iv. *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.

v. *Application of IFRS 16 - Leases*

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

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

(u) Models and assumptions used

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

(v) Management Reserve

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

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

(w) Comparatives

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

		GROUP AND BANK	
		JUNE 2022 USD	JUNE 2021 USD
4.	INTEREST INCOME		
	On loans and facilities:		
	Project finance loans	72,459,771	75,368,269
	Trade finance loans	116,697,071	100,475,162
		<hr/>	<hr/>
		189,156,842	175,843,431
	On placements:		
	Deposits/Held at amortised cost	36,366,388	35,556,151
		<hr/>	<hr/>
		225,523,230	211,399,582
		=====	=====
5.	INTEREST EXPENSE		
	Regional and International Bond Markets	38,734,613	36,681,306
	Interest payable on funds borrowed from:		
	Banks and financial institutions	35,664,992	30,647,906
	Amortisation of deferred borrowing cost	7,150,864	5,414,107
	Other institutions	6,596,886	5,701,490
		<hr/>	<hr/>
		88,147,355	78,444,809
6.	OTHER BORROWING COSTS		
		=====	=====
	Facility and management fees	3,118,270	5,778,710
	Other costs	1,300,285	1,736,362
	Bank commission	57,031	109,634
		<hr/>	<hr/>
		4,475,586	7,624,706
		=====	=====
7.	FEES AND COMMISSION INCOME		
	Upfront fees in trade finance	13,254,909	7,135,271
	Management fees in trade finance	4,558,535	451,631
	Letter of credit fees in trade finance	3,679,557	4,009,957
	Commitment fees on project finance	1,159,074	1,981,638
	Drawdown fees in trade finance	456,594	759,681
	Facility fees on project finance	394,500	6,405,000
	Management project fees	260,000	284,623
	Document handling fees in trade finance	252,916	313,162
	Appraisal fees on project finance	247,613	797,693
	Guarantee fees in trade finance	232,585	-
	Other fees in trade finance	183,712	173,345
	Syndication Fees in project	179,437	66,804
	Restructuring fees in trade finance	82,520	-
	Other project fees	44,491	31,620
	Drawdown project fees	14,750	-
	Guarantee fees in project	10,000	85,000
	Restructuring fees in project finance	-	248,649
	Letter of credit fees in project finance	-	29,699
		<hr/>	<hr/>
		25,011,193	22,773,773
		=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

		GROUP AND BANK	
8.	RISK MITIGATION COSTS	JUNE	JUNE
		2022	2021
		USD	USD
	Insurance cover costs*	15,242,235	18,163,788
	Risk down-selling costs**	3,073,279	2,975,860
		<u>18,315,514</u>	<u>21,139,648</u>
		=====	=====

*These are premiums on insurance cover taken on loans made to various borrowers. As at 30 June 2022, the insurance cover was USD 1.64 billion (June 2021: USD 1.58 billion). The cover was taken with African Trade Insurance Agency Limited, Islamic Corporation for the Insurance of Investments and Export Credit (ICIEC), Mar Risk Services Limited and Lloyds of London, all of which are Investment-grade companies.

**These costs represent Risk down-selling costs relating to fees paid to acquirers of loan assets distributed via the secondary market. This is in line with the Group's secondary loan trading and asset distribution activities under which, the loan assets are selectively traded to manage obligor, sector and geographic prudential limits and to provide room for booking of new assets and generating incremental fee income. During the period ended 30 June 2022, the Group had not sold/distributed any loan assets (June 2021 – USD 628 million).

		GROUP		BANK	
9.	OTHER INCOME	JUNE	JUNE	JUNE	JUNE
		2022	2021	2022	2021
		USD	USD	USD	USD
	Impaired assets recovered *	1,906,247	-	1,906,247	-
	Dividend income	1,174,807	-	1,174,807	-
	Miscellaneous income	1,901,360	547,596	(33,386)	142,485
	Interest on staff loans	145,292	122,506	145,292	122,506
		<u>5,127,706</u>	<u>670,102</u>	<u>3,192,960</u>	<u>264,991</u>
		=====	=====	=====	=====

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

		GROUP		BANK	
10 (a).	OPERATING EXPENSES	JUNE	JUNE	JUNE	JUNE
		2022	2021	2022	2021
		USD	USD	USD	USD
	Staff costs (note 10)	15,840,679	15,836,082	15,840,679	15,836,082
	Consultants and advisers	1,506,499	870,695	1,506,499	870,695
	Other operating expenses	1,479,577	904,078	955,836	886,788
	Business promotion	647,556	1,127,464	647,556	1,127,464
	Official missions	568,881	204,730	568,881	204,730
	Depreciation of property and equipment	495,407	474,624	495,407	474,624
	Amortisation of intangible assets	401,312	414,405	401,312	414,405
	Board of Directors meetings	375,972	71,525	375,972	71,525
	Depreciation of right-of-use asset	299,900	210,951	299,900	210,951
	Audit fees	74,135	44,850	43,100	42,000
	Short term leases	68,002	143,729	68,002	143,729
	Board of Governors meetings	67,091	60,836	67,091	60,836
	Interest expense on lease liability	32,018	54,725	32,018	54,725
		<u>21,857,029</u>	<u>20,418,694</u>	<u>21,302,253</u>	<u>20,398,554</u>
		=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

10 (b). STAFF COSTS	GROUP AND BANK	
	JUNE	JUNE
	2022	2021
	USD	USD
Salaries and wages	8,673,514	8,139,929
Staff reward & recognition scheme	2,040,048	2,502,081
School fees for dependents	1,684,595	217,496
Staff provident fund contributions-defined contribution plan	1,542,062	1,486,281
Service expense	600,950	599,319
Medical costs	565,126	685,708
Other costs	515,707	1,754,658
Leave pay expense	218,677	450,610
	<u>15,840,679</u>	<u>15,836,082</u>
	=====	=====

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

11. 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

12. IMPAIRMENT ON OTHER FINANCIAL ASSETS

	JUNE	JUNE
	2022	2021
	USD	USD
Other receivables (Note 25)	215,617	12,319
	=====	=====

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

13. NET FOREIGN EXCHANGE GAINS AND LOSSES

	JUNE	JUNE
	2022	2021
	USD	USD
Gains on cash items	1,864,330	2,164,640
Losses on non-cash items	(3,727,847)	(1,472,268)
	<u>(1,863,517)</u>	<u>692,372</u>
	=====	=====

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

14. CORPORATE TAX PAYABLE

Trade Development Bank ("TDB") is a multilateral institution fully recognized by the Member States in which it conducts its operations. TDB, by its Charter, is exempt from all taxes in its Member States.

TDB has acquired interest in subsidiaries which are domiciled in the Republic of Mauritius, which is also the host country of TDB's principal office. Since the subsidiaries (ESATAL, ESAIF, TCI 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 period from 1 January 2022 to 30 June 2022, the Group had no tax liability (June 2021: NIL).

15. EARNINGS PER SHARE

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

	GROUP		BANK	
	JUNE 2022 USD	JUNE 2021 USD	JUNE 2022 USD	JUNE 2021 USD
EARNINGS:				
Earnings for the purpose of the basic earnings per share being net profit attributable to shareholders	89,971,329	86,464,052	88,591,359	86,079,081
	=====	=====	=====	=====
Earnings for the purpose of the diluted earnings per share	89,971,329	86,464,052	88,591,359	86,079,081
	=====	=====	=====	=====
NUMBER OF SHARES:				
Weighted average number of shares for the purpose of basic earnings per share:				
Class A	90,736	87,167	90,736	87,167
Class B	32,685	31,202	32,685	31,202
	=====	=====	=====	=====
	123,421	118,369	123,421	118,369
	=====	=====	=====	=====
Basic Earnings Per Share	729	730	718	727
	=====	=====	=====	=====
Weighted average number of shares for the purpose of diluted earnings per share:				
Shares for Basic Earnings Per Share	123,421	118,369	123,421	118,369
Dilutive Shares	37,080	3,077	37,080	3,077
	=====	=====	=====	=====
	160,501	121,446	160,501	121,446
	=====	=====	=====	=====
Diluted Earnings Per Share	560	712	552	709
	=====	=====	=====	=====

There were no earnings with a potential dilutive effect during the period (2021: NIL).

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

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

16. CASH AND BALANCES HELD WITH OTHER BANKS

	GROUP		BANK	
	JUNE 2022 USD	DECEMBER 2021 USD	JUNE 2022 USD	DECEMBER 2021 USD
Current accounts – Note 16 (i)	247,678,889	447,496,806	243,988,217	446,442,049
Call and term deposits with banks – Note 16 (ii)	1,095,384,452	1,524,440,655	1,095,384,452	1,524,440,655
	<u>1,343,063,341</u>	<u>1,971,937,461</u>	<u>1,339,372,669</u>	<u>1,970,882,704</u>
	=====	=====	=====	=====
(i) Current accounts:				
Amounts maintained in United States Dollars (USD)	228,611,702	407,896,189	224,921,030	406,841,610
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Amounts maintained in other currencies:				
Malawi Kwacha	7,240,328	8,213,657	7,240,328	8,213,657
Euro	5,696,148	2,898,972	5,696,148	2,898,875
Tanzania Shillings	4,986,126	5,787,048	4,986,126	5,787,048
Zambia Kwacha	494,105	21,964,621	494,105	21,964,621
Burundi Francs	341,116	247,647	341,116	247,647
Kenyan Shillings	163,418	17,894	163,418	17,894
Zimbabwe Dollar	69,138	39,997	69,138	39,997
Mauritian Rupee	30,814	636	30,814	555
British Pounds	21,410	19,445	21,410	19,445
Ethiopian Birr	12,476	393,123	12,476	393,123
United Arab Emirates Dirham	8,191	8,738	8,191	8,738
Japanese Yen	4,914	5,812	4,914	5,812
Ugandan Shillings	2,354	2,072	2,354	2,072
South African Rand	3,351	955	3,351	955
	<u>19,067,187</u>	<u>39,600,617</u>	<u>19,067,187</u>	<u>39,600,439</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>247,678,889</u>	<u>447,496,806</u>	<u>243,988,217</u>	<u>446,442,049</u>
	=====	=====	=====	=====
(ii) Call and term deposits with banks:				
United States Dollars (USD)	1,086,397,616	1,514,515,078	1,086,397,616	1,514,515,078
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Amounts maintained in other currencies:				
Ugandan Shillings	5,900,282	6,257,680	5,900,282	6,257,680
Sudanese Pounds	3,086,849	3,667,872	3,086,849	3,667,872
Euro	(295)	25	(295)	25
	<u>8,986,836</u>	<u>9,925,577</u>	<u>8,986,836</u>	<u>9,925,577</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total call and term deposits	<u>1,095,384,452</u>	<u>1,524,440,655</u>	<u>1,095,384,452</u>	<u>1,524,440,655</u>
	=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

17. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

	GROUP AND BANK	
	JUNE 2022 USD	DECEMBER 2021 USD
Currency forward exchange contracts		
Net opening balance at start of year	57,634,835	(41,329,500)
Contracts entered into during period-net	220,515,624	1,272,928,304
Net amounts settled	(214,311,592)	(1,172,058,268)
Fair value gains/(loss) through profit or loss	9,266,818	(1,905,701)
	<hr/>	<hr/>
Net closing balance as at end of period	73,105,685 =====	57,634,835 =====

The fair value gain through profit or loss was USD 1,743,437 for the period ended 30 June 2021.

As at 30 June 2021 and 31 December 2021, the Group only had currency forward exchange contracts in its derivative financial instruments portfolio.

18. TRADE FINANCE LOANS	GROUP AND BANK	
	JUNE 2022 USD	DECEMBER 2021 USD
Principal loans	3,716,134,478	3,651,502,067
Interest receivable	105,007,214	33,440,745
	<hr/>	<hr/>
Gross loans	3,821,141,692	3,684,942,812
Impairment on trade finance loans (note 20)*	(147,593,291)	(105,901,128)
	<hr/>	<hr/>
Net loans	3,673,548,401 =====	3,579,041,684 =====
Analysis of gross loans by maturity:		
<i>Maturing:</i>		
Within one year	1,929,966,373	1,842,614,920
One to three years	1,814,941,639	1,713,244,510
Over three years	76,233,680	129,083,382
	<hr/>	<hr/>
	3,821,141,692 =====	3,684,942,812 =====

*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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

18. TRADE FINANCE LOANS (Continued)

As at 30 June 2022, the gross non-performing trade finance loans (stage 3) amounted to USD 109,450,197 (December 2021- USD 103,018,461). The specific impairment provisions related to these loans amounted to USD 79,928,495 (December 2021 - USD 61,740,539) hence the carrying amount of the stage 3 loans amounted to USD 29,521,702 (December 2021- USD 41,277,922). The provisions related to stage 1 and stage 2 trade finance loans amounted to 67,664,797 (December 2021 - USD 44,160,589).

19. PROJECT LOANS

	GROUP AND BANK	
	JUNE 2022 USD	DECEMBER 2021 USD
Loans disbursed	4,476,341,592	4,411,317,213
Interest capitalised*	101,329,092	93,010,342
Loans repaid	(2,625,260,620)	(2,467,535,040)
Principal loan balances	1,952,410,064	2,036,792,515
Interest receivable	56,355,200	62,302,773
Gross loans	2,008,765,264	2,099,095,288
Impairment on project loans (Note 20)	(44,596,658)	(46,205,821)
Net loans	1,964,168,606	2,052,889,467
	=====	=====

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

	GROUP AND BANK	
	JUNE 2022 USD	DECEMBER 2021 USD
Analysis of gross loans by maturity:		
<i>Maturing:</i>		
Within one year	416,841,873	494,927,418
One year to three years	777,927,731	783,723,450
Three to five years	470,681,566	507,391,974
Over five years	343,314,094	313,052,446
	2,008,765,264	2,099,095,288
	=====	=====

The gross non-performing (Stage 3) project loans was USD 59,976,555 (December 2021 - USD 66,740,124). The impairment provisions on stage 3 loans amounted to USD 9,108,250 (December 2021 - USD 9,159,700) hence the carrying value of the loans amounted to USD 50,868,305 (December 2021- USD 57,580,424). Stage 1 and 2 provisions for project finance loans amounted to USD 35,488,407 (December 2021 - USD 37,046,121).

20. IMPAIRMENT ALLOWANCE

The impairment allowance on loans was USD 23,175,038 for the period ended 30 June 2021.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

21. EQUITY INVESTMENTS

(i) Equity participation

Equity participation	GROUP AND BANK					
	Beginning Cost USD	Additions at cost USD	Total Ending Cost USD	Investment Carrying Value At Period End USD	Investment Carrying Value Previous Period USD	Fair value adjustment for the Period USD
At fair value through other comprehensive income:						
As at 30 June 2022						
African Export Import Bank	2,364,160	-	2,364,160	9,567,000	7,903,000	1,664,000
ZEP Reinsurance	31,938,654	-	31,938,654	56,136,000	49,609,000	6,527,000
Tononoka Steels Limited	628,653	-	628,653	750,000	706,000	44,000
Tanruss Investment Limited	1,755,000	-	1,755,000	(194,417)	(375,000)	180,583
Africa Trade Insurance Company	1,000,000	-	1,000,000	1,215,000	1,170,000	45,000
Gulf African Bank	1,978,734	-	1,978,734	1,887,000	1,809,000	78,000
Pan African Housing Fund	805,098	-	805,098	193,040	256,070	(63,030)
	<u>40,470,299</u>	<u>-</u>	<u>40,470,299</u>	<u>69,553,623</u>	<u>61,078,070</u>	<u>8,475,553</u>
	=====	=====	=====	=====	=====	=====
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>
	=====	=====	=====	=====	=====	=====

The fair value gain on fair value through other comprehensive income was USD 6,868,952 for the period ended 30 June 2021.

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 30 June, all investments were carried at fair value as per provision of IFRS 9. The Group intends to dispose the shares in Tononoka Steels Limited in the short term, however, as at 30 June 2022, 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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

21. EQUITY INVESTMENTS (Continued)	GROUP AND BANK	
	JUNE 2022 USD	DECEMBER 2021 USD
ii) Instalments paid:		
Total subscribed capital*	41,865,201	41,865,201
Less: Instalments not due – Note 21 (iii)	(1,394,902)	(1,394,902)
	<hr/>	<hr/>
Instalments paid at end of period – Note 21 (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 period-end 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	40,470,299
Net additions at cost – Note 21 (i)	-	-
	<hr/>	<hr/>
At end of period	40,470,299	40,470,299
	=====	=====

22. INVESTMENT IN SUBSIDIARIES – AT COST

(a) TDB Subsidiaries

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

The Bank had a 50% plus 1 share interest in Eastern and Southern African Trade Advisers Limited (ESATAL) up to June 2022. On 30th June 2022, TDB acquired the minority interest which was held by GML Capital, thus making TDB a 100% shareholder in 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 and became a subsidiary of TDB in August 2019 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.

TDB Acquisition of 100% interest in ESATAL

In December 2021, TDB Board of Directors gave approval to TDB’s exercise of its option rights to buy out all of GML Capital LLP’s ordinary shares in ESATAL and to terminate the Shareholders Agreement between TDB and GML as shareholders in ESATAL.

GML accepted TDB’s decision and the two parties agreed on a consideration for the sale by the GML of the shares to TDB for the sum of USD 1,289,478. The purchase price, which was acknowledged and agreed by TDB and GML, was determined on the basis of the fair market value of the shares as at the closing date. The transaction was closed on 30 June 2022.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

22. INVESTMENT IN SUBSIDIARIES (Continued)

(a) TDB Subsidiaries (Continued)

(ii) 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.

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

The Bank has a 100% interest in Eastern and Southern African Infrastructure Fund (ESAIF). 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.

(iv) 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.

(b) TDB Investment in subsidiaries

	TDF	ESATAL	ESAIF	TCI	TOTAL
As at 30 June 2022:					
<i>Subsidiaries Issued Shares:</i>					
As at January 2022	1	139,967	1,044,150	-	1,184,118
Subscriptions during the period	-	-	163,158	30,000,000	30,163,158
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total issued	1	139,967	1,207,308	30,000,000	31,347,276
	=====	=====	=====	=====	=====
Fully paid	1	139,967	1,207,308	5,000,000	6,347,276
Capital Due	-	-	-	25,000,000	25,000,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1	139,967	1,207,308	30,000,000	31,347,276
	=====	=====	=====	=====	=====
TDB's share -100%	1	139,967	1,207,308	30,000,000	31,347,276
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	USD	USD	USD	USD	USD
<i>Share Capital:</i>	1	139,967	1,207,308	30,000,000	31,347,276
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Investment in subsidiaries					
Total issued	1	1,359,463	1,207,308	30,000,000	32,566,772
	=====	=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

22. INVESTMENT IN SUBSIDIARIES (Continued)

(b) TDB Investment in subsidiaries (Continued)

As at 31 December 2021:

	TDF	ESATAL	ESAIF	TCI	TOTAL
<i>Subsidiary's Issued Shares:</i>					
As at 1 January 2021	-	139,967	-	-	139,967
Subscriptions during the year	1	-	1,044,150	-	1,044,150
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total issued and fully paid	1	139,967	1,044,150	-	1,184,117
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TDB's share -100% for all except ESATAL at 50%	1	69,984	1,044,150	-	1,114,135
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	USD	USD	USD	USD	USD
<i>Share Capital:</i>	1	69,984	1,044,150	-	1,114,135
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Investment in subsidiaries					
Total issued and fully paid	1	69,984	1,044,150	-	1,114,135
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

TDB's actual number and value of shares in TDF had not been determined as at period 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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

22. INVESTMENT IN SUBSIDIARIES (Continued)

(c) Summarised Financial Information

As at 30 June 2022:	TDF USD	ESATAL USD	ESAIF USD	TCI USD
(i) Statement of financial position:				
Total assets	6,172,209	2,071,134	45,028	33,426,887
Total liabilities	(8,318,944)	(27,503)	(31,798)	(2,533,476)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets	(2,146,735)	2,043,631	13,230	30,893,411
	<hr/>	<hr/>	<hr/>	<hr/>
(ii) Statement of profit and loss and other comprehensive income:				
Income	98,403	822,776	-	1,002,910
Expenditure	(407,633)	(14,415)	(12,572)	(120,156)
	<hr/>	<hr/>	<hr/>	<hr/>
Comprehensive income/(loss) for the period	(309,230)	808,361	(12,572)	882,754
	<hr/>	<hr/>	<hr/>	<hr/>
(iii) Statement of cash flows	TDF USD	ESATAL USD	ESAIF USD	TCI USD
Net cash generated from/(used in) operating activities	-	487,927	(21,392)	2,148,037
Net cash generated from financing activities	-	-	21,342	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	-	487,927	(50)	2,148,037
Cash and cash equivalents at beginning of period	-	1,020,038	34,719	-
	<hr/>	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of period	-	1,507,965	34,669	2,148,037
	<hr/>	<hr/>	<hr/>	<hr/>

As at 31 December 2021:

TDB had 50% + 1 interest in ESATAL until June 2022 when it acquired 100% ownership of the entity. The relevant activities of subsidiary were determined by its Board of Directors based on simple majority votes where each director carried one vote. Therefore, the Directors of the Group concluded that the Group had control over ESATAL and the results were consolidated in TDB financial statements.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

22 INVESTMENT IN SUBSIDIARIES (Continued)

(c) Summarised Financial Information (Continued)

As at 31 December 2021 (Continued)

	TDF USD	ESATAL USD	ESAIF USD
(i) Statement of financial position:			
Total assets	2,402,889	1,253,893	37,194
Total liabilities	(3,418,206)	(196,845)	(174,799)
	<hr/>	<hr/>	<hr/>
Net assets	(1,015,317)	1,057,048	(137,605)
	=====	=====	=====
Non-controlling interest: ESATAL	-	50%	-
	=====	=====	=====

As at 30 June 2021:

TDB had one subsidiary in the period to 30 June 2021, ESATAL.

ESATAL was TDB's subsidiary with non-controlling interest.

TDF and ESAIF were consolidated as at 31 December 2021 while TCI is first being consolidated as at 30 June 2022.

	ESATAL USD
(ii) Statement of profit and loss and other comprehensive income:	
Income	405,111
Expenditure	(20,140)
	<hr/>
Comprehensive income for the period	384,971
	=====
Profit for the period attributable to owners of the Bank	192,486
Profit for the period attributable to non-controlling interest	192,485
	<hr/>
Total comprehensive income for the period	384,971
	=====
(iii) Statement of cash flows	
Net cash generated from operating activities	373,337
	<hr/>
Net increase in cash and cash equivalents	373,337
Cash and cash equivalents at beginning of period	765,772
	<hr/>
Cash and cash equivalents at end of period	1,139,109
	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

23. INVESTMENTS IN GOVERNMENT SECURITIES

	GROUP AND BANK	
	JUNE	DECEMBER
	2022	2021
	USD	USD
Held at amortised cost:		
Treasury Notes and Treasury Bonds:		
At beginning of year	83,950,034	120,928,084
Maturities	(14,767,288)	(36,978,050)
At end of period	69,182,746	83,950,034
	=====	=====

*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.

24. INVESTMENT IN TRADE FUND

	GROUP		BANK	
	JUNE	DECEMBER	JUNE	DECEMBER
	2022	2021	2022	2021
	USD	USD	USD	USD
Investment in ESATF – at fair value through other comprehensive income:				
At beginning of year	54,170,335	52,327,417	54,170,235	52,327,317
Additions during the period	-	1	-	1
Fair value gains	947,557	1,842,917	947,557	1,842,917
At end of period	55,117,892	54,170,335	55,117,792	54,170,235
	=====	=====	=====	=====

The Fair value gain on fair value through other comprehensive income was USD 857,184 for the period ended 30 June 2021.

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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

25. OTHER RECEIVABLES

	GROUP		BANK	
	JUNE	DECEMBER	JUNE	DECEMBER
	2022	2021	2022	2021
	USD	USD	USD	USD
Prepayments and other receivables*	40,453,214	26,012,957	28,562,791	24,537,846
Staff loans and advances**	19,228,511	16,041,750	19,228,511	16,041,750
Appraisal fees***	257,308	323,563	257,308	323,563
	<u>59,939,033</u>	<u>42,378,270</u>	<u>48,048,610</u>	<u>40,903,159</u>
	=====	=====	=====	=====
<i>Appraisal fees receivable***</i>				
At beginning year	323,563	917,489	323,563	917,489
Accrued income	500,000	917,450	500,000	917,450
Receipts	(350,638)	(812,751)	(350,638)	(812,751)
Amounts written off (Note 12)	(215,617)	(698,625)	(215,617)	(698,625)
	<u>257,308</u>	<u>323,563</u>	<u>257,308</u>	<u>323,563</u>
	=====	=====	=====	=====
At end of period				
	<u>257,308</u>	<u>323,563</u>	<u>257,308</u>	<u>323,563</u>
	=====	=====	=====	=====
Amounts due within one year	42,975,263	29,913,002	31,084,840	28,189,556
Amounts due after one year	16,963,770	12,713,603	16,963,770	12,713,603
	<u>59,939,033</u>	<u>42,626,605</u>	<u>48,048,610</u>	<u>40,903,159</u>
	=====	=====	=====	=====

*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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

26. PROPERTY AND EQUIPMENT – GROUP AND BANK

Period ended 30 June 2022:	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 2022	140,400	17,001,300	26,688,625	1,047,989	1,745,887	2,867,770	49,491,971
Additions	-	4,650,479	-	23,068	2,691	90,025	4,766,263
At 30 June 2022	140,400	21,651,779	26,688,625	1,071,057	1,748,578	2,957,795	54,258,234
ACCUMULATED DEPRECIATION							
At 1 January 2022	-	-	9,274,058	782,953	1,366,934	2,505,107	13,929,052
Charge for the period	-	-	257,757	61,955	56,743	118,952	495,407
At 30 June 2022	-	-	9,531,815	844,908	1,423,677	2,624,059	14,424,459
NET CARRYING AMOUNT							
At 30 June 2022	140,400	21,651,779	17,156,810	226,149	324,901	333,736	39,833,775

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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

26. 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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

27. 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	
	JUNE	DECEMBER
	2022	2021
	USD	USD
COST		
At beginning of year	4,690,034	4,397,415
Lease asset recognised	-	292,619
At end of period	4,690,034	4,690,034
ACCUMULATED AMORTISATION		
At beginning of year	1,636,136	1,048,846
Charge for the period	299,900	587,290
At end of period	1,936,036	1,636,136
NET BOOK VALUE		
At the end of the period	2,753,998	3,053,898
<i>Amounts recognized in profit and loss:</i>		
Depreciation expense-right-of-use asset	299,900	587,290
Interest expense on lease liabilities (note 30)	32,018	124,716
Expense relating to short term lease contracts	21,118	50,152
	353,036	762,158
28. INTANGIBLE ASSETS		
COST		
At beginning of year	4,733,657	4,379,081
Additions	-	354,576
At end of period	4,733,657	4,733,657
AMORTISATION		
At beginning of year	3,226,100	2,380,382
Charge for the period	401,312	845,718
At end of period/year	3,627,412	3,226,100
NET CARRYING AMOUNT		
At end of period	1,106,245	1,507,557

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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

29. COLLECTION ACCOUNT DEPOSITS

	GROUP AND BANK	
	JUNE	DECEMBER
	2022	2021
	USD	USD
At beginning of year	64,979,105	93,275,106
Increase	610,511	9,440,947
Reduction	(10,190,609)	(37,736,948)
	<hr/>	<hr/>
At end of period	55,399,007	64,979,105
	=====	=====

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.

30. LEASE LIABILITIES

	GROUP AND BANK	
	JUNE	DECEMBER
	2022	2021
	USD	USD
At start year	612,758	1,087,250
New lease liabilities	-	292,618
Payment of lease liabilities	(301,321)	(891,826)
Interest on lease liabilities (note 10)	32,018	124,716
	<hr/>	<hr/>
At end of period	343,455	612,758
	=====	=====
<i>Maturity Analysis of undiscounted cash flows</i>		
Year 1	324,653	127,361
Year 2	18,802	485,397
Year 3	-	-
	<hr/>	<hr/>
Total discounted lease liabilities	343,455	612,758
	=====	=====

The lease liabilities are discounted at an average incremental borrowing rate of 6.88%.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

31. 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	491,973,597	497,251,930
Global Syndication 2020	Dec-20	Dec-22	USD	450,000,000	450,000,000
Standard Chartered Bank London	Jul-21	Apr-23	USD	303,929,467	53,797,668
National Bank of Ethiopia	Jun-22	Sep-22	USD	301,000,000	301,000,000
Syndicated Loan - Asia (II)	Dec-20	Dec-22	USD	260,000,000	260,000,000
Syndicated Loan- Middle First Abu					
Dhabi Bank PJSC	Dec-19	Dec-22	USD	251,023,887	259,065,216
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	150,000,000
Sumitomo Mitsui Banking Corporation	Jun-22	Dec-22	USD	85,000,000	200,000,000
CDC	Dec-20	Dec-22	USD	50,000,000	100,000,000
Mizuho Bank London	Jun-22	Jun-23	USD	50,000,000	-
NORFUND	Jul-21	Jul-22	USD	50,000,000	50,000,000
CASSA	Jan-21	Jan-24	USD	47,175,750	67,968,000
NOUVBANK	Mar-22	Sep-22	USD	36,695,043	15,670,891
Africa 50 Financement de Projets	May-22	Aug-22	USD	32,266,466	32,146,475
Citibank	Mar-22	Oct-22	USD	24,813,735	40,967,211
African Trade Insurance Agency	Jan-21	Sep-22	USD	7,397,340	8,985,303
BANCOBU	Oct-21	Oct-22	USD	3,000,000	3,000,000
Commerzbank	Jul-21	Apr-22	USD	-	21,994,718
				<hr/>	<hr/>
Sub-total for other short-term borrowings				2,744,275,285	2,661,847,412
INTEREST PAYABLE				1,726,956	1,615,134
				<hr/>	<hr/>
TOTAL SHORT-TERM BORROWINGS				2,746,002,241	2,663,462,546
				=====	=====
Amounts due within one year				1,551,125,941	1,798,242,616
Amounts due after one year				1,194,876,300	865,219,930
				<hr/>	<hr/>
				2,746,002,241	2,663,462,546
				=====	=====

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)
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FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

32. LONG TERM BORROWINGS

Lender	Date of Renewal/	Maturity	Amount in	Balance outstanding	Amounts as at 30 June 2022			Amounts as at 31 December 2021		
					Amount due within one year	Amount due after one year	Balance outstanding	Amount due within one year	Amount due after one year	
African Development Bank	Nov-08	Mar-29	USD 149,375,678	149,375,678	26,250,000	123,125,678	162,500,000	26,250,000	136,250,000	
African Economic Research Consortium	Nov-19	Nov-26	USD 3,050,424	3,050,424	-	3,050,424	2,993,975	-	2,993,975	
Agence Française De Développement	Dec-17	Aug-35	USD 82,499,709	82,499,709	6,250,000	76,249,709	85,625,000	6,250,000	79,375,000	
Arab Bank for Economic Development in Africa	Feb-18	Jan-28	USD 10,312,500	10,312,500	1,875,000	8,437,500	11,250,000	1,875,000	9,375,000	
Cassa Depositi e Prestiti	Jul-20	Jun-30	EUR 47,058,824	49,334,118	6,166,765	43,167,353	56,640,000	6,663,529	49,976,471	
CDC Group	Oct-16	May-26	USD 37,922,879	37,922,879	12,922,879	25,000,000	42,045,455	12,878,788	29,166,667	
Development Bank of the Republic of Belarus - I	Jun-20	Jun-30	USD 1,055,917	1,055,917	-	-	1,055,917	-	1,055,917	
Development Bank of the Republic of Belarus - II	Jun-20	Apr-25	USD 17,536,356	17,536,356	5,369,384	12,166,972	19,404,291	7,185,192	12,219,098	
Development Finance Institute Canada - FinDev Canada	Nov-21	Nov-29	USD 20,000,000	20,000,000	-	20,000,000	20,000,000	-	20,000,000	
European Investment Bank	Aug-16	Jun-33	USD 82,871,600	82,871,600	11,749,333	71,122,267	88,746,667	11,749,333	76,997,333	
Finland Export Credit - Sumitomo Mitsui Banking Corporation	Jul-17	Dec-29	USD 47,195,433	47,195,433	6,292,724	40,902,709	50,941,795	6,292,724	44,045,071	
Industrial Development Corporation	Mar-18	Feb-26	USD 53,634,765	53,634,765	13,408,691	40,226,074	60,339,111	13,408,691	46,930,419	
KfW	Dec-13	Nov-31	USD 127,615,096	127,615,096	15,238,095	112,381,001	135,238,143	17,147,857	118,095,286	
MIGA Guaranteed Syndicated	Jul-20	Jun-30	EUR 334,434,877	350,604,804	-	350,604,804	378,847,829	-	378,847,829	
Oesterreichische Entwicklungsbank AG	Jun-20	Jun-30	USD 23,529,412	23,529,412	2,941,176	20,588,236	25,000,000	2,941,176	22,058,824	
Opex Fund for International Development	Mar-19	Jun-23	USD 30,000,000	30,000,000	20,000,000	10,000,000	40,000,000	20,000,000	20,000,000	
Standard Chartered Bank / USAID	Sep-17	Mar-24	USD 10,575,902	10,575,903	4,227,906	6,347,997	12,683,716	4,227,906	8,455,811	
The Exim - Import Bank of China	Dec-17	Dec-23	USD 100,000,000	100,000,000	100,000,000	-	100,000,000	100,000,000	-	
US\$ 1.0 Billion Euro Medium Term Note Programme: Second Tranche	Jun-21	Jun-28	USD 650,000,000	650,000,000	-	650,000,000	650,000,000	-	-	
US\$ 1.0 Billion Euro Medium Term Note Programme: Second Tranche *	Dec-13	Mar-22	USD -	-	-	-	700,000,000	700,000,000	-	
US\$ 1.0 Billion Euro Medium Term Note Programme: Third Tranche *	May-19	May-24	USD 750,000,000	750,000,000	-	750,000,000	750,000,000	-	750,000,000	
World Bank Facility-Infrastructure Facility	Mar-21	Aug-39	USD 25,560,000	25,560,000	-	25,560,000	25,560,000	-	25,560,000	
World Bank Facility-Technical Assistance Facility	Jan-21	Aug-58	USD 1,641,000	1,641,000	-	1,641,000	1,641,000	-	1,641,000	
Sub total for long term borrowings			2,624,319,594	2,624,319,594	233,747,870	2,390,571,724	3,419,812,899	936,865,198	1,833,047,701	
Interest payable			14,144,476	14,144,476	-	-	23,836,580	23,836,580	-	
Total			2,638,464,070	2,638,464,070	247,892,346	2,390,571,724	3,443,749,479	960,701,778	1,833,047,701	
Deferred Expenditure			(64,003,082)	(64,003,082)	(12,357,210)	(51,645,872)	(69,653,116)	(13,023,735)	(56,629,381)	
Total long term borrowings			2,574,460,988	2,574,460,988	235,535,136	2,338,925,852	3,374,096,364	947,678,043	1,776,418,320	

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)
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FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

33. OTHER PAYABLES	GROUP		BANK	
	JUNE	DECEMBER	JUNE	DECEMBER
	2022	2021	2022	2021
	USD	USD	USD	USD
Other creditors**	24,577,456	14,198,891	41,958,621	13,088,154
Provident fund*	37,810,083	38,413,550	37,810,083	38,413,550
Deferred income-LC discounting	27,488,848	16,284,287	27,488,848	16,284,287
Deferred Income Forfeiting	12,770,797	-	12,770,797	-
Accrued Long Term Incentive Scheme	9,370,182	12,199,651	9,370,182	12,199,651
Dividend Payable	8,042,450	9,565,460	8,042,450	9,565,460
Accrued Reward & Recognition	2,514,238	3,811,765	2,514,238	3,811,765
Accrued Fees-Trade Finance	2,337,992	1,314,331	2,337,992	1,314,331
Accrued expenses	247,400	363,452	247,400	363,452
Prepaid rent	71,147	51,622	71,147	51,622
Accrued Fees-Project Finance	16,139	16,139	16,139	16,139
	<u>125,246,732</u>	<u>96,219,148</u>	<u>142,627,897</u>	<u>95,108,411</u>
	=====	=====	=====	=====
<i>Analysis of other payables by maturity:</i>				
Amounts due within one year	125,246,732	57,805,598	142,627,897	56,694,861
Amounts due after one year	-	38,413,550	-	38,413,550
	<u>125,246,732</u>	<u>96,219,148</u>	<u>142,627,897</u>	<u>95,108,411</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.

34. PROVISION FOR SERVICE AND LEAVE PAY	GROUP AND BANK	
	JUNE	DECEMBER
	2022	2021
	USD	USD
(i) PROVISION FOR SERVICE PAY		
At start of year	8,458,074	7,451,942
Increase in provision	600,950	1,180,534
Payment of service pay	(839,462)	(174,402)
At end of period	<u>8,219,562</u>	<u>8,458,074</u>
(ii) PROVISION FOR LEAVE PAY		
At start of year	2,829,660	2,505,837
Increase in provision	167,175	391,612
Payment of leave pay	(264,483)	(67,789)
At end of period	<u>2,732,352</u>	<u>2,829,660</u>
TOTAL PROVISION FOR SERVICE AND LEAVE PAY	<u>10,951,914</u>	<u>11,287,734</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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

35. SHARE CAPITAL

35. SHARE CAPITAL	GROUP AND BANK							
	As at 30 June 2022				As at 31 December 2021			
	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'	(1,107,033,613)	-	-	(1,107,033,613)	(1,894,462,526)	-	-	(1,894,462,526)
- Class 'B'	-	(850,977,483)	-	(850,977,483)	-	(853,960,460)	-	(853,960,460)
- Class 'C'	-	-	(1,000,000,039)	(1,000,000,039)	-	-	(1,000,000,039)	(1,000,000,039)
Subscribed capital:								
- 127,629 Class 'A' (December 2021: 92,890) ordinary shares of USD 22,667 each	2,892,966,543	-	-	2,892,966,543	2,105,537,630	-	-	2,105,537,630
- 32,872 Class 'B' (December 2021: 32,214) ordinary shares of USD 4,533.40 each	-	149,022,556	-	149,022,556	-	146,039,579	-	146,039,579
Less: Callable capital	(2,314,373,234)	-	-	(2,314,373,234)	(1,684,430,104)	-	-	(1,684,430,104)
Payable capital	578,593,309	149,022,556	-	727,615,865	421,107,526	146,039,579	-	567,147,105
Less: Amounts not yet due	(165,849,906)	-	-	(165,849,906)	(10,114,000)	-	-	(10,114,000)
Capital due	412,743,403	149,022,556	-	561,765,959	410,993,526	146,039,579	-	557,033,105
Less: subscriptions in arrears	(164,471)	-	-	(164,471)	(1,164,438)	-	-	(1,164,438)
Paid up capital	412,578,932	149,022,556	-	561,601,488	409,829,088	146,039,579	-	555,868,667

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

35. SHARE CAPITAL (Continued)

	GROUP AND BANK			
	CLASS 'A' SHARES USD	30 June 2022 CLASS 'B' SHARES USD	TOTAL USD	31 December 2021 CLASS 'B' SHARES USD
Movement in paid up share capital				
At beginning of year	409,829,088	146,039,579	555,868,667	394,334,340
African Economic Research Consortium	-	-	-	18,134
African Development Bank	-	-	-	231,203
African Reinsurance Corporation	-	-	-	145,069
BADEA - Arab Bank for Economic Development in Africa	-	-	-	181,336
Banco Nacional de Investiment	-	-	-	63,468
Caisse Nationale de Sécurité Sociale (CNSS) Djibouti	-	-	-	1,768,026
Mauritan Eagle Insurance Company	-	-	-	22,667
National Pension Fund-Mauritius	-	-	-	349,072
National Social Security Fund- Uganda	-	-	-	580,275
OPEC Fund for International Development (OFID)	-	-	-	140,535
Rwanda Social Security Board	-	-	-	213,070
Seychelles Pension Fund	-	-	-	72,534
Sacos Group Limited	-	353,605	353,605	22,667
TDB Directors & Select Stakeholders Provident Fund	-	176,802	176,802	417,072
TDB Staff Provident Fund	-	2,452,570	2,452,570	965,614
Belarus	-	-	-	145,068
Burundi	-	-	-	335,472
China- People's Republic	-	-	-	1,001,882
Comoros	-	-	-	18,134
Congo DRC	-	-	-	734,411
Djibouti	-	-	-	18,134
Egypt	-	-	-	1,446,154
Eritrea	-	-	-	110,733
Eswatini	-	-	-	441,552
Ethiopia	1,000,048	-	1,000,048	2,487,023
Ghana	349,072	-	349,072	-
Kenya	-	-	-	1,441,621
Madagascar	400,756	-	400,756	427,953
Malawi	-	-	-	353,605
Mauritius	-	-	-	616,542
Mozambique	-	-	-	217,603
Rwanda	999,968	-	999,968	1,444,241
Seychelles	-	-	-	72,534
Somalia	-	-	-	146,721
South Sudan	-	-	-	267,470
Tanzania	-	-	-	1,264,818
Uganda	-	-	-	902,786
Zambia	-	-	-	702,677
Capital subscriptions for the period*	2,749,844	2,982,977	5,732,821	15,494,748
At end of period	412,578,932	149,022,556	561,601,488	409,829,088
				555,868,667

*The December 2021 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 (June 2022:Nil).

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

35. 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 50 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 30 June 2022:				
<i>Share Premium – Class B:</i>				
At 1 January 2022	32,214	146,039,579	261,786,587	115,747,008
Additions – Cash paid	831	3,767,255	7,365,990	3,598,735
Maturities during the period -Note 41 (f)	(173)	(784,278)	(2,445,816)	(1,661,538)
At 30 June 2022	32,872	149,022,556	266,706,761	117,684,205
<i>Share Premium – Class A:</i>				
At 1 January 2022	92,890	38,655,891	105,243,518	60,441,487
Additions -Without share premium	-	2,400,769	2,400,769	-
Additions – Cash paid	77	349,072	996,226	647,154
Additions – GCI Allotment	34,662	-	-	-
At 30 June 2022	127,629	41,405,732	108,640,513	61,088,641
Total Share Premium	160,501	190,428,288	375,347,274	178,772,846
Additional premium for the period	735	3,332,049	5,916,400	2,584,351
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	10,328,646
Maturities during the year -Note 41 (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
Additional premium for the year	3,942	17,870,662	47,059,230	29,188,568
<i>Class A and B shares</i>				

As at 30 June 2022, there were 127,629 Class 'A' ordinary shares (December 2021: 92,890) and 32,872 Class 'B' ordinary shares (December 2021: 32,214). There were no Class 'C' shares in issue. 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' and Class 'C' 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. Class 'A' and Class 'B' shares have equal voting rights while Class 'C' shares have no voting rights. The voting powers attached to the shares is equal to the paid-up share capital of the shareholder.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

35. SHARE CAPITAL (Continued)

Nature and purpose of the share premium

Class 'B' shares are issued at a premium of USD 6,912.61 (December 2021: USD 9,312.51) 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.

	JUNE 2022 USD	DECEMBER 2021 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	33,361,529	28,125,735
-Declared and not paid/payable (note 33)	8,042,450	9,565,460
	<hr/>	<hr/>
	41,403,979	37,691,195
	=====	=====
<i>Proposed dividends on ordinary shares:</i>		
Dividend for June 2022: NIL (December 2021: USD 339.71 per share)	-	41,403,979
	=====	=====

Proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognized as a financial liability as at the end of the period.

36. 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.

37. NOTES TO THE STATEMENT OF CASH FLOWS

	GROUP		BANK	
	JUNE 2022 USD	JUNE 2021 USD	JUNE 2022 USD	JUNE 2021 USD
a) Reconciliation of profit for the period to net cash (used in)/generated from operations:				
Profit for the period	89,971,329	86,464,052	88,591,359	86,079,081
<i>Adjustments:</i>				
Depreciation on property and equipment (Note 26)	495,407	474,624	495,407	474,624
Depreciation of right of use asset (Note 27)	299,900	210,951	299,900	210,951
Amortisation of intangible assets (Note 28)	401,312	414,405	401,312	414,405
Gain in foreign exchange	1,864,330	2,164,640	1,864,330	2,164,640
Loss on disposal of property and equipment	-	247	-	247
Provision for impairment (Note 20)	40,083,000	23,175,038	40,083,000	23,175,038
Increase in provision for service and leave	(1,439,765)	742,283	(1,439,765)	742,283
Impairment of off-balance and low credit-risk items	2,585,552	(2,308,738)	2,585,552	(2,308,738)
Interest on lease liability (Note 30)	32,018	54,725	32,018	54,725
Interest paid	89,417,888	76,613,178	89,417,888	76,613,178
Interest received	(125,150,223)	(138,773,843)	(125,150,223)	(138,773,843)
	<hr/>	<hr/>	<hr/>	<hr/>
Profit before changes in operating assets and liabilities	98,560,748	49,231,562	97,180,778	48,846,591
	=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

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

	JUNE 2022 USD	GROUP JUNE 2021 USD	BANK JUNE 2022 USD	JUN 2021 US
a) Reconciliation of profit for the period to net cash (used in)/generated from operations (continued):				
Profit before changes in operating assets and liabilities:	98,560,748	49,231,562	97,180,778	48,846,591
<i>Working capital changes:</i>				
(Increase)/decrease in other receivables	(6,239,481)	81,233,396	(7,145,454)	81,239,659
(Increase)/decrease in hedging derivative instruments-Assets	(15,470,850)	(27,665,066)	(15,470,850)	(27,665,066)
Decrease in hedging derivative instruments-Liabilities	-	(41,329,500)	-	(41,329,500)
Increase in trade finance loans	(139,690,986)	(370,384,975)	(139,690,986)	(370,384,974)
(decrease)/increase in project loans	91,236,579	(31,166,580)	91,236,579	(31,166,580)
Increase/(decrease) in collection accounts deposits	(9,580,098)	4,030,918	(9,580,098)	4,030,918
Decrease/(increase) in other payables	16,416,823	(3,553,678)	47,519,487	(3,548,309)
Investment in subsidiaries	-	-	(25,000,000)	-
Provision for service and leave pay paid	1,103,945	113,009	1,103,945	113,009
Interest paid	(89,417,888)	(76,613,178)	(89,417,888)	(76,613,178)
Interest received	125,150,223	138,773,843	125,150,223	138,773,843
Net (decrease)/increase in borrowings (Note 37 (b))	(717,095,681)	616,120,277	(717,095,681)	616,120,277
Net cash (used in)/generated from operations	(645,026,666)	338,790,028	(641,209,945)	338,416,690
	=====	=====	=====	=====
b) Analysis of changes in borrowings		GROUP AND BANK		
		JUNE 2022 USD		JUNE 2021 USD
Short term borrowings:				
At start of year		2,663,462,546		2,407,476,876
Loans received		543,061,002		269,901,378
Repayments		(460,521,307)		(138,865,906)
		=====		=====
At end of period		2,746,002,241		2,538,512,348
		=====		=====
Long term borrowings:				
At start of year		3,374,096,364		3,051,524,280
Loans received		34,131,351		696,734,485
Repayments		(833,766,727)		(211,649,679)
		=====		=====
At end of period		2,574,460,988		3,536,609,086
		=====		=====
Total borrowings at end of period		5,320,463,229		6,075,121,434
		=====		=====
(Decrease)/Increase in total borrowings (Note 37(a))		(717,095,681)		616,120,277
		=====		=====

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

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

c) Analysis of cash and cash equivalents

	GROUP		BANK	
	JUNE 2022 USD	JUNE 2021 USD	JUNE 2022 USD	JUNE 2021 USD
Cash and balances with other banks - Note 16	1,343,063,341	1,882,124,546	1,339,372,669	1,880,985,437
	=====	=====	=====	=====

d) Facilities available for lending

As at 30 June 2022, the following facilities were available to the Group for lending:

LONG-TERM FACILITIES LENDER	GROUP AND BANK		Facilities unutilised USD
	Facilities available USD	Facilities utilised USD	
Eurobond	750,000,000	750,000,000	-
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 Française 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
British International Investment	100,000,000	100,000,000	-
KEXIM	100,000,000	-	100,000,000
Development Bank of the Republic of Belarus -I	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 Corporation	56,634,521	56,634,521	-
African Development Bank	50,000,000	-	50,000,000
Invest International	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 Canada	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
Development Bank of the Republic of Belarus-II	1,055,917	1,055,917	-
Exim Bank USA	No limit	-	-
	4,936,809,651	3,323,519,986	1,613,289,665
	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

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

d) Facilities available for lending (Continued)

As at 30 June 2022 (Continued)

SHORT-TERM FACILITIES LENDER	GROUP AND BANK		
	Facilities available USD	Facilities utilised USD	Facilities unutilised USD
Global Syndication 2021	491,973,597	491,973,597	-
Global Syndication 2020	450,000,000	450,000,000	-
Standard Chartered Bank London	350,000,000	323,621,486	26,378,514
National Bank of Ethiopia	301,000,000	301,000,000	-
Syndicated Loan - Asia (1)	260,000,000	260,000,000	-
Syndicated Loan- Middle First Abu Dhabi Bank PJSC	251,023,887	251,023,887	-
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	119,455,019	544,981
SMBC	85,000,000	85,000,000	-
Mauritius Commercial Bank	75,000,000	-	75,000,000
ING Bank	52,417,500	-	52,417,500
CDC	50,000,000	50,000,000	-
ADB	50,000,000	-	50,000,000
Mizuho Bank London	50,000,000	50,000,000	-
NORFUND	50,000,000	50,000,000	-
Cassa Depositi e Prestiti (CDP)	47,175,750	47,175,750	-
NOUVBANK	36,695,043	36,695,043	-
Nedbank	35,000,000	-	35,000,000
Emirates NBD Group	35,000,000	-	35,000,000
Africa 50 Financement de Projets	32,266,466	32,266,466	-
BHF Bank	31,450,500	-	31,450,500
KBC Bank	26,208,750	2,055,267	24,153,483
KfW IPEX	20,000,000	-	20,000,000
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
Banque de Commerce de placement	9,551,000	-	9,551,000
African Trade Insurance Agency	7,397,341	7,397,341	-
BANCOBU	3,000,000	3,000,000	-
	3,665,318,060	2,860,663,856	804,654,204
	=====	=====	=====
TOTAL FACILITIES			
At 30 June 2022	8,602,127,711	6,184,183,842	2,417,943,869
	=====	=====	=====

Note:

Facilities utilised include outstanding letters of credit amounting to USD 115,754,064 (December 2021: USD 180,069,758).

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

37. 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 (1I)	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	-
	<u>3,744,006,415</u>	<u>2,718,950,735</u>	<u>1,025,055,680</u>
	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

37. 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
	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

38. 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 30 June 2022:	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
ASSETS				
Derivative financial instruments	-	73,105,685	-	73,105,685
Investment in Trade Fund	-	55,117,790		55,117,790
Equity investments at fair value through other comprehensive income	-		69,553,623	69,553,623
	<hr/>	<hr/>	<hr/>	<hr/>
	-	128,223,475	69,553,623	197,777,098
	=====	=====	=====	=====
At 31 December 2021:				
ASSETS				
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
	<hr/>	<hr/>	<hr/>	<hr/>
	-	111,805,170	61,078,070	172,883,240
	=====	=====	=====	=====

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

38. 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 30 June 2022			As at 31 December 2021		
	Realised USD	Unrealised USD	Total gains USD	Realised USD	Unrealised USD	Total gains USD
ASSETS						
Equity investments – at fair value through other comprehensive income	-	8,475,553	8,475,553	-	7,090,952	7,090,952
	=====	=====	=====	=====	=====	=====

Quantitative information of significant unobservable inputs – Level 3:

Description	Valuation Technique	Unobservable input	Range (weighted average)	GROUP AND BANK	
				JUNE 2022 USD	DECEMBER 2021 USD
Equity investments – at fair value through other comprehensive income	Equity method-% of net assets	Professional Investment Managers Valuation	n/a	69,553,623	61,078,070
			=====	=====	=====

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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

38. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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

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

Description	Input	Sensitivity used	GROUP AND BANK	
			JUNE 2022 USD	DECEMBER 2021 USD
Equity investments – at fair value through other comprehensive income	Professional Investment Managers Valuation	5%	3,477,681	3,053,903
		=====	=====	=====

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

Level 3 reconciliation

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

	GROUP AND BANK	
	JUNE 2022 USD	DECEMBER 2021 USD
At start of year	61,078,070	53,987,118
FV gains and losses	8,475,553	7,090,952
At end of period	69,553,623	61,078,070
	=====	=====

39. 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. 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.
- Indian Ocean - Lusophone Africa – covering Comoros, Mauritius, Madagascar, Mozambique, Burundi and Seychelles.
- DR Congo- Prospective West 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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

39. SEGMENT REPORTING (Continued)

a) STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Period Ended 30 June 2022:

	GROUP AND BANK							Consolidated/ Total
	East Africa	North- East Africa	Southern Africa	Indian Ocean- Lusophone	Congo and Prospective West Africa	Multi- Regional Regional	Total Lending Operations	
	USD	USD	USD	USD	USD	USD	USD	USD
Interest income	53,755,784	76,165,720	33,172,302	8,251,928	402,658	17,408,449	189,156,841	225,523,229
Interest expense and other borrowing costs	(22,196,858)	(30,866,199)	(13,957,139)	(3,409,852)	(165,024)	(7,092,104)	(77,687,176)	(92,622,940)
Net interest income	31,558,926	45,299,521	19,215,163	4,842,076	237,634	10,316,345	111,469,665	132,900,289
Fees and commission income	3,472,681	8,595,343	7,439,267	1,795,387	179,489	3,539,188	25,021,355	25,021,355
Fair value gains on financial assets - derivatives	-	-	-	-	-	-	-	9,266,818
Net trading income	35,031,607	53,894,864	26,654,430	6,637,463	417,123	13,855,533	136,491,020	167,188,462
Risk mitigation risk	(1,851,871)	(4,470,521)	(4,968,669)	-	-	-	(11,291,061)	(18,315,515)
Other income	1,801,212	-	125,000	-	-	-	1,926,212	5,117,706
Depreciation and amortisation	-	-	-	-	-	-	-	(1,196,619)
Operating expenses	(353,321)	(388,308)	(277,478)	(525,710)	(183,843)	-	(1,728,660)	(20,660,571)
Impairment on assets	(5,255,533)	(21,777,167)	(5,100,521)	(5,412,138)	(269,460)	(2,268,181)	(40,083,000)	(40,083,000)
Impairment on other assets	-	-	-	-	-	-	-	(215,617)
Foreign Exchange gain	-	-	-	-	-	-	-	(1,863,517)
Profit for the year	29,372,094	27,258,868	16,432,762	699,615	(36,180)	11,587,352	85,314,511	89,971,329

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB-formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

39. SEGMENT REPORTING (Continued)

a) STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period 30 June 2021	East Africa	North-East Africa	Southern Africa	Indian Ocean- Lusophone Africa	Multi - Regional	Total Lending Operations	Corporate	Subsidiary	Consolidated/ Bank Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Interest income	55,124,041	64,871,231	31,932,687	6,401,290	17,514,182	175,843,431	35,556,151	-	211,399,582
Interest expense and other borrowing costs	(22,126,162)	(26,086,155)	(13,574,090)	(2,600,845)	(6,843,659)	(71,230,911)	(14,838,604)	-	(86,069,515)
Net interest income	32,997,879	38,785,076	18,358,597	3,800,445	10,670,523	104,612,520	20,717,547	-	125,330,067
Fee and commission income	10,370,338	3,502,661	2,934,198	1,040,133	4,926,443	22,773,773	-	-	22,773,773
Fair value gains on financial assets - derivatives	-	-	-	-	-	-	1,743,437	-	1,743,437
Net Trading Income	43,368,217	42,287,737	21,292,795	4,840,578	15,596,966	127,386,293	22,460,984	-	149,847,277
Risk Mitigation Costs	(9,697,967)	(2,728,505)	(6,183,006)	-	-	(18,609,478)	(2,530,170)	-	(21,139,648)
Other income	-	-	-	-	-	-	264,991	405,111	670,102
Depreciation and amortisation	-	-	-	-	-	-	(1,099,980)	-	(1,099,980)
Operating expenditure	(388,705)	(282,806)	(412,559)	(484,674)	(2,082,715)	(3,651,459)	(15,647,115)	(20,140)	(19,318,714)
Impairment allowance on loans	(5,403,838)	(10,380,616)	(5,005,294)	(419,272)	(1,966,018)	(23,175,038)	-	-	(23,175,038)
Impairment on other assets	-	-	-	-	-	-	(12,319)	-	(12,319)
Net foreign exchange loss	-	-	-	-	-	-	692,372	-	692,372
PROFIT FOR THE PERIOD	27,877,707	28,895,810	9,691,936	3,936,632	11,548,233	81,950,318	4,128,763	384,971	86,464,052

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

39. SEGMENT REPORTING (Continued)

a) STATEMENT OF COMPREHENSIVE INCOME (Continued)

Period ended 30 June 2022	Trade finance USD	Project finance USD	Other USD	Subsidiary USD	Total USD
Gross interest income	116,697,071	72,459,771	36,366,388	-	225,523,230
Interest expense	9,628,988	(61,409,955)	(36,366,388)	-	(88,147,355)
Other borrowing and finance costs	(3,419,158)	(999,396)	(57,031)	-	(4,475,586)
Net interest income	122,906,901	10,050,419	(57,031)	-	132,900,289
Fee and commission income	22,701,327	2,309,866	-	-	25,011,193
Fair value gains on financial assets					
– derivatives	9,266,818	-	-	-	9,266,818
Risk mitigation costs	(8,879,401)	(7,033,347)	(2,402,766)	-	(18,315,514)
Other income	-	-	1,286,713	1,934,746	3,221,459
Other assets recovered	1,770,763	135,484	-	-	1,906,247
Other assets written-off	(55,000)	(160,617)	-	-	(215,617)
Operating expenses	(18,591,578)	(1,514,056)	-	(554,776)	(20,660,410)
Depreciation and amortisation	(1,135,302)	(61,317)	-	-	(1,196,619)
Impairment on portfolio	(38,473,836)	(1,609,163)	-	-	(40,083,000)
Net foreign exchange loss	-	-	(1,863,517)	-	(1,863,517)
Profit for the period	89,510,692	2,117,269	(3,036,601)	1,379,970	89,971,329
Period ended 30 June 2021					
Gross interest income	100,475,162	75,368,269	35,556,152	-	211,399,582
Interest Expense	8,083,624	(50,972,282)	(35,556,152)	-	(78,444,809)
Other borrowing and Finance costs	(5,334,585)	(1,131,008)	(1,159,113)	-	(7,624,706)
Net interest income	103,224,201	23,264,979	(1,159,113)	-	125,330,067
Fee and commission income	12,843,047	9,930,726	-	-	22,773,773
Fair value gains on financial assets					
– derivatives	1,743,437	-	-	-	1,743,437
Risk mitigation costs	(11,274,435)	(6,726,278)	(3,138,935)	-	(21,139,648)
Other income	-	-	264,991	405,111	670,102
Other assets written-off	56,514	(68,833)	-	-	(12,319)
Operating expenses	(14,316,142)	(4,982,432)	-	(20,140)	(19,318,714)
Depreciation and amortisation	(829,600)	(270,380)	-	-	(1,099,980)
Impairment on portfolio	(19,575,636)	(3,599,402)	-	-	(23,175,038)
Net foreign exchange loss	(2,024,439)	-	2,716,811	-	692,372
Profit for the period	69,846,947	17,548,380	(1,316,246)	384,971	86,464,052

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

39. SEGMENT REPORTING (Continued)

b) REVENUE FROM MAJOR GROUPS

	GROUP AND BANK	
	JUNE	JUNE
	2022	2021
	USD	USD
Interest and fees and commission		
Groups contributing 10% or more of revenue	32,239,999	75,607,244
All other customers	218,294,424	158,566,111
	<u>250,534,423</u>	<u>234,173,355</u>
Total Revenue	250,534,423	234,173,355

c) STATEMENT OF FINANCIAL POSITION

As at 30 June 2022	GROUP AND BANK				
	Trade finance	Project finance	Other	Subsidiaries	Total
	USD	USD	USD	USD	USD
Assets					
Cash and balances held with other banks	3,086,849	-	1,336,285,820	3,690,672	1,343,063,341
Investment in Government securities	69,182,746	-	-	-	69,182,746
Investment in Trade Fund	55,117,792	-	-	100	55,117,892
Derivative financial instruments	73,105,685	-	-	-	73,105,685
Other receivables	-	-	58,524,899	1,414,134	59,939,033
Trade finance loans	3,673,548,401	-	-	-	3,673,548,401
Project loans	-	1,964,168,606	-	-	1,964,168,606
Equity investments at fair value	-	-	-	-	-
other comprehensive income	-	69,553,623	-	-	69,553,623
Property and equipment	-	-	39,833,775	-	39,833,775
Right of use asset	-	-	2,753,998	-	2,753,998
Intangible assets	-	-	1,106,245	-	1,106,245
	<u>3,874,041,473</u>	<u>2,033,722,229</u>	<u>1,438,504,737</u>	<u>5,104,906</u>	<u>7,351,373,345</u>
Total assets	3,874,041,473	2,033,722,229	1,438,504,737	5,104,906	7,351,373,345
Liabilities:					
Short term borrowings	2,746,002,241	-	-	-	2,746,002,241
Long term borrowings	-	2,574,460,988	-	-	2,574,460,988
Collection account deposits	55,399,007	-	-	-	55,399,007
Lease Liability	-	-	343,455	-	343,455
Provision for service and leave pay	-	-	10,951,914	-	10,951,914
Other payables	-	-	153,512,689	(28,265,957)	125,246,732
	<u>2,801,401,248</u>	<u>2,574,460,988</u>	<u>164,808,058</u>	<u>(28,265,957)</u>	<u>5,512,404,337</u>
Total liabilities	2,801,401,248	2,574,460,988	164,808,058	(28,265,957)	5,512,404,337
Equity	-	-	1,838,969,008	-	1,838,969,008
	<u>2,801,401,248</u>	<u>2,574,460,988</u>	<u>2,003,777,066</u>	<u>(28,265,957)</u>	<u>7,351,373,345</u>
Total Liabilities and equity	2,801,401,248	2,574,460,988	2,003,777,066	(28,265,957)	7,351,373,345

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

39. SEGMENT REPORTING (Continued)

c) STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2021	Trade finance USD	Project finance USD	GROUP AND BANK 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
Total assets	3,778,464,660	2,113,967,537	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
Total liabilities	2,728,441,651	3,374,096,364	107,008,901	1,110,739	6,210,657,655
Equity					
Non-controlling interest	-	-	1,731,784,109	-	1,731,784,109
	-	-	-	762,766	762,766
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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

40. CONTINGENT LIABILITIES AND COMMITMENTS

	GROUP AND BANK	
	JUNE 2022 USD	DECEMBER 2021 USD
(a) Approved capital expenditure		
Approved but not contracted	48,895,767 =====	14,146,745 =====
Approved and contracted	4,766,263 =====	7,211,038 =====
(b) Loans committed but not disbursed		
Project finance loans	112,151,263	187,725,114
Trade finance loans	306,501,031	330,975,149
	<hr/> 418,652,294 =====	<hr/> 518,700,263 =====

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

	GROUP AND BANK	
	JUNE 2022 USD	DECEMBER 2021 USD
Letters of credit – Project finance loans	67,600	3,068,218
- Trade finance loans	115,686,464	177,001,540
	<hr/> 115,754,064	<hr/> 180,069,758
Guarantees	2,000,000	133,250,000
	<hr/> 117,754,064 =====	<hr/> 313,319,758 =====
(c) Pending litigation		

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

As at 30 June 2022, there were no material legal proceedings involving the Group (December 2021 – 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.

41. RELATED PARTY TRANSACTIONS

(a) Membership and governance

As a supranational development financial institution with a membership comprising:- Class A Shareholders-Twenty-three 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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

41. 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	
	JUNE 2022 USD	DECEMBER 2021 USD
(b) Loans to member states		
Outstanding loans at start of year	2,529,070,520	2,529,746,431
Loans disbursed during the period	438,700,424	293,109,085
Loans repaid during the period	(205,030,025)	(293,784,996)
	<hr/>	<hr/>
Outstanding loan balances at end of period	2,762,740,919 =====	2,529,070,520 =====

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 2021: Nil). General provisions have been raised as applicable.

	GROUP AND BANK	
	JUNE 2022 USD	DECEMBER 2021 USD
(c) Borrowings from members		
Outstanding borrowings at start of year	162,500,000	188,749,999
Borrowings received during the period	248,737	704,593
Borrowings repaid during the period	(13,373,059)	(23,764,284)
	<hr/>	<hr/>
Outstanding balances at end of period	149,375,678 =====	162,500,000 =====

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

	GROUP AND BANK	
	JUNE 2022 USD	JUNE 2021 USD
(d) Income and expenses		
• Interest income from loans to Member States earned during the period	89,488,459 =====	92,860,251 =====
• Interest expense on borrowings from Member States incurred during the period	(2,926,995) =====	(3,262,461) =====
• Fees and commission earned from Member States during the period	11,298,003 =====	10,100,530 =====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

41. RELATED PARTY TRANSACTIONS (Continued)

(e) Other related parties

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

	GROUP AND BANK	
	JUNE 2022 USD	JUNE 2021 USD
Salaries and other short-term benefits	2,118,092	2,070,268
Other long-term employee benefits	121,199	127,768
Post-employment benefits: Defined contribution: Provident Fund	103,390	25,500
Board of Directors and Board of Governors allowances	121,199	321,975
	<u>2,463,880</u>	<u>2,545,511</u>
	=====	=====

(f) Share capital

During the period, Class 'B' shares with a value of USD 3,413,650 (December 2021: USD 3,540,585) 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 784,278 (December 2021: USD 2,257,633) matured and were retired.

42. CURRENCY

The financial statements are presented in United States Dollars (USD).

At the reporting date, the conversion rates between one USD and certain other currencies were as analysed below:

	JUNE 2022	DECEMBER 2021
British Pound	0.8210	0.7401
Euro	0.9539	0.8828
United Arab Emirates Dirham	3.6730	3.6730
South Africa Rand	16.2850	15.9186
Zambian Kwacha	16.8250	16.6550
Mauritian Rupee	45.3738	43.8004
Ethiopian Birr	52.1464	49.3766
Kenya Shilling	117.8850	113.1400
Japanese Yen	135.7150	115.0350
Zimbabwe Dollar	370.9647	108.6660
Sudanese Pound	525.9131	442.6039
Malawi Kwacha	1,024.6212	815.1308
Burundi Franc	2,024.5265	1,986.0554
Tanzania Shilling	2,329.7550	2,304.7950
Uganda Shilling	3,762.2500	3,547.3750
	=====	=====

43. IMPACT OF COVID-19

In the first half of 2022, Africa continued to recover from its worst recession in more than 50 years, which saw its GDP decline by 2.1% in 2020. There is notable improvement in various sectors contributed by deliberate Governments fiscal policies, increased rollout of vaccines, and corporates' initiatives such as digitization of services and operation.

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. This trend continued in the first half of the year 2022.

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. The Bank's portfolio-wide mitigation initiatives granted to clients to counter pandemic related negative impacts in 2020 and 2021 continued to yield positive results as evidenced by not having received new request for loan modification in the first half of 2022.

Overall, sovereign creditworthiness remains resilient despite the 2020 recession and COVID19-Pandemic aftershock in 2021. The Bank's gross portfolio exposure to Sovereigns including public enterprises stood at USD 4.5 billion and constituted 76% of the portfolio (December 2021: USD 3.8 billion – 64%). From a credit perspective, in June 2022, the Bank managed to contain the significant migration risk across asset brackets and continues to identify sectors and clients that have been affected.

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.

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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

43. IMPACT OF COVID-19 (Continued)

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

(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.

With the recovery that is being experienced across the globe, there was a marked improvement in the liquidity position of a number of clients. Consequently, the Group did not record any modifications or restructures during the period to 30 June 2022.

(c) Fair value measurement

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

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

44. 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.

44. 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 30 June 2022.

44. 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 48 and 49 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 40(b).

Credit quality

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Credit quality (Continued)

	30 June 2022			31 December 2021		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
	USD	USD	USD	USD	USD	USD
<i>Project finance loans:</i>						
Gross Amount	1,378,769,066	396,011,712	1,834,757,333	1,650,513,792	381,841,372	2,099,095,288
Loss Allowance	(10,694,895)	(22,391,160)	(42,194,306)	(9,880,506)	(27,165,615)	(46,205,821)
Net Carrying Amount	1,368,074,171	373,620,552	1,792,563,027	1,640,633,286	354,675,757	2,052,889,467
<i>Trade finance loans:</i>						
Gross Amount	3,746,177,300	131,085,510	3,986,714,174	3,449,549,877	132,374,476	3,684,942,814
Loss Allowance	(60,166,547)	(7,241,433)	(147,336,475)	(31,785,631)	(8,626,034)	(102,152,205)
Net Carrying Amount	3,686,010,753	123,844,077	3,839,377,699	3,417,764,246	123,748,442	3,582,790,609
<i>Undisbursed commitments and guarantees:</i>						
Gross Amount	201,676,790	-	201,676,790	651,950,263	-	651,950,263
Loss Allowance	(2,554,690)	-	(2,554,690)	(5,159,480)	-	(5,159,480)
Carrying Amount	199,122,100	-	199,122,100	646,790,783	-	646,790,783
<i>Letters of Credit:</i>						
Gross Amount	117,754,064	-	117,754,064	180,069,758	-	180,069,758
Loss Allowance	(104,478)	-	(104,478)	(85,240)	-	(85,240)
Carrying Amount	117,649,586	-	117,649,586	179,984,518	-	179,984,518
<i>Total off balance sheet items</i>						
Gross Amount	319,430,854	-	319,430,854	832,020,021	-	832,020,021
Loss Allowance	(2,659,168)	-	(2,659,168)	(5,244,720)	-	(5,244,720)
Carrying Amount	316,771,686	-	316,771,686	826,775,301	-	826,775,301

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Maximum Exposure to Credit Risk before Collateral Held:

Credit Exposures	GROUP AND BANK			
	JUNE 2022		DECEMBER 2021	
	USD	%	USD	%
<i>On – statement of financial position Items</i>				
Cash and Balances held with other banks	1,343,063,341	18	1,971,937,461	25
Investment in Government securities	69,182,746	1	83,950,034	1
Investment in Trade Fund	55,117,890	1	54,170,335	1
Derivative financial instruments	73,105,685	1	57,634,835	1
Other receivables	19,485,819	-	16,365,314	-
Loans and advances	5,829,906,956	79	5,784,038,100	72
-Project loans	2,008,765,264		2,099,095,288	
-Trade finance loans	3,821,141,692		3,684,942,812	
Sub Total	7,389,862,437	100	7,968,096,079	100
	=====	====	=====	=====
<i>Off – statement of financial position Items</i>				
Letters of Credit	115,754,064	22	180,069,758	26
Loan commitments not disbursed	418,652,294	78	518,700,263	74
Guarantees and Performance bonds	2,000,000	-	133,250,000	-
Sub Total	536,406,358	100	832,020,021	100
	=====	-----	=====	-----
Total Credit Exposure	7,926,268,795		8,800,116,100	
	=====		=====	

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 80.32% in June 2022 (December 2021– 75.18%) of the total maximum credit exposure.

Other than cash and bank balances amounting to USD 1,343,063,341 (December 2021- USD 1,971,937,461), Investment in government securities of USD 69,182,746 (December 2021 - USD 83,950,034) and investment in the trade fund of USD 55,117,890 (December 2021 - USD 54,170,335), all other credit risk exposures are secured by collateral in the form of cash liens, mortgages on land and buildings, securities charged over plant and machinery and third-party guarantees.

As at 30 June 2022, the fair value of collateral held for impaired loans and advances was USD 162,756,036 (December 2021 – USD 167,273,966) and the gross impaired loans exposure was USD 169,426,752 (December 2021-USD 169,758,585).

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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Collateral Held (continued)

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

	JUNE 2022 USD	GROUP AND BANK DECEMBER 2021 USD
(i) Total portfolio:		
Insurance and Guarantees	2,321,702,650	2,377,280,729
Cash security deposits	1,115,662,005	1,420,176,889
Fixed charge on plant and equipment	544,099,272	587,701,239
Other floating all asset debenture	356,351,885	481,904,025
Mortgages on properties	283,847,300	317,612,386
Sovereign undertakings	604,844,838	43,675,652
	<hr/>	<hr/>
Total security cover	5,226,507,950	5,228,350,920
	<hr/>	<hr/>
Gross portfolio	(5,829,906,956)	(5,784,038,100)
	<hr/>	<hr/>
Net (gap)/cover	(603,399,006)	(555,687,180)
	=====	=====
(ii) Loans not impaired:		
Insurance and Guarantees	2,293,006,961	2,346,273,455
Cash security deposits	1,114,162,005	1,420,176,889
Fixed charge on plant and equipment	543,548,123	543,331,453
Other floating all asset debenture	356,351,885	481,904,025
Mortgages on properties	205,707,888	227,215,480
Sovereign undertakings	550,975,052	42,175,652
	<hr/>	<hr/>
Total security cover	5,063,751,914	5,061,076,954
	<hr/>	<hr/>
Gross portfolio	(5,660,480,204)	(5,614,279,515)
	<hr/>	<hr/>
Net (gap)/cover	(596,728,290)	(553,202,561)
	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Collateral held for loan portfolio (Continued)

	GROUP AND BANK	
	JUNE 2022 USD	DECEMBER 2021 USD
(iii) Impaired loans:		
Insurance and Guarantees	28,695,689	-
Cash security deposits	1,500,000	1,500,000
Fixed charge on plant and equipment	53,869,786	44,369,786
Other floating all asset debenture	-	-
Mortgages on properties	78,139,412	90,396,906
Sovereign undertakings	551,149	31,007,274
	<hr/>	<hr/>
Total security cover	162,756,036	167,273,966
	<hr/>	<hr/>
Gross portfolio	(169,426,752)	(169,758,585)
	<hr/>	<hr/>
Net cover	(6,670,716)	(2,484,619)
	=====	=====

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

LCCs are explained as follows:

- LCC1-LCC2: Stage 1 loans
- LCC3-LCC4: Stage 2 loans
- LCC5-LCC7: Stage 3 loans

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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

44. 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	4.43%
Low risk	
Moderate risk	13.35%
High risk	
Substandard	100%
Bad & Doubtful	
Loss	

Project Finance loans

<i>Grading:</i>	12-month weighted average PD
Very Low risk	3.74%
Low risk	
Moderate risk	17.88%
High risk	
Substandard	100%
Bad & Doubtful	
Loss	

Determining Whether Credit Risk Has Increased Significantly

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

Currently, the Group will deem the credit risk of a particular exposure to have increased significantly since initial recognition based on a loan being rated as LCC 3 and LCC 4 or being in arrears for a period of 31 to 89 days for corporates and up to 179 days for sovereigns. This is based on empirical evidence and TDB experience with sovereigns on loan repayments where delays are expected but hardly default and considering TDB's preferred creditor status.

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.

44. 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.

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Enhancements in the Expected Credit Loss (ECL) model effected in the period ended 30 June 2022

In the current period 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.

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Enhancements in the Expected Credit Loss (ECL) model effected in the period ended 30 June 2022

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). A 10% test is performed and has to be met for a modification to result into a derecognition.

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.

44. 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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Restructured and Modified Loans – continued

The following tables refer to restructured and modified financial assets where the restructuring or modification does not result in de-recognition (June 2022: NIL)

	GROUP AND BANK			
	30 June 2022	31 December 2021		
	Restructured USD	Covid-19 Modified USD	Total USD	
				Total USD
Gross carrying amount before restructuring	-	-	-	92,627,775
Loss allowance before restructuring	-	-	-	(9,954,087)
Net amortised cost before restructuring	-	-	-	82,673,688
Net restructuring gain	-	-	-	7,717,695
Net amortised cost after restructuring	-	-	-	90,391,383
Analysis of Gross Amounts by Sector:				
Hospitality	-	-	-	6,326,625
Transport	-	-	-	4,182,661
Oil & gas	-	-	-	20,740,789
Energy	-	-	-	61,377,700
	-	-	-	92,627,775

44. 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 30 June 2022, the ECL would increase by 3.52 (December 2021: 9.30%).

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 2021: NIL)

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Amount arising from ECL

Loss allowance

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

As at 30 June 2022

	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
<i>Project Finance loans;</i>				
Balance at 1 January	8,384,709	27,165,615	9,159,700	44,710,024
Transfer to Lifetime ECL not credit impaired	(10,966)	10,966	-	-
Net re-measurement of loss allowance	1,579,133	(4,871,722)	6,282,120	2,989,531
Net financial assets originated	772,735	86,301	-	859,036
Financial assets derecognized*	(30,716)	-	(6,333,569)	(6,364,285)
Balance at 30 June	10,694,895	22,391,160	9,108,251	42,194,306
	=====	=====	=====	=====
<i>Trade Finance loans:</i>				
Balance at 1 January	31,785,632	8,626,034	61,740,539	102,152,205
Transfer to Lifetime ECL not credit impaired	(6,661)	6,661	-	-
Transfer to Lifetime ECL credit impaired	-	(4,754,564)	4,754,564	-
Net of financial assets originated	1,143,264	-	-	1,143,264
Net remeasurement of loss allowance	27,290,710	3,363,302	52,887,935	83,541,947
Financial assets derecognised	(46,398)	-	(39,454,543)	(39,500,941)
Balance at 30 June	60,166,547	7,241,433	79,928,495	147,336,475
	=====	=====	=====	=====
<i>Undisbursed commitments and guarantees</i>				
Balance at 1 January	5,159,480	-	-	5,159,480
Net financial assets originated	2,554,690	-	-	2,554,690
Financial assets derecognised	(5,159,480)	-	-	(5,159,480)
Balance at 30 June	2,554,690	-	-	2,554,690
	=====	=====	=====	=====
<i>Letters of credit</i>				
Balance at 1 January	85,240	-	-	85,240
Net financial assets originated	104,478	-	-	104,478
Financial assets derecognised	(85,240)	-	-	(85,240)
Balance at 30 June	104,478	-	-	104,478
	=====	=====	=====	=====

*There were no write-offs on Trade Finance and Project Finance loans during the period. (December 2021: USD 43.45 million).

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Amount arising from ECL

Loss allowance

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)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December	9,880,506	27,165,615	9,159,700	46,205,821
	<hr/>	<hr/>	<hr/>	<hr/>
<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)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance	35,534,554	8,626,034	61,740,539	105,901,128
	<hr/>	<hr/>	<hr/>	<hr/>
<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)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December	5,159,480	-	-	5,159,480
	<hr/>	<hr/>	<hr/>	<hr/>
<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)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December	85,240	-	-	85,240
	<hr/>	<hr/>	<hr/>	<hr/>

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Loss allowance - continued

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

Gross Loans and advances

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

	As at 30 June 2022			31 December 2021		
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD	Stage 1 USD	Stage 2 USD
<i>Project finance loans;</i>						
Balance at 1 January	1,650,513,792	381,841,372	66,740,124	2,099,095,288	1,871,236,148	353,207,345
Transfer to 12 months ECL					42,183,157	(42,183,157)
Transfer to Lifetime ECL not credit impaired	(10,944,290)	10,944,290	-	-	(56,837,820)	56,837,820
Net remeasurement of loss allowance	(312,190,004)	(4,847,567)	(430,000)	(317,467,571)	(205,575,070)	13,979,364
New financial assets originated	123,606,453	8,073,617	-	131,680,070	70,648,590	-
Financial assets derecognised*	(72,216,885)	-	(6,333,569)	(78,550,454)	(71,141,214)	-
Balance at year end	1,378,769,066	396,011,712	59,976,555	1,834,757,333	1,650,513,792	381,841,372
<i>Trade finance loans:</i>						
Balance at 1 January	3,449,260,035	132,664,318	103,018,459	3,684,942,812	2,899,464,620	192,296,794
Transfer to 12 months ECL					-	-
Transfer to Lifetime ECL not credit impaired	(8,859,982)	8,859,982	-	-	-	-
Transfer to Lifetime ECL credit impaired	-	(69,246,985)	69,246,985	-	-	(58,994,861)
Net remeasurement of loss allowance	43,312,875	(824,281)	(23,359,538)	19,129,056	386,462,752	(637,615)
Net financial assets originated	340,575,595	59,922,318	-	400,497,913	243,828,073	-
Financial assets derecognised**	(78,401,064)	-	(39,454,543)	(117,855,607)	(80,495,410)	-
Balance at year end	3,745,887,459	131,375,352	109,451,363	3,986,714,174	3,449,260,035	132,564,318

**There were no write-offs on Trade Finance and Project Finance loans during the period (December 2021: USD 43.45 million).

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Loss allowance - continued

	As at 30 June 2022			31 December 2021			Total USD
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD	Stage 1 USD	Stage 2 USD	Stage 3 USD
<i>Undisbursed commitments:</i>							
Balance at 1 January	651,950,533	-	-	651,950,533	518,443,767	21,274,601	-
Net remeasurement of loss allowance	201,676,790	-	-	201,676,790	614,329,916	-	-
Financial assets derecognised	(651,950,533)	-	-	(651,950,533)	(480,822,880)	(21,274,601)	-
Balance at year end	201,676,790	-	-	201,676,790	651,950,533	-	-
		</					

Letters of Credit

Balance at 1 January	180,069,758	-	-	180,069,758	279,740,762	-	-	279,740,762
Net remeasurement of loss allowance	117,754,064	-	-	117,754,064	180,069,758	-	-	180,069,758
Financial assets derecognized	(180,069,758)	-	-	(180,069,758)	(51,288,857)	-	-	(51,288,857)
Balance at year end	117,754,064	-	-	117,754,064	180,069,758	-	-	180,069,758
Total	319,430,854	-	-	319,430,854	832,020,291	-	-	832,020,291

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Concentration of Risk by Sector

As at 30 June 2022

	Gross Exposure			Off-Statement of Financial Position	Cash Collateral/ In transit	Insurance	Other Mitigants	Net Exposure	%
	On statement of Financial position	USD	%						
Agri- Business	1,058,587,326	18	215,942,782	40	(10,745,975)	(450,011,825)	(78,575,412)	735,196,896	22
Banking and Financial Services	1,222,520,632	21	199,980,464	37	(311,875,713)	(293,490,926)	-	817,134,457	24
Construction	13,016,325	-	-	-	-	-	-	13,016,325	-
Energy	269,668,837	5	34,748,263	6	-	-	-	304,417,100	9
Health Services	20,104,139	-	6,748,703	1	-	-	-	26,852,842	1
Hospitality	39,537,298	1	10,000,000	2	-	-	-	49,537,298	1
ICT	181,702,131	3	-	-	-	-	-	181,702,131	6
Infrastructure	1,163,856,569	20	42,746,016	8	(40,303,986)	(491,458,333)	-	674,840,266	20
Manufacturing and Heavy Industries	214,497,714	4	6,940,252	1	-	-	-	221,437,966	7
Oil & Gas	1,520,481,652	26	9,895,210	2%	(867,035,774)	(407,676,233)	(50,000,000)	205,664,855	6
Other	5,066,755	-	-	-	-	-	-	5,066,755	-
Real Estate	11,358,608	-	-	-	-	-	-	11,358,608	-
Transport	68,502,210	1	-	-	-	-	-	68,502,210	2
Wholesale Commodities	41,006,760	1	9,404,667	2%	-	-	(542,271)	49,869,156	2
	5,829,906,956	100	536,406,357	100%	(1,230,961,448)	(1,642,637,317)	(129,117,683)	3,364,596,865	100

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB-formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Concentration of Risk by Sector

As at 31 December 2021

	Gross Exposure											
	On statement of Financial position	%	Off-Statement of Financial Position		Cash Collateral/ In transit	Insurance	Other Mitigants	Net Exposure		%		
	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-formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Concentration of Risk by Country

As at 30 June 2022

	Gross Exposure									
	On statement of Financial position	%	Off-Statement of Financial Position	Cash Collateral/ In transit	Insurance	Other Mitigants	Net Exposure	%		
	USD		USD	USD	USD	USD	USD			
Burundi	13,601,870	-	10,073,855	2	-	-	23,675,725	1		
Comoros	16,571,117	-	6,748,703	1	-	-	23,319,820	1		
Congo DRC	59,122,156	1	891,554	-	-	-	60,013,710	2		
Djibouti	10,299,524	-	-	-	-	-	10,299,524	-		
Egypt	41,006,760	1	9,404,667	2	-	-	50,411,427	1		
Eswatini	-	-	25,000,000	5	-	-	25,000,000	1		
Ethiopia	922,322,185	16	10,000,000	2	(121,596,772)	(200,000,000)	610,183,142	18		
Kenya	536,828,603	9	-	-	(350,000,000)	-	186,828,603	6		
Madagascar	12,540,901	-	1,682,003	-	-	-	14,222,904	-		
Malawi	341,920,968	6	154,564,418	29	(7,217,842)	(240,866,000)	169,826,132	5		
Mauritius	201,522,545	3	35,824,313	7	(40,303,986)	-	197,042,872	6		
Mozambique	141,923,855	2	14,310,474	3	-	-	156,234,329	5		
Rwanda	404,813,913	7	64,572,817	12	(150,000,000)	-	319,386,730	9		
Seychelles	39,021,203	1	-	-	-	-	39,021,203	1		
South Sudan	69,714,010	1	-	-	(60,000,000)	(50,000,000)	(40,285,990)	(1)		
Sudan	854,541,597	15	-	-	(209,145,825)	-	375,450,935	11		
Tanzania	604,007,558	10	74,479,083	14	(141,458,333)	-	537,028,308	16		
Uganda	354,960,611	6	1,725,873	-	-	-	356,686,484	11		
Zambia	692,870,650	12	127,128,597	23	(190,798,867)	(347,676,233)	281,524,147	8		
Zimbabwe	512,316,930	9	-	-	(450,099,144)	(93,490,926)	(31,273,140)	(1)		
	5,829,906,956	100%	536,406,357	100%	(1,230,961,448)	(1,642,637,317)	3,364,596,865	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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

44. 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

44. 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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

(c) LIQUIDITY RISK (Continued)

Maturities of financial assets and financial liabilities are as follows:

At 30 June 2022:	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	738,413,323	-	24,743,313	-	579,906,705	-	1,343,063,341
Investment in Government securities	5,549,671	6,643,268	2,888,377	6,643,268	47,458,162	-	69,182,746
Investment in Trade Fund	-	-	-	-	55,117,892	-	55,117,892
Other receivables*	633,995	350,299	522,685	1,015,066	6,353,938	10,609,833	19,485,817
Derivative financial instruments	5,358,038	9,868,427	36,076,560	21,802,660	-	-	73,105,685
Trade finance loans	210,374,182	354,444,310	397,879,480	985,756,762	2,229,621,876	9,725,281	4,187,801,891
Project loans	144,260,184	91,718,756	96,224,094	227,052,869	1,552,515,500	410,558,660	2,522,330,063
Equity investment at fair value through OCI	750,000	-	-	-	68,803,623	-	69,553,623
Total assets	1,105,339,393	463,025,060	558,334,509	1,242,270,625	4,539,777,696	430,893,774	8,339,641,058
LIABILITIES							
Short term borrowings	59,112,569	154,892,959	1,123,206,042	213,914,371	1,194,876,300	-	2,746,002,241
Long term borrowings	30,790,314	19,913,701	25,731,448	159,099,676	1,212,648,507	1,126,277,342	2,574,460,988
Collection Account	55,399,007	-	-	-	-	-	55,399,007
Other payables**	125,175,585	-	-	-	-	-	125,175,585
Total liabilities	270,477,475	174,806,660	1,148,937,490	373,014,047	2,407,524,807	1,126,277,342	5,501,037,821
Net liquidity gap	834,861,918	288,218,400	(590,602,981)	869,256,578	2,132,252,889	(695,383,568)	2,838,603,237
Cumulative gap	834,861,918	1,123,080,318	532,477,337	1,401,733,915	3,533,986,804	2,838,603,237	2,838,603,237

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.

*Excluded from 'other receivables' are non-financial assets particularly prepayments and other receivables in Note 25

**Excluded from 'other payables' are non-financial liabilities particularly prepaid rent in Note 33

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

44. 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	214,360,324	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	1,161,027,193	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 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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

(c) LIQUIDITY RISK (Continued)

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

	Up to 1 month USD	2 to 3 months USD	4 to 6 months USD	6 to 12 months USD	1 to 5 years USD	Over 5 years USD	Total USD
At 30 June 2022:							
Guarantees	-	-	-	2,000,000	-	-	2,000,000
Letters of credit	21,297,692	4,562,634	45,595,666	-	44,298,072	-	115,754,064
Loan commitments	41,865,229	83,730,459	125,595,688	167,460,918	-	-	418,652,294
Total	63,162,921	88,293,093	171,191,354	169,460,918	44,298,072	-	536,406,358
At 31 December 2021:							
Guarantees	-	-	-	133,250,000	-	-	133,250,000
Letters of credit	48,970,096	71,383,648	57,495,184	-	2,220,830	-	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

44. 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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

44. FINANCIAL RISK MANAGEMENT

(d) MARKET RISK (Continued)

(i) Interest rate risk continued (Continued)

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

At 30 June 2022:	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	735,326,474	24,743,313	-	-	579,906,705	3,086,849	1,343,063,341
Investment in Government securities	-	-	-	-	69,182,746	-	69,182,746
Investment in Trade Fund	-	-	-	-	-	55,117,892	55,117,892
Other receivables**	-	-	-	-	19,026,974	458,843	19,485,817
Derivative financial instruments	-	-	-	-	-	73,105,685	73,105,685
Trade finance loans	-	2,052,302,652	42,287,596	-	1,549,423,445	29,534,708	3,673,548,401
Project finance loans	7,976,202	1,555,489,423	-	-	349,834,675	50,868,306	1,964,168,606
Equity Investments at fair value through other comprehensive income	-	-	-	-	-	69,553,623	69,553,623
Total financial assets	743,302,676	3,632,535,388	42,287,596	-	2,567,374,545	281,725,806	7,267,226,011
FINANCIAL LIABILITIES							
Short term borrowings	60,612,480	2,620,333,170	10,483,500	-	54,573,091	-	2,746,002,241
Long term borrowings	490,567,288	744,846,358	-	-	1,339,047,342	-	2,574,460,988
Collection Accounts	-	-	-	-	-	55,399,007	55,399,007
Other payables***	-	-	-	-	-	125,175,585	125,175,585
Total financial liabilities	551,179,768	3,365,179,528	10,483,500	-	1,393,620,433	180,574,592	5,501,037,821
Net interest rate exposure	192,122,908	267,355,860	31,804,096	-	1,173,754,112	101,151,214	1,766,188,190
Cumulative interest rate exposure	192,122,908	459,478,768	491,282,864	491,282,864	1,665,036,976	1,766,188,190	1,766,188,190

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

**Excluded from 'other receivables' are non-financial assets particularly prepayments and other receivables in Note 25.

***Excluded from 'other payables' are non-financial liabilities particularly prepaid rent in Note 33.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

44. 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:	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	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.

44. 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.

44. 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

Developments in 2022

All new USD based floating-rate loan agreements issued in 2022 quote SOFR (Secured Overnight Financing Rate) as the reference rate. Noting the availability of Term-SOFR rates, TDB has chosen to use Term-SOFR rates for these types of loan agreements. Term-SOFR rates have similar characteristics like LIBOR rates. mainly, it is forward-looking and therefore easily understood by clients, but also easy to adapt in the Bank's existing systems.

Existing loans that will straddle the 30th of June 2023 transition deadline are having their loan agreements amended to adopt Term-SOFR as the reference rate. The Group has, and continues to, sensitise its existing clients with the aim of fast-tracking the transition from LIBOR and the adoption of Term-SOFR for the existing loans that mature beyond the 30th of June 2023 deadline. Loans that will get fully repaid before 30th June 2023 are being allowed to run their course since LIBOR rates will continue being published until 30th June 2023.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

(d) MARKET RISK (Continued)

(i) Interest rate risk (Continued))

Interest Rate Benchmark Reform (Continued)

Developments in 2022 (Continued)

For syndicated loans where the Bank is the agent, the Bank has proposed the same approach it has taken on its own loans to the syndicate of lenders. Where there is consensus, the revision of the loan agreements is proceeding in earnest. In cases where there is no agreement, further consultations between the lenders are continuing.

As of 30 June 2022, three new loans have been booked using Term SOFR rates in the Bank's core banking systems without any challenges.

There is a lag in SOFR adoption on the Bank's borrowings. This is because the Bank is a price taker on borrowings. Several new borrowings have used LIBOR but with appropriate transition fallback language incorporated in the agreements.

The Bank's core banking systems including SAP, Trade Innovation and Credit Quest are ready to use Term-SOFR rates. However, OPICS treasury system requires system enhancement to use SOFR rates. OPICS was the central system for pulling LIBOR rates from Bloomberg and distributing the rates to other systems such as SAP. To fast track the transition, a short-term workaround has been put in place to provide Term-SOFR rates to SAP whilst system changes to OPICS are implemented and tested.

As of 30 June 2022, no adverse impact on the Bank as result of the LIBOR transition to SOFR rates and in terms of interest income. Both LIBOR and SOFR rates have risen during the year to date, and the Bank's net interest margin has also grown in tandem with the reference rates YTD.

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.

Market Developments

Since the last update provided in February 2022, there has been a marked progress relating to the LIBOR transition in the market.

In March 2022, the President of the United States signed into law the Consolidated Appropriations Act, 2022 which contained critical legislation on the transition away from USD LIBOR reducing legal and operational risks relating to the transition.

In May 2022, the CME Group announced the launch of SOFR First for Options initiative. This was aimed at accelerating SOFR options trading which was the last remaining market that still needed to shift away from LIBOR.

In July 2022, Refinitiv announced its intention to begin publishing fallback rates based on CME Term-SOFR rates starting September 2022. The fallback rates will include the spread-adjustment for the Term-SOFR rates to be used in the transition of legacy LIBOR cash products, thus providing customers with a clear and simple resource for access to applicable new rate replacing LIBOR rates.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

(d) MARKET RISK (Continued)

(i) Interest rate risk (Continued)

Interest Rate Benchmark Reform (Continued)

Market Developments (Continued)

The Alternative Reference Rates Committee (ARRC) also released the LIBOR Legacy Playbook in July 2022 which provided guidance compilation of best practices to aid market participants ensure the transition from LIBOR for Legacy LIBOR cash products.

Overall, the market has seen a strong uptick in momentum in the use of SOFR during the year thus far. It was noted that in late June 2022, the SOFR options activity exceeded Eurodollar Options activity for the first time.

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 period end. The analysis was prepared using the following assumptions:

- Interest-bearing assets and liabilities outstanding as at 30 June 2022 were outstanding at those levels for the whole period,
- Interest-bearing assets and liabilities denominated in currencies other than USD experienced similar movements in interest rates, and
- All other variables are held constant.

If interest rates had been 100 basis points higher or lower with the above assumptions applying, the Group's net profit for the period ended 30 June 2022 of USD 89,971,329 (December 2021: USD 173,943,777) would increase or decrease by USD 5,604,656 (December 2021: USD 11,939,077) as follows:

Effect on the Group's Net Profit:

The profit for the period ended 30 June 2022 would increase to USD 95,575,895 (December 2021: USD 185,882,852) or decrease to USD 84,366,673 (December 2021: USD 162,004,700).

The potential change is 6.2 % (December 2021: 6.9%) of the period's profit.

(ii) Currency risk

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

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

d) MARKET RISK (Continued)

(ii) Currency Risk (Continued)

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

The Group's currency position as at 30 June 2022 was as follows:

FINANCIAL ASSETS	USD	GBP	EURO	KES	SDG	UGX	AED	MWK	TZSH	ZMW	JPY	OTHER	TOTAL
Cash and balances with other banks	1,315,009,318	21,410	5,695,852	163,418	3,086,849	5,902,637	8,191	7,240,328	4,986,126	494,105	4,914	450,192	1,343,063,341
Investment in Government securities	-	-	-	-	-	-	-	-	-	69,182,746	-	-	69,182,746
Investment in Trade Fund	55,117,892	-	-	-	-	-	-	-	-	-	-	-	55,117,892
Other receivables*	19,485,817	-	-	-	-	-	-	-	-	-	-	-	19,485,817
Derivative Financial	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment	1,112,592,524	-	(1,039,486,839)	-	-	-	-	-	-	-	-	-	73,105,685
Trade finance loans	2,266,317,261	-	1,407,231,140	-	-	-	-	-	-	-	-	-	3,673,548,401
Project finance loans	1,625,740,882	-	338,427,724	-	-	-	-	-	-	-	-	-	1,964,168,606
Equity investments at fair value through other comprehensive income	69,553,623	-	-	-	-	-	-	-	-	-	-	-	69,553,623
Total financial assets	6,463,817,218	21,410	711,867,877	163,418	3,086,849	5,902,637	8,191	7,240,328	4,986,126	69,676,851	4,914	450,192	7,267,226,011
FINANCIAL LIABILITIES													
Short term borrowings	2,489,041,654	-	256,960,587	-	-	-	-	-	-	-	-	-	2,746,002,241
Long term borrowings	2,173,959,372	-	400,501,616	-	-	-	-	-	-	-	-	-	2,574,460,988
Collection account	44,528,365	-	296	-	3,029,806	-	-	7,217,842	-	623,291	-	-	55,399,007
Other payables**	125,170,785	-	-	814	-	-	-	-	-	-	-	3,986	125,175,585
Total financial liabilities	4,832,700,176	-	657,462,499	814	3,029,806	-	-	7,217,842	-	623,291	-	3,986	5,501,037,821
NET POSITION	1,631,117,042	21,410	54,405,378	162,604	57,043	5,902,637	8,191	22,486	4,986,126	69,053,560	4,914	446,206	1,766,188,190

*Excluded from 'other receivables' are non-financial assets particularly prepayments and other receivables in Note 25.

**Excluded from 'other payables' are non-financial liabilities particularly prepaid rent in Note 33.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

a) MARKET RISK (Continued)

(ii) Currency Risk (Continued)

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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

44. 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	ZMW	JPY
June 2022	2,099	5,701,910	(705)	215	197	-	(35,291)	15,560	493
	=====	=====	=====	=====	=====	=====	=====	=====	=====
December 2021	(56,039)	6,796,870	1,402	251	513,145	15	14,971	14,971	261,151
	=====	=====	=====	=====	=====	=====	=====	=====	=====

45. 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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

45. 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	
	JUNE	DECEMBER	JUNE	DECEMBER
	2022	2021	2022	2021
	USD	USD	USD	USD
RISK WEIGHTED ASSETS				
On-Statement of financial position assets	4,584,157,133	4,528,049,409	4,542,441,875	4,525,271,109
Off- Statement of financial position assets	59,217,323	35,961,881	59,217,323	35,961,881
	<hr/>	<hr/>	<hr/>	<hr/>
Total risk weighted assets	4,643,374,456	4,564,011,290	4,601,659,198	4,561,232,990
	<hr/>	<hr/>	<hr/>	<hr/>
CAPITAL				
Paid up capital	561,601,488	555,868,667	561,601,488	555,868,667
Retained earnings and reserves	1,277,367,520	1,176,163,777	1,276,971,932	1,176,495,907
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Total capital	1,838,969,008	1,732,032,444	1,838,573,420	1,732,364,574
	<hr/>	<hr/>	<hr/>	<hr/>
CAPITAL ADEQUACY RATIO	39.6%	37.9%	39.9%	38.0%
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In addition to its paid-up capital, the Group has access to additional capital in the form of callable capital. During the periods, the Group complied with its capital adequacy requirements. There were no events after the reporting date.

46. 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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

47. FINANCIAL INSTRUMENTS CATEGORIES

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

As at 30 June 2022:	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	1,343,063,341	-	-	1,343,063,341
Investment in Government securities	-	69,182,746	-	69,182,746
Investment in Trade Fund	-	55,117,890	-	55,117,890
Derivative financial instruments	-	73,105,685	-	73,105,685
Other receivables	19,485,819	-	-	19,485,819
Trade finance loans	3,673,548,401	-	-	3,673,548,401
Project finance loans	1,964,168,606	-	-	1,964,168,606
Equity investments at fair value through other comprehensive income	-	-	69,553,623	69,553,623
Total financial assets	7,000,266,167	197,406,321	69,553,623	7,267,226,111
Financial liabilities				
Collection account deposits	55,399,007	-	-	55,399,007
Short term borrowings	2,746,002,241	-	-	2,746,002,241
Long term borrowings	2,574,460,988	-	-	2,574,460,988
Other payables	114,361,939	-	-	114,361,939
Total financial liabilities	5,490,224,175	-	-	5,490,224,175

*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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

47. FINANCIAL INSTRUMENTS CATEGORIES (Continued)

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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

48. TRADE FINANCE LOAN PORTFOLIO

Country	As at 30 June 2022			As at 31 December 2021		
	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	3,882,476	1,949,143	1,933,333	5,819,262	1,952,596	3,866,666
Djibouti	7,590,423	141,224	7,449,199	7,139,512	7,139,512	-
Egypt	41,006,760	2,482,483	38,524,277	2,075,794	4,738	2,071,056
Eswatini	-	-	-	2,436,755	2,436,755	-
Ethiopia	798,103,877	416,943,238	381,160,639	681,474,121	225,170,236	456,303,885
Kenya	-	-	-	56,256,332	56,256,332	-
Madagascar	6,844,749	928,466	5,916,283	6,592,885	6,592,885	-
Malawi	341,920,968	88,386,571	253,534,397	323,761,658	217,288,574	106,473,084
Mauritius	36,270,123	13,175,810	23,094,313	68,872,903	57,320,527	11,552,376
Mozambique	21,017,655	953,736	20,063,919	26,199,432	6,135,512	20,063,920
Rwanda	257,711,948	2,479,665	255,232,283	241,845,844	2,516,497	239,329,347
South Sudan	69,714,010	-	69,714,010	59,681,374	59,681,374	-
Sudan	807,231,140	86,574,359	720,656,781	783,357,168	5,307,397	778,049,771
Tanzania	228,983,576	109,318,262	119,665,314	114,939,599	64,883,376	50,056,223
Uganda	15,031,237	15,031,237	-	15,031,237	6,614,911	8,416,326
Zambia	681,812,353	154,410,826	527,401,527	778,971,553	344,189,044	434,782,509
Zimbabwe	504,020,397	22,083,515	481,936,882	510,487,383	5,894,523	504,592,860
Gross Loans	3,821,141,692	914,858,535	2,906,283,157	3,684,942,812	1,069,384,789	2,615,558,023
Less: Impairment on trade finance loans (Note 20)	(147,593,291)	-	(147,593,291)	(105,901,128)	-	(108,466,556)
NET LOANS	3,673,548,401	914,858,535	2,758,689,866	3,579,041,684	1,069,384,789	2,507,091,467

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

49. PROJECT LOAN PORTFOLIO

Country	Amounts Disbursed USD	Interest Capitalized USD	Amounts Repaid USD	Interest Receivable USD	Balance Outstanding USD	As at 30 June 2022		As at 31 December 2021	
						Due within One year USD	Due after One year USD	Due within One year USD	Due after One year USD
Burundi	26,176,875	1,192,186	(14,649,726)	882,534	13,601,869	11,637,584	1,964,285	11,244,727	2,357,144
Comoros	21,663,797	-	(5,192,360)	99,681	16,571,118	2,453,955	14,117,163	2,488,668	15,589,776
Congo DRC	53,146,121	5,675,789	(4,570,452)	988,222	55,239,680	3,924,958	51,314,722	13,256,777	36,692,518
Djibouti	3,086,487	-	(440,927)	63,541	2,709,101	614,699	2,094,402	621,309	2,314,865
Eritrea	403,652	-	(403,652)	-	-	-	-	-	-
Ethiopia	163,547,220	23,506,050	(70,301,362)	7,466,399	124,218,307	35,035,928	89,182,379	25,444,469	98,864,260
Kenya	1,469,915,055	1,532,900	(952,130,462)	17,511,110	536,828,603	105,456,512	431,372,091	108,696,198	470,508,891
Madagascar	5,608,259	-	-	87,893	5,696,152	756,579	4,939,573	589,235	4,444,897
Malawi	60,793,337	2,920	(60,796,257)	-	-	-	-	-	-
Mauritius	169,365,596	8,635,108	(17,844,445)	5,096,163	165,252,422	5,689,918	159,562,504	5,915,879	133,763,617
Mozambique	129,461,026	5,041,349	(13,921,450)	325,275	120,906,200	11,485,598	109,420,602	78,998,898	14,233,766
Rwanda	450,975,279	6,104,568	(312,082,020)	2,104,138	147,101,965	30,168,186	116,933,779	28,806,159	131,848,601
Seychelles	94,155,554	-	(55,731,179)	596,828	39,021,203	10,709,658	28,311,545	11,580,174	31,106,994
Sudan	45,106,624	17,056,064	(25,392,904)	10,540,672	47,310,456	10,540,672	36,769,784	44,856,788	35,882,237
Tanzania	751,609,189	682,910	(378,443,155)	1,175,037	375,023,981	94,293,187	280,730,794	8,974,551	315,426,045
Uganda	575,008,235	6,103,522	(250,422,703)	9,240,323	339,929,377	75,330,220	264,599,157	94,795,747	306,132,327
Zambia	131,225,914	25,086,069	(145,253,686)	-	11,058,297	11,058,297	-	110,582,97	-
Zimbabwe	325,093,372	709,657	(317,683,880)	177,384	8,296,533	7,685,925	610,608	9,733,190	5,001,932
Gross loans	4,476,341,592	101,329,092	(2,625,594,623)	56,355,200	2,008,765,264	416,841,873	1,591,923,388	398,662,670	1,700,232,609
Less: Impairment on project loans (note 20)					(44,596,658)	-	(44,596,658)	-	(46,205,821)
NET LOANS					1,964,168,606	416,841,873	1,547,326,730	398,662,679	1,654,026,788

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

50. STATEMENT OF SUBSCRIPTIONS TO THE CAPITAL STOCK

As at 30 June 2022

Class 'A' shares	Shares Subscribed	Percentage of total	Value USD	Callable capital USD	Payable capital USD	Instalments Payable on 30.06.2022 USD	Instalments paid as at 30.06.2022 USD	Premium Paid as at 30.06.2022 USD	Total Paid as at 30.06.2022 USD
Belarus	1,900	1.49	43,067,300	34,453,840	8,613,460	5,888,887	5,888,887	724,832	6,613,719
Burundi	2,538	1.99	57,528,846	46,023,077	11,505,769	8,296,122	8,296,122	1,746,849	10,042,971
China	5,112	4.01	115,873,704	92,698,963	23,174,741	23,174,741	23,174,741	5,202,173	28,376,914
Comoros	274	0.21	6,210,758	4,968,606	1,242,152	856,813	856,813	121,274	978,086
Djibouti	601	0.47	13,622,867	10,898,294	2,724,573	1,863,227	1,863,227	231,218	2,094,445
DR Congo	8,877	6.96	201,214,959	160,971,967	40,242,992	27,676,407	27,676,408	3,819,641	31,496,048
Egypt	11,030	8.64	250,017,010	200,013,608	50,003,402	36,031,463	36,031,463	7,552,861	43,584,324
Eritrea	370	0.29	8,386,790	6,709,432	1,677,358	1,088,016	1,017,370	-	1,017,370
eSwatini	689	0.54	15,617,563	12,494,050	3,123,513	2,098,964	2,098,964	150,187	2,249,152
Ethiopia	12,133	9.51	275,018,711	220,014,969	55,003,742	40,081,603	40,081,583	7,643,111	47,724,694
Ghana	77	0.06	1,745,359	1,396,287	349,072	349,072	349,072	647,154	996,226
Kenya	11,556	9.05	261,939,852	209,551,882	52,387,970	35,088,516	35,088,516	6,094,279	41,182,795
Madagascar	683	0.54	15,481,561	12,385,249	3,096,312	2,053,630	2,053,630	88,076	2,141,706
Malawi	2,726	2.14	61,790,242	49,432,194	12,358,048	8,889,997	8,889,997	1,838,904	10,728,901
Mauritius	5,216	4.09	118,231,072	94,584,858	23,646,214	16,832,514	16,832,514	3,218,282	20,050,796
Mozambique	3,511	2.75	79,583,837	63,667,070	15,916,767	10,707,891	10,707,891	860,806	11,568,697
Rwanda	5,307	4.16	120,293,769	96,235,015	24,058,754	16,109,890	16,109,690	2,102,331	18,212,021
Seychelles	557	0.44	12,625,519	10,100,415	2,525,104	1,817,893	1,817,893	382,830	2,200,723
Somalia	490	0.38	11,106,830	8,885,464	2,221,366	1,441,621	1,348,016	-	1,348,016
South Sudan	3,500	2.74	79,334,500	63,467,600	15,866,900	10,843,893	10,843,893	1,402,392	12,246,285
Sudan	8,136	6.37	184,418,712	147,534,970	36,883,742	23,922,752	23,922,752	-	23,922,752
Tanzania	10,418	8.16	236,144,806	188,915,845	47,228,961	33,710,362	33,710,362	5,487,425	39,197,787
Uganda	8,150	6.39	184,736,050	147,788,840	36,947,210	26,103,317	26,103,317	4,668,926	30,772,244
Zambia	9,488	7.43	215,064,496	172,051,595	43,012,901	28,601,221	28,601,220	2,446,093	31,047,313
Zimbabwe	9,771	7.66	221,479,257	177,183,406	44,295,851	28,728,156	28,728,156	-	28,728,156
African Development Bank	4,519	3.54	102,432,173	81,945,738	20,486,435	20,486,435	20,486,435	4,658,997	25,145,432
	127,629	100.00	2,892,966,543	2,314,373,234	578,593,309	412,743,403	412,578,932	61,088,641	473,667,573

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

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

Class 'B' shares	Number of shares	Percentage of total	Payable capital USD	Instalments due as at period end USD	Paid up capital USD	Share premium USD	Total paid USD
As at 30 June 2022:							
African Development Bank	5,895	17.93	26,724,512	26,724,512	26,724,512	20,251,419	46,975,931
African Economic Research Consortium	179	0.54	811,481	811,481	811,481	1,246,296	2,057,777
African Reinsurance Corporation	837	2.55	3,794,472	3,794,472	3,794,472	2,283,598	6,078,070
Arab Bank for Economic Development in Africa	1,057	3.22	4,791,824	4,791,824	4,791,824	6,411,117	11,202,941
Banco Nacional de Inversión	931	2.83	4,220,613	4,220,613	4,220,613	1,817,161	6,037,774
Caisse Nationale de Sécurité Sociale Djibouti	800	2.43	3,626,728	3,626,728	3,626,728	6,426,422	10,053,150
Investment Fund for Developing Countries (IFC)	3,383	10.29	15,336,560	15,336,560	15,336,560	24,359,317	39,695,877
Mauritian Eagle Insurance Company Limited	283	0.86	1,282,957	1,282,957	1,282,957	496,437	1,779,394
National Pension Fund	2,018	6.14	9,148,441	9,148,441	9,148,441	4,780,872	13,929,314
National Social Security Fund Uganda	3,359	10.22	15,227,758	15,227,758	15,227,758	15,391,828	30,619,586
Opec Fund for International Development	2,153	6.55	9,760,453	9,760,453	9,760,453	11,444,657	21,205,110
People's Republic of China	3,729	11.34	16,905,124	16,905,124	16,905,124	7,299,692	24,204,816
Rwanda Social Security Board	3,649	11.10	16,542,450	16,542,450	16,542,450	12,039,506	28,581,956
Sacos Group Limited	213	0.65	965,618	965,618	965,618	1,217,251	2,182,869
Seychelles Pension Fund	1,078	3.28	4,887,026	4,887,026	4,887,026	2,718,805	7,605,831
TDB Directors and Select Stakeholders	224	0.68	1,015,485	1,015,485	1,015,485	99,875	1,115,360
TDB Staff Provident Fund	2,250	6.84	10,200,182	10,200,182	10,200,182	(1,823,176)	8,377,005
ZEP-Re-PTA Reinsurance Company	834	2.54	3,780,872	3,780,872	3,780,872	1,223,128	5,004,000
	32,872	100.00	149,022,556	149,022,556	149,022,556	117,684,205	266,706,761
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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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

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

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	4,568,927	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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

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

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