

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

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 2022**

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
CORPORATE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022

BOARD OF GOVERNORS

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

MEMBER STATES

Republic of Botswana

Republic of Burundi

Union of the Comoros

Democratic Republic of Congo

Republic of Djibouti

Arab Republic of Egypt

State of Eritrea

Kingdom of eSwatini

Federal Democratic Republic of Ethiopia

Republic of Ghana

Republic of Kenya

Republic of Madagascar

Republic of Malawi

Republic of Mauritius

Republic of Mozambique

Republic of Rwanda

Republic of Senegal

Republic of Seychelles

Federal Republic of Somalia

Republic of South Sudan

Republic of Sudan

United Republic of Tanzania

Republic of Uganda

Republic of Zambia

Republic of Zimbabwe

NON-REGIONAL COUNTRIES

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

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

INSTITUTIONAL MEMBERS

African Development Bank

African Economic Research Consortium (AERC)

African Reinsurance Corporation

AGDF Corporate Trust Ltd (Rwanda)

Arab Bank for Economic Development in Africa (BADEA)

Banco Nacional de Investimento

Board of Trustees of the National Social Security Fund of Tanzania

Caisse Nationale de la Sécurité Sociale (CNSS Djibouti)

Eagle Insurance Limited

Investment Fund for Developing Countries (IFU)

National Pensions Fund (Mauritius)

National Social Security Fund (Uganda)

OPEC Fund for International Development

PTA Reinsurance Company (ZEP-RE)

Rwanda Social Security Board (RSSB)

Sacos Life Assurance Company Limited

SICOM Global Fund Limited

Seychelles Pension Fund

TDB Directors and Select Stakeholders' Provident Fund

TDB Staff Provident Fund

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
CORPORATE INFORMATION (Continued)
FOR THE YEAR ENDED 31 DECEMBER 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, Zimbabwe and Botswana
Mr. Adele Tura Halake	Non-Executive Director for Kenya, Mozambique, Somalia, Zambia and Senegal
Mr. Gerald Kasaato	Non-Executive Director for Comoros, DRC, Sudan and Uganda
Mr. Solomon Quaynor	Non-Executive Director for African Institutions
Mr. Solomon Asamoah	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. Gerard Bussier	Alternate Non-Executive Director for Eritrea, Mauritius, Rwanda, Zimbabwe and Botswana
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 Nwabuo	Alternate Non-Executive Director for African Institutions
Ms. Isabel Sumar	Alternate Non-Executive Director for Kenya, Mozambique, Somalia, Zambia and Senegal
Mr. Liu Wenzhong	Alternate Non-Executive Director for Non-African States
Mr. Peter Simbani	Alternate Non-Executive Director for Burundi, Ethiopia, Malawi, Madagascar and Seychelles
TBC	Alternate Non-Executive Director for All Other Shareholders

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
CORPORATE INFORMATION (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

INDEPENDENT AUDITOR	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 YEAR ENDED 31 DECEMBER 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 year ended 31 December 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 year are set out on pages 11 to 14.

3. DIVIDEND

The Board has recommended a dividend of USD 385.42 (2021: USD 339.71) per share subject to the approval of the shareholders at the Annual General Meeting.

4. BOARD OF GOVERNORS

The current shareholders are shown on page 1.

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

5. DIRECTORS

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


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

6. AUDITOR

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


..... 2023


EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2022

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

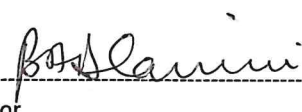
The directors accept responsibility for the preparation and presentation of these financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the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

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

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


Director


31/March 2023


Director


31 March 2023

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated and separate financial statements of Eastern and Southern African Trade and Development Bank (the "Bank") and its subsidiaries (together the "Group"), set out on pages 11 to 132, which comprise the consolidated and separate statements of financial position at 31 December 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and Bank as at 31 December 2022 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Bank's Charter.

Basis for Opinion

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

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

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

Key Audit Matter

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

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



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

Report on the Audit of the Financial Statements (Continued)

Key Audit Matter	How the matter was addressed in the audit
Impairment of loans and advances	
<p>The measurement of impairment of loans and advances at the end of the year involves significant judgements and estimates by Management and the Directors, which could have material impact on the financial position and the results of the Group and Bank.</p> <p>At 31 December 2022, the Group and Bank reported total gross trade finance loans of USD 4.495 billion and USD 174.46 million of expected credit loss (ECL) provisions, and total gross project loans of USD 2.011 billion and USD 30.720 million of ECL provisions. These are disclosed in Note 18 and Note 19, respectively, in the consolidated and separate financial statements.</p> <p>Measurement of the ECL on loans and advances was considered to be a key audit matter in our current year audit due to the following factors:</p> <ul style="list-style-type: none"> • Project Loans and Trade Finance Loans are material to the consolidated financial statements; • The level of subjective judgement applied in the determination of the ECL on loans; • The uncertainty related to global and local economic stress; and • The effect that ECL has on the impairment of loans and the Group's credit risk management. <p>The areas of significant management judgement include the modelling methodology applied to Stage 1 and Stage 2 exposures, which include:</p> <ul style="list-style-type: none"> • The judgement involved relating to input assumptions and methodologies applied to estimate the Probability of Default (PD), Exposure At Default (EAD) and Loss Given Default (LGD) within the ECL calculations; • The incorporation of forward-looking information (FLI) and macroeconomic inputs into the ECL calculations; • The assessment of whether there has been a Significant Increase in Credit Risk (SICR) event since origination date of the exposure to the reporting date (i.e. a trigger event that has caused a deterioration in credit risk and resulted in migration of the loan from Stage 1 to Stage 2); and • Assessing the impact of global economic developments on the forward- looking economic information incorporated into the respective models. 	<p>Our audit of the impairment of loans and advances included, amongst others, the following audit procedures performed with the assistance and involvement of our credit and actuarial experts:</p> <ul style="list-style-type: none"> (i) Assessed the design and implementation of the relevant financial reporting controls as well as the information technology controls relating to the processes used to calculate impairments of loans, and tested controls relating to data and model governance; (ii) Assessed the appropriateness of the ECL methodology, including any refinements against actual experience and industry practice; (iii) Assessed the quality of the data used in credit management, reporting and modelling for completeness and accuracy with specific focus on the appropriateness of assumptions made by management in determining the applicable macroeconomic inputs, credit ratings, EAD, PD, LGD and valuation of collateral in the current economic climate; (iv) For a sample of loans and advances, agreed the input data to underlying documentation; (v) Confirmed that the latest available FLI has been appropriately incorporated within the impairment models by comparing these to our own actuarial statistics and independent market data; (vi) Assessed the Group and Bank's probability-weighted macroeconomic scenario estimates and evaluated the outlined methodology, scenario views and associated probabilities in terms of the principles of IFRS 9, including the review of the approval of these macroeconomic variables through the appropriate governance structures; (vii) Selected a sample of loans and advances that have been assessed to have no indicators of SICR and determined if this was reasonable by forming an independent view based on available information on whether there was a significant increase in credit risk;

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

Report on the Audit of the Financial Statements (Continued)

Key Audit Matter	How the matter was addressed in the audit
<p>Impairment of loans and advances</p> <p>In addition, for Stage 3 exposures:</p> <ul style="list-style-type: none"> The assumptions used for estimating the recoverable amounts and timing of future cash flows of individual exposures which have been classified as non-performing. <p>Management overlays: Where there is uncertainty in respect of the respective models' ability to address specific trends or conditions due to inherent limitations of modelling based on past performance, the timing of model updates and macroeconomic events, additional provisions are made via management overlays.</p> <p>The related disclosures in the consolidated financial statements are included in:</p> <ul style="list-style-type: none"> Note 20 – Impairment allowance; Note 3(s)(ii) - Critical judgements in applying the Group' accounting policies; Note 3(t) – Key sources of estimation uncertainty; Note 43 - Significant judgement and estimates impacted by COVID-19; and Note 44 (b) – Financial Risk Management - Credit risk. 	<p>(viii) Tested the assumptions, inputs and formulas used in the ECL models. This included assessing the appropriateness of model design and formulas used, considering alternative modelling techniques and recalculating the Probability of Default, Loss Given Default and Exposure at Default;</p> <p>(ix) Reviewed the appropriateness of thresholds used to determine "SICR". The Bank bases this on both quantitative and qualitative indicators which was the basis of our review of the staging for a sample of the loans;</p> <p>(x) Evaluated the sufficiency and completeness of the disclosures in the notes of the consolidated and separate financial statements in compliance with IFRS;</p> <p>(xi) In respect to Stage 3 advances, inspected a sample of legal agreements and underlying documentation to assess the legal right to and existence of collateral and expected timing of future cash flows; and</p> <p>(xii) Assessed the reasonableness of post model adjustments raised by management (such as adjustments made to coverage held for COVID-19 relief to allow for the impact of delayed arrears recognition), including independent considerations taking into account industry and client/portfolio specific risk; and</p> <p>Based on the procedures described above, our audit evidence was consistent with the inputs in the ECL on loans and advances which were found to be within an acceptable range in the context of IFRS 9.</p> <p>In respect of the review of the sufficiency and completeness of disclosures, we found the disclosures to be consistent with the provisions of IFRS in all material respects.</p>

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

Report on the Audit of the Financial Statements (Continued)

Other Information

The directors are responsible for the other information which comprises the Corporate Information, the Report of the directors and Statement of Directors' Responsibilities, which we obtained prior to this auditors' report and the Annual Report, and the document titled "TDB annual report 2022" which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements, and our auditor's report thereon.

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

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

Responsibilities of the directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Bank's internal control.

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

Report on the Audit of the Financial Statements (Continued)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Bank to cease to continue as going concerns.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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



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

Date:  2023

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 USD	2021 USD Restated
INCOME			
Interest income	4	525,046,694	426,799,302
Interest expense	5	(220,652,804)	(169,668,911)
Other borrowing costs	6	(10,705,937)	(18,892,076)
Interest and similar expense		(231,358,741)	(188,560,987)
Net interest income		293,687,953	238,238,315
Fee and commission income	7	50,545,247	52,945,017
Gain/(loss) on financial assets designated at fair value through profit or loss	17	9,044,686	(1,905,701)
Net trading income		353,277,886	289,277,631
Risk mitigation costs	8	(42,284,466)	(40,636,360)
Other income	9	6,878,889	2,955,625
OPERATING INCOME		317,872,309	251,596,896
EXPENDITURE			
Operating expenses	10(a)	(50,248,276)	(45,975,063)
Impairment on other financial assets	12	(4,069,955)	(698,625)
Impairment allowance on loans	20	(51,752,149)	(31,965,646)
Net foreign exchange (loss)/gain	13	(2,002,842)	3,229,849
TOTAL EXPENDITURE		(108,073,222)	(75,409,485)
PROFIT FOR THE YEAR		209,799,087	176,187,411
OTHER COMPREHENSIVE INCOME			
Items that will not be subsequently reclassified to profit or loss:			
Fair value gain through other comprehensive income – Equity investments	21	8,427,695	7,090,952
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		218,226,782	183,278,363
Profit for the year is attributable to:			
Owners of the Bank		206,682,733	175,456,817
Non-controlling interest		3,116,354	730,594
		209,799,087	176,187,411
Total comprehensive income is attributable to:			
Owners of the Bank		215,110,428	182,547,769
Non-controlling interest		3,116,354	730,594
		218,226,782	183,278,363
EARNINGS PER SHARE:			
Basic	15	1,638	1,438
Diluted	15	1,265	1,402

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 USD	2021 USD Restated
INCOME			
Interest income	4	517,363,891	423,570,371
Interest expense	5	(220,652,804)	(169,668,911)
Other borrowing costs	6	(10,705,937)	(18,892,076)
Interest and similar expense		(231,358,741)	(188,560,987)
Net interest income		286,005,150	235,009,384
Fees and commission income	7	50,545,247	52,945,017
Gain/(loss) on financial assets designated at fair value through profit or loss	17	9,044,686	(1,905,701)
Net trading income		345,595,083	286,048,700
Risk mitigation costs	8	(42,284,466)	(40,636,360)
Other income	9	8,651,050	1,601,582
OPERATING INCOME		311,961,667	247,013,922
EXPENDITURE			
Operating expenses	10(a)	(45,952,462)	(43,246,957)
Impairment on other financial assets	12	(4,069,955)	(698,625)
Impairment allowance on loans	20	(51,752,149)	(31,965,646)
Net foreign exchange (loss)/gain	13	(2,051,108)	3,229,849
TOTAL EXPENDITURE		(103,825,674)	(72,681,379)
PROFIT FOR THE YEAR		208,133,993	174,332,543
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be subsequently reclassified to profit and loss:</i>			
Fair value gain through other comprehensive income – Equity investments	21	8,427,695	7,090,952
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS		216,561,688	181,423,495
EARNINGS PER SHARE:			
Basic	15	1,650	1,429
Diluted	15	1,274	1,394

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 USD	2021 Restated USD	January 1, 2021 Restated USD
ASSETS				
Cash and balances held with other banks	16	1,737,616,838	1,981,029,910	1,544,856,975
Derivative financial instruments	17	-	57,634,835	-
Trade finance loans	18	4,320,267,145	3,579,041,684	3,084,634,815
Project loans	19	1,980,753,431	2,052,889,467	2,224,776,722
Investment in Government securities	23	57,227,132	83,950,034	120,928,084
Other receivables	25	178,610,702	143,451,976	184,346,617
Equity investments at fair value through other comprehensive income	21	71,452,098	61,078,070	53,987,118
Investment in joint venture		-	-	317,010
Property and equipment	26	42,527,853	35,562,919	29,331,571
Right-of-use assets	27	2,577,584	3,053,898	3,348,569
Intangible assets	28	713,493	1,507,557	1,998,699
TOTAL ASSETS		8,391,746,276	7,999,200,350	7,248,526,180
LIABILITIES AND EQUITY				
LIABILITIES				
Collection account deposits	29	123,759,079	64,979,105	93,275,106
Derivative financial instruments	17	17,826,383	-	41,329,500
Lease liabilities	30	244,246	612,758	1,087,250
Short term borrowings	31	3,489,331,681	2,663,462,546	2,407,476,876
Provision for service and leave pay	34	11,466,069	11,287,734	9,957,779
Redeemable loan payable to non-controlling interest	33	65,246,073	51,439,560	-
Other payables	33	159,605,368	103,152,269	86,137,567
Long term borrowings	32	2,556,560,813	3,374,096,364	3,051,524,280
TOTAL LIABILITIES		6,424,039,712	6,269,030,336	5,690,788,358
EQUITY				
Share capital	35	580,439,034	555,868,667	534,933,840
Share premium	35	217,131,484	176,188,495	146,999,927
Retained earnings		1,068,367,493	915,153,426	804,317,105
Proposed dividend		49,431,823	41,403,979	37,691,195
Fair value reserve		29,035,466	20,607,771	13,516,819
Management reserve	36	19,842,911	19,842,911	19,842,911
Equity attributable to owners of the Bank		1,964,248,211	1,729,065,249	1,557,301,797
Non-controlling interest		3,458,353	1,104,765	436,025
TOTAL EQUITY		1,967,706,564	1,730,170,014	1,557,737,822
TOTAL LIABILITIES AND EQUITY		8,391,746,276	7,999,200,350	7,248,526,180

The notes on pages 20 to 132 are an integral part of these financial statements.

The financial statements were approved by the board of directors on 31st March 2023 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 31 DECEMBER 2022

	Note	2022 USD	2021 Restated USD	January 1, 2021 Restated USD
ASSETS				
Cash and balances held with other banks	16	1,697,241,545	1,970,882,704	1,539,158,445
Derivative financial instruments	17	-	57,634,835	-
Trade finance loans	18	4,320,267,145	3,579,041,684	3,084,634,815
Project loans	19	1,980,753,431	2,052,889,467	2,224,776,722
Investment in Government securities	23	57,227,132	83,950,034	120,928,084
Other receivables	25	48,630,140	40,903,159	136,817,961
Equity investments at fair value through other comprehensive income	21	71,452,098	61,078,070	53,987,118
Investment in joint venture		-	-	317,010
Investment in subsidiaries	22	82,136,257	50,663,874	46,619,723
Property and equipment	26	42,527,853	35,562,919	29,331,571
Right-of-use assets	27	2,577,584	3,053,898	3,348,569
Intangible assets	28	713,492	1,507,557	1,998,699
TOTAL ASSETS		8,303,526,677	7,937,168,201	7,244,918,717
LIABILITIES AND EQUITY				
LIABILITIES				
Collection account deposits	29	123,759,079	64,979,105	93,275,106
Derivative financial instruments	17	17,826,383	-	41,329,500
Lease liabilities	30	244,246	612,758	1,087,250
Short term borrowings	31	3,489,331,681	2,663,462,546	2,407,476,876
Provision for service and leave pay	34	11,466,069	11,287,734	9,957,779
Other payables	33	138,863,405	95,108,410	86,003,099
Long term borrowings	32	2,556,560,813	3,374,096,364	3,051,524,280
TOTAL LIABILITIES		6,338,051,676	6,209,546,917	5,690,653,890
EQUITY				
Share capital	35	580,439,034	555,868,667	534,933,840
Share premium	35	217,131,484	176,188,495	146,999,927
Retained earnings		1,069,594,283	913,709,461	801,280,135
Proposed dividend		49,431,823	41,403,979	37,691,195
Fair value reserve		29,035,466	20,607,771	13,516,819
Management reserve	36	19,842,911	19,842,911	19,842,911
TOTAL EQUITY		1,965,475,001	1,727,621,284	1,554,264,827
TOTAL LIABILITIES AND EQUITY		8,303,526,677	7,937,168,201	7,244,918,717

The notes on pages 20 to 132 are an integral part of these financial statements

The financial statements were approved by the board of directors on 31st March 2023 and were signed on its behalf by:


Group MD & CEO/Director


Director

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Share Capital	Share premium		Proposed Dividend	Fair value Reserve	Management Reserve (Note 35)	Total	Non-controlling interest	Total
		USD	USD		USD	USD	USD	USD	USD	USD
At 1 January 2021										
As previously stated		534,933,840	146,999,927	801,599,826	37,691,195	16,294,397	19,842,911	1,557,362,096	436,025	1,557,798,121
Restatement (Note 24)		-	-	-	-	(2,777,578)	-	(2,777,578)	-	(2,777,578)
At 1 January 2021-restated		534,933,840	146,999,927	801,599,826	37,691,195	13,516,819	19,842,911	1,554,584,518	436,025	1,555,020,543
Capital subscriptions	35	20,934,827	-	-	-	-	-	20,934,827	-	20,934,827
Share Premium	35	-	29,188,568	-	-	-	-	29,188,568	-	29,188,568
General Capital Increase 2 (GCI-2) share allotment*	35	-	-	(20,499,238)	-	-	-	(20,499,238)	-	(20,499,238)
Proposed dividend	35	-	-	(41,403,979)	41,403,979	-	-	-	-	-
Dividend declared and paid	35	-	-	-	(28,125,735)	-	-	(28,125,735)	(61,854)	(28,187,589)
Dividend declared and payable	35	-	-	-	(9,565,460)	-	-	(9,565,460)	-	(9,565,460)
Other comprehensive income	21	-	-	-	-	7,090,952	-	7,090,952	-	7,090,952
Profit for the year		-	-	175,456,817	-	-	-	175,456,817	730,594	176,187,411
At 31 December 2021 - Restated		555,868,667	176,188,495	915,153,426	41,403,979	20,607,771	19,842,911	1,729,065,249	1,104,765	1,730,170,014
		=====	=====	=====	=====	=====	=====	=====	=====	=====

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Share Capital	Share premium	Retained earnings	Proposed Dividend	Fair value Reserve	Management Reserve (Note 35)	Total	Non-controlling interest	Total
		USD	USD	USD	USD	USD	USD	USD	USD	USD
At 1 January 2022		555,868,667	176,188,495	915,153,426	41,403,979	20,607,771	19,842,911	1,729,065,249	1,104,765	1,730,170,014
Capital subscriptions	35	24,570,367	-	-	-	-	-	24,570,367	-	24,570,367
Share Premium	35	-	40,942,989	-	-	-	-	40,942,989	-	40,942,989
Proposed dividend	35	-	-	(49,431,823)	49,431,823	-	-	-	-	-
Dividend declared and paid	35	-	-	-	(32,629,077)	-	-	(32,629,077)	-	(32,629,077)
Dividend declared and payable	35	-	-	-	(8,774,902)	-	-	(8,774,902)	-	(8,774,902)
Acquisition of 100% stake in ESATAL	22	-	-	(1,219,495)	-	-	-	(1,219,495)	(762,766)	(1,982,261)
ESATF Reserves on acquisition		-	-	(2,817,348)	-	-	-	(2,817,348)	-	(2,817,348)
Other comprehensive income	21	-	-	-	-	8,427,695	-	8,427,695	-	8,427,695
Profit for the year		-	-	206,682,733	-	-	-	206,682,733	3,116,354	209,799,087
At 31 December 2022		580,439,034 =====	217,131,484 =====	1,068,367,493 =====	49,431,823 =====	29,035,466 =====	19,842,911 =====	1,964,248,211 =====	3,458,353 =====	1,967,706,564 =====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Share Capital USD	Share premium USD	Retained earnings USD	Proposed dividend USD	Fair value Reserve USD	Management Reserve (Note 35) USD	Total equity USD
At 1 January 2021 -As previously stated		534,933,840	146,999,927	801,280,135	37,691,195	16,294,397	19,842,911	1,557,042,405
Restatement	24	-	-	-	-	(2,777,578)	-	(2,777,578)
At 1 January 2021 - Restated		534,933,840	146,999,927	801,280,135	37,691,195	13,516,819	19,842,911	1,554,264,827
Capital subscriptions	35	20,934,827	-	-	-	-	-	20,934,827
Share Premium	35	-	29,188,568	-	-	-	-	29,188,568
General Capital Increase 2 (GCI-2) share allotment*	35	-	-	(20,499,238)	-	-	-	(20,499,238)
Proposed dividend	35	-	-	(41,403,979)	41,403,979	-	-	-
Dividend declared and paid	35	-	-	-	(28,125,735)	-	-	(28,125,735)
Dividend declared and payable	35	-	-	-	(9,565,460)	-	-	(9,565,460)
Other comprehensive income	21	-	-	-	-	7,090,952	-	7,090,952
Profit for the year		-	-	174,332,543	-	-	-	174,332,543
At 31 December 2021		555,868,667 =====	176,188,495 =====	913,709,461 =====	41,403,979 =====	20,607,771 =====	19,842,911 =====	1,727,621,284 =====
At 1 January 2022		555,868,667	176,188,495	913,709,461	41,403,979	20,607,771	19,842,911	1,727,621,284
Capital subscriptions	35	24,570,367	-	-	-	-	-	24,570,367
Share Premium	35	-	40,942,989	-	-	-	-	40,942,989
Proposed dividend	35	-	-	(49,431,823)	49,431,823	-	-	-
Dividend declared and paid	35	-	-	-	(32,629,077)	-	-	(32,629,077)
Dividend declared and payable	35	-	-	-	(8,774,902)	-	-	(8,774,902)
ESATF Reserves on acquisition				(2,817,348)	-	-	-	(2,817,348)
Other comprehensive income	21	-	-	-	-	8,427,695	-	8,427,695
Profit for the year		-	-	208,133,993	-	-	-	208,133,993
At 31 December 2022		580,439,034 =====	217,131,484 =====	1,069,594,283 =====	49,431,823 =====	29,035,466 =====	19,842,911 =====	1,965,475,001 =====

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 USD	2021 Restated USD
OPERATING ACTIVITIES			
Cash used in from operations	37(a)	(360,426,613)	(33,465,209)
Interest received		276,724,628	601,100,946
Interest paid		(195,983,371)	(162,529,549)
		=====	=====
Net cash (used in)/ generated from operations	37(a)	(279,685,356)	405,106,188
INVESTING ACTIVITIES			
Purchase of property and equipment	26	(7,967,661)	(7,211,038)
Purchase of intangible assets	28	-	(354,576)
Acquisition of equity investments	21	(1,946,333)	-
Redemption of government securities	23	26,722,902	36,978,050
		=====	=====
Net cash generated from investing activities		16,808,908	29,412,436
FINANCING ACTIVITIES			
Proceeds from capital subscriptions	35	24,570,367	10,781,652
Proceeds from share premium	35	40,942,989	18,842,505
Payment of dividends	35	(39,115,166)	(28,125,735)
Payment of lease liabilities	30	(605,605)	(891,826)
		=====	=====
Net cash generated from financing activities		25,792,585	606,596
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(237,083,863)	435,125,220
Unrealized foreign exchange gain/(loss)	13	2,763,240	(3,111,975)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,971,937,461	1,539,924,216
		=====	=====
CASH AND CASH EQUIVALENTS AT END OF YEAR	37(c)	1,737,616,838	1971,937,461
		=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 USD	2021 Restated USD
OPERATING ACTIVITIES			
Cash used in/generated from operations	37(a)	(364,673,475)	16,522,686
Interest received		269,041,825	601,100,946
Interest paid		(189,034,246)	(162,529,549)
		=====	=====
Net cash (used in)/generated from operations	37(a)	(284,665,896)	455,094,083
INVESTING ACTIVITIES			
Purchase of property and equipment	26	(7,967,661)	(7,211,038)
Purchase of intangible assets	28	-	(354,576)
Acquisition of equity investments	21	(1,946,333)	-
Investment in subsidiaries	22	(34,289,730)	(50,276,880)
Redemption of government securities	23	26,722,902	36,978,050
		=====	=====
Net cash used in investing activities		(17,480,822)	(20,864,444)
FINANCING ACTIVITIES			
Proceeds from capital subscriptions	35	24,570,367	10,781,651
Proceeds from share premium	35	40,942,989	18,842,505
Payment of dividends	35	(39,115,166)	(28,125,735)
Payment of lease liabilities	30	(605,605)	(891,826)
		=====	=====
Net cash generated from financing activities		25,792,585	606,595
		=====	=====
INCREASE IN CASH AND CASH EQUIVALENTS		(276,354,133)	434,836,234
Unrealized foreign exchange gain/(loss)	13	2,712,974	(3,111,975)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,970,882,704	1,539,158,445
		=====	=====
CASH AND CASH EQUIVALENTS AT END OF YEAR	37(c)	1,697,241,545	1,970,882,704
		=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 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 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 year ended 31 December 2022

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

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

Amendments to IAS 16 - Property, Plant and Equipment-Proceeds before intended use	<p>These are amendments regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.</p> <p>This amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.</p> <p>An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.</p> <p>The changes did not have material impact on the financial statements of the Group.</p>
Amendments to IAS 37: Onerous Contracts- Cost of Fulfilling a Contract	<p>The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).</p>

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

i) Relevant new standards and amendments to published standards effective for the year ended 31 December 2022 (continued)

Amendments to IFRS 3: Reference to the Conceptual Framework	<p>The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.</p> <p>The changes in Reference to the Conceptual Framework are as follows;</p> <ul style="list-style-type: none"> a) Update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; b) Add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and c) Add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. <p>The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references at the same time or earlier.</p> <p>The changes did not have material impact on the financial statements of the Group</p>
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ii) Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle;

IFRS 1 First-time Adoption of International Financial Reporting Standards.	<p>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 Accounting 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).</p> <p>The changes did not have material impact on the financial statements of the Group.</p>
IFRS 9 Financial Instruments	<p>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.</p> <p>The changes did not have material impact on the financial statements of the Group.</p>
IFRS 16 Leases	<p>The amendment removes the illustration of the reimbursement of leasehold improvements. The changes did not have material impact on the financial statements of the Group.</p>
IAS 41 Agriculture	<p>The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The changes did not have material impact on the financial statements of the Group.</p>

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

iii) 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.

New and Amendments to standards	Effective for annual periods beginning on or after
Amendments to IFRS 10 and IAS 28 <i>Sale or Contribution of Assets between an investor and its Associate or Joint Venture</i>	1 January 2023, with early application permitted.
IFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to IAS 1- <i>Classification of liabilities as current or non-current</i>	1 January 2023, with earlier application permitted
Amendments to IAS 1 and IFRS practice statement 2: <i>Disclosure of accounting policies</i>	1 January 2023, with earlier application permitted
Amendments to IAS 8: <i>Definition of accounting estimates</i>	1 January 2023, with earlier application permitted
Amendments to IAS 12: <i>Deferred Tax related to Assets and Liabilities arising from a Single</i>	1 January 2023, with earlier application permitted
Amendments to IFRS 16-Lease Liability in a Sale and Leaseback	1 January 2024, with earlier application permitted

IFRS 17 Insurance Contracts	<p>IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.</p> <p>IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.</p> <p>The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.</p> <p>In June 2021, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023.</p> <p>IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.</p> <p>For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.</p> <p>The Directors expect that the adoption of the Standard to affect the Group accounts and are therefore assessing the impact on the financial statements of the Group.</p>
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2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS -IFRS (Continued)

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

<p>IFRS 10 and IAS 28 (amendments) <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i></p>	<p>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.</p> <p>In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The directors of the Bank anticipate that the application of these amendments may have an impact on the Group's financial statements in future periods should such transactions arise.</p>
<p>Amendments to IAS 1- Classification of Liabilities as Current or Non-current</p>	<p>The amendments aim at providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.</p> <p>The amendments in Classification of Liabilities as Current or Non-current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position- not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items.</p> <p>They clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability; clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. In July 2021, the Board tentatively decided to defer the effective date of the 2020 amendments to no earlier than 1 January 2024.</p> <p>The Directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.</p>

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

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

<p>Amendments to IAS 8: Definition of accounting estimates</p>	<p>The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.</p> <p>Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.</p> <p>The changes to IAS 8 focus entirely on accounting estimates and clarify the following:</p> <ul style="list-style-type: none"> a) The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. b) Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. c) The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. d) A change in an accounting estimate may affect only the current period’s profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods. <p>The amendments are effective for annual periods beginning on or after 1 January 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.</p> <p>The Directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.</p>
<p>Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</p>	<p>The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.</p> <p>The main change in Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) is an exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24.</p> <p>Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.</p> <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.</p> <p>The Directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.</p>

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

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

<p>Amendments to IAS 1 and IFRS practice statement 2: Disclosure of accounting policies</p>	<p>The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.</p> <p>Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) amends IAS 1 in the following ways:</p> <ul style="list-style-type: none"> a) An entity is now required to disclose its material accounting policy information instead of its significant accounting policies; b) several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material; c) the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial; the amendments clarify that accounting policy information is material if users of an entity’s financial statements would need it to understand other material information in the financial statements; and d) the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. <p>In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ to accounting policy information in order to support the amendments to IAS 1.</p> <p>The amendments are applied prospectively. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2.</p> <p>The Directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.</p>
<p>Lease Liability in a Sale and Leaseback – Amendments to IFRS 16</p>	<p>The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.</p> <p>After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines ‘lease payments’ or ‘revised lease payments’ in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16. The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining ‘lease payments’ that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.</p> <p>A seller-lessee applies the amendment to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted and that fact must be disclosed.</p> <p>The Directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.</p>

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

Earnings per share

The Group presents basic and diluted EPS data on its Class A and B shares which have equal rights to earnings. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of shares in issue. The weighted average number of shares in issue is calculated based on the capital instalments due at the end of the year. Diluted earnings per share takes into account the dilutive effect of the Class A shares issued but not paid up. Class B shares are all paid up on issue and therefore have no dilutive effect.

(j) Financial instruments

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

Initial Recognition and Measurement

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

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

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

Amortised cost

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (continued)

Initial Recognition and Measurement (continued)

Fair Value through Other Comprehensive Income (FVOCI) – Equity

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

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 year and cumulatively over the life of the financial asset.

Business Model Assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior 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.

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.

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;

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

Measurement of ECLs (Continued)

- 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 re-organisation;
- 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	<p>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.</p> <p>The Group has made an assessment that this classification and explanation is consistent with the requirements of IFRS 9.</p>
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 44. 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> <p>The Group has made an assessment that this classification and explanation is consistent with the requirements of IFRS 9.</p>

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

Classification of loans under IFRS 9 (Continued)

Classification	Explanation of Stage
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. 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> <p>The Group has made an assessment that this classification and explanation is consistent with the requirements of IFRS 9.</p>

Internally, management has also referred stage 1 as pass/acceptable category, stage 2 as special mention and stage 3 as 'substandard, doubtful and loss' accounts.

Derivative financial instruments

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

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

(k) Employee entitlements

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

(l) Retirement benefit costs

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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Cash and cash equivalents

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

(o) Leases

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

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

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

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

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

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

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Leases (Continued)

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

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

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

(p) Provisions for other liabilities

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

(q) Collection accounts deposits

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

(r) Segment reporting

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 year.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

4.	INTEREST INCOME	GROUP		BANK	
		2022	2021	2022	2021
		USD	Restated USD	USD	USD
	On loans and facilities:				
	Project finance loans*	160,872,236	151,610,883	160,872,236	151,610,883
	Trade finance loans*	273,631,492	186,522,536	273,631,492	186,522,536
		<hr/>	<hr/>	<hr/>	<hr/>
		434,503,728	338,133,419	434,503,728	338,133,419
	On placements:				
	Deposits/Held at amortised cost	82,860,163	85,436,952	82,860,163	85,436,952
	Other	7,682,803	3,228,931	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		525,046,694	426,799,302	517,363,891	423,570,371
		=====	=====	=====	=====
*Interest income is recognised on an accrual basis using the effective interest rate method in line with IFRS 9.					
5.	INTEREST EXPENSE	GROUP AND BANK			
		2022	2021		
		USD	USD		
	Regional and International Bond Markets	69,382,530	80,405,538		
	Interest payable on funds borrowed from banks and financial institutions	121,853,239	67,504,528		
	Amortisation of deferred borrowing cost	15,755,100	11,555,103		
	Other institutions	13,661,935	10,203,742		
		<hr/>	<hr/>		
		220,652,804	169,668,911		
		=====	=====		
6.	OTHER BORROWING COSTS				
	Facility and management fees	6,389,562	12,981,883		
	Commitment fees	3,640,283	1,823,822		
	Other costs	455,874	3,828,578		
	Bank commission	139,915	169,131		
	Agency costs	80,303	76,633		
	Technical grants fees and expenses	-	12,029		
		<hr/>	<hr/>		
		10,705,937	18,892,076		
		=====	=====		
7	FEE AND COMMISSION INCOME				
	Upfront fees in trade finance	28,022,601	20,365,988		
	Letter of credit fees in trade finance	6,176,899	7,939,769		
	Management fees in trade finance	5,509,535	5,964,237		
	Facility fees on project finance	3,824,500	7,636,125		
	Commitment fees on project finance	2,134,906	-		
	Syndication Fees in project	1,084,493	202,400		
	Drawdown fees in trade finance	814,521	1,289,364		
	Appraisal fees on project finance	760,343	1,661,893		
	Restructuring fees in project finance	633,823	308,886		
	Document handling fees in trade finance	400,337	499,148		
	Management project fees	385,044	445,071		
	Guarantee fees in trade finance	232,585	63,438		
	Drawdown project fees	197,250	3,931,850		
	Commitment Fees in trade finance	140,383	371,439		
	Other fees in trade finance	90,765	57,463		
	Restructuring fees in trade finance	67,770	475,697		
	Other project fees	44,492	1,563,688		
	Guarantee fees in project finance	25,000	73,130		
	Letter of credit fees in project finance	-	95,431		
		<hr/>	<hr/>		
		50,545,247	52,945,017		
		=====	=====		

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

8.	RISK MITIGATION COSTS	GROUP AND BANK	
		2022 USD	2021 USD
	Insurance cover costs*	31,138,235	35,239,230
	Risk down-selling costs **	-	683,526
	Risk participation costs ***	11,146,231	4,713,604
		<u>42,284,466</u>	<u>40,636,360</u>
		=====	=====

*These are premiums on insurance cover taken on loans made to various borrowers. As at 31 December 2022, the insurance cover was USD 1.73 billion (December 2021: USD 1.54 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.

** Risk down-selling costs represent fees paid to acquirers of loan assets distributed via the secondary market. During the year ended 31 December 2022, the Group did not down-sell any assets (2021 – USD 206 million).

***Risk participation costs relate to fees paid to other financial institutions in agreements where the Bank sells its exposures to contingent obligations. In 2022, TDB risk participation was USD 593.08 million (2021: USD 427.45 million).

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.

9.	OTHER INCOME	GROUP		BANK	
		2022 USD	2021 Restated USD	2022 USD	2021 USD
	Impaired assets recovered *	5,545,643	-	5,545,643	-
	Dividend income	485,586	772,707	1,918,706	1,096,721
	Interest on staff loans	307,410	250,184	307,410	250,184
	Miscellaneous income	540,250	1,932,734	879,291	254,677
		<u>6,878,889</u>	<u>2,955,625</u>	<u>8,651,050</u>	<u>1,601,582</u>
		=====	=====	=====	=====

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

10(a)	OPERATING EXPENSES	GROUP		BANK	
		2022 USD	2021 Restated USD	2022 USD	2021 USD
	Staff costs (note 10)	32,433,915	34,443,386	32,433,915	34,443,386
	Other operating expenses	6,275,164	4,497,341	2,039,482	1,795,702
	Consultants and advisers	4,467,525	2,275,586	4,467,525	2,275,586
	Business promotion	1,265,823	1,046,196	1,265,823	1,046,196
	Depreciation of property and equipment	1,001,654	979,443	1,001,654	979,443
	Amortisation of intangible assets	794,065	845,718	794,065	845,718
	Depreciation of right-of-use asset	610,672	587,290	610,672	587,290
	Official missions	1,443,493	555,015	1,443,493	555,015
	Board of Directors meetings	774,668	347,720	774,668	347,720
	Interest on lease liability	102,735	124,716	102,735	124,716
	Audit fees	146,332	110,467	86,200	84,000
	Short term leases and other rentals	137,568	90,408	137,568	90,408
	Board of Governors meetings	793,589	71,530	793,589	71,530
	Loss on disposal of property and equipment	1,073	247	1,073	247
		<u>50,248,276</u>	<u>45,975,063</u>	<u>45,952,462</u>	<u>43,246,957</u>
		=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

	GROUP AND BANK	
	2022 USD	2021 USD
10 (b). STAFF COSTS		
Salaries and wages	17,451,730	16,816,129
Staff reward and recognition scheme	4,813,098	7,714,162
School fees for dependents	3,287,977	2,955,748
Staff provident fund contributions-defined contribution plan	3,071,295	2,979,447
Medical costs	1,265,945	1,375,259
Service pay provision	1,185,365	1,180,534
Other costs*	1,049,486	883,099
Leave pay expense	309,019	539,008
	<u>32,433,915</u>	<u>34,443,386</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

	2022 USD	2021 USD
Other receivables (Note 25)	4,069,955	698,625
	=====	=====

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

13. NET FOREIGN EXCHANGE GAINS AND LOSSES

	GROUP		BANK	
	2022 USD	2021 USD	2022 USD	2021 USD
Realized foreign exchange gains	760,398	117,874	661,866	117,874
Unrealized foreign exchange (Losses) /gains	(2,763,240)	3,111,975	(2,712,974)	3,111,975
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total foreign exchange (losses)/ gains	(2,002,842)	3,229,849	(2,051,108)	3,229,849
	=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED 31 DECEMBER 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 one of TDB's principal offices. Since the subsidiaries (ESATAL, ESAIF, TCI, ESATF and TDF) are creatures of the TDB Charter which is in force in Mauritius and given that they are subsidiaries of TDB, the companies benefit from tax exemption, immunities and privileges under TDB.

For the year ended 31 December 2022, the Group had no tax liability (December 2021: NIL).

15. EARNINGS PER SHARE

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

	GROUP		BANK	
	2022	2021	2022	2021
		Restated		
EARNINGS:	USD	USD	USD	USD
Earnings for the purpose of the basic earnings per share being net profit attributable to shareholders	206,682,733	175,456,817	208,133,993	174,332,543
	=====	=====	=====	=====
Earnings for the purpose of the diluted earnings per share	206,682,733	175,456,817	208,133,993	174,332,543
	=====	=====	=====	=====
NUMBER OF SHARES:				
Weighted average number of shares for the purpose of basic earnings per share:				
Class A	92,565	90,155	92,565	90,155
Class B	31,006	31,831	31,006	31,831
Class C	2,597	-	2,597	-
	-----	-----	-----	-----
	126,168	121,986	126,168	121,986
	=====	=====	=====	=====
Basic Earnings Per Share	1,638	1,438	1,650	1,429
	=====	=====	=====	=====
Weighted average number of shares for the purpose of diluted earnings per share:				
Class A	128,082	92,890	128,082	92,890
Class B	32,628	32,214	32,628	32,214
Class C	2,690	-	2,690	-
	-----	-----	-----	-----
	163,400	125,104	163,400	125,104
	=====	=====	=====	=====
Diluted Earnings Per Share	1,265	1,402	1,274	1,394
	=====	=====	=====	=====

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

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

Diluted earnings per share takes into account the dilutive effect of shares issued but not paid up.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

16. CASH AND BALANCES HELD WITH OTHER BANKS

	GROUP		BANK	
	2022	2021	2022	2021
	USD	Restated USD	USD	USD
Current accounts – Note 16 (i)	178,789,499	456,589,255	138,414,206	446,442,049
Call and term deposits with banks – Note 16 (ii)	1,558,827,339	1,524,440,655	1,558,827,339	1,524,440,655
	<hr/>	<hr/>	<hr/>	<hr/>
	1,737,616,838	1,981,029,910	1,697,241,545	1,970,882,704
	=====	=====	=====	=====
(i) Current accounts:				
Amounts maintained in United States Dollars (USD)	90,083,162	416,988,638	49,707,869	406,841,610
	<hr/>	<hr/>	<hr/>	<hr/>
Amounts maintained in other currencies:				
Malawi Kwacha	75,753,718	8,213,657	75,753,718	8,213,657
Tanzania Shillings	5,062,069	5,787,048	5,062,069	5,787,048
Zambia Kwacha	3,620,996	21,964,621	3,620,996	21,964,621
Euro	3,049,899	2,898,972	3,049,899	2,898,875
Burundi Francs	924,138	247,647	924,138	247,647
Kenyan Shillings	236,368	17,894	236,368	17,894
Zimbabwe Dollar	15,726	39,997	15,726	39,997
Ethiopian Birr	11,300	393,123	11,300	393,123
British Pounds	9,750	19,445	9,750	19,445
United Arab Emirates Dirham	8,192	8,738	8,192	8,738
Mauritian Rupee	7,654	636	7,654	555
Ugandan Shillings	3,798	2,072	3,798	2,072
South African Rand	1,560	955	1,560	955
Japanese Yen	1,169	5,812	1,169	5,812
	<hr/>	<hr/>	<hr/>	<hr/>
	88,706,337	39,600,617	88,706,337	39,600,439
	<hr/>	<hr/>	<hr/>	<hr/>
	178,789,499	456,589,255	138,414,206	446,442,049
	=====	=====	=====	=====
(ii) Call and term deposits with banks:				
United States Dollars (USD)	1,512,680,042	1,514,515,078	1,512,680,042	1,514,515,078
	<hr/>	<hr/>	<hr/>	<hr/>
Amounts maintained in other currencies:				
Euro	37,347,799	25	37,347,799	25
Ugandan Shillings	5,971,029	6,257,680	5,971,029	6,257,680
Sudanese Pounds	2,828,469	3,667,872	2,828,469	3,667,872
	<hr/>	<hr/>	<hr/>	<hr/>
	46,147,297	9,925,577	46,147,297	9,925,577
	<hr/>	<hr/>	<hr/>	<hr/>
Total call and term deposits	1,558,827,339	1,524,440,655	1,558,827,339	1,524,440,655
	=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 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 the USD parity of the Euro, thus hedging the value of the assets from fluctuations.

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

	GROUP AND BANK	
	2022 USD	2021 USD
Currency forward exchange contracts		
Net opening balance at start of year	57,634,835	(41,329,500)
Contracts entered into during year-net	773,093,837	1,272,928,304
Net amounts settled	(857,599,741)	(1,172,058,268)
Fair value gains/(loss) through profit or loss	9,044,686	(1,905,701)
	<hr/>	<hr/>
Net closing balance as at end of year	(17,826,383)	57,634,835
	=====	=====

The fair value gain through profit or loss was USD 9,044,686 for the year ended 31 December 2022 (2021: USD 1,905,701 loss).

As at 31 December 2022 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	
	2022 USD	2021 USD
Principal loans	4,209,321,447	3,651,502,067
Interest receivable	285,408,131	33,440,745
	<hr/>	<hr/>
Gross loans	4,494,729,578	3,684,942,812
Impairment on trade finance loans (note 20)*	(174,462,433)	(105,901,128)
	<hr/>	<hr/>
Net loans	4,320,267,145	3,579,041,684
	=====	=====
Analysis of gross loans by maturity:		
<i>Maturing:</i>		
Within one year	2,592,276,843	1,842,614,920
One to three years	1,860,761,717	1,713,244,510
Over three years	41,691,018	129,083,382
	<hr/>	<hr/>
	4,494,729,578	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 YEAR ENDED 31 DECEMBER 2022

18. TRADE FINANCE LOANS (Continued)

As at 31 December 2022, as disclosed in Note 44 (b) the gross non-performing trade finance loans (stage 3) amounted to USD 118,796,034 (December 2021- USD 103,018,461). The specific impairment provisions related to these loans amounted to USD 74,809,139 (December 2021 - USD 61,740,539) hence the carrying amount of the stage 3 loans amounted to USD 43,986,895 (December 2021- USD 41,277,922). The provisions related to stage 1 and stage 2 trade finance loans amounted to USD 99,653,294 (December 2021 - USD 44,160,589).

19. PROJECT LOANS

	GROUP AND BANK	
	2022	2021
	USD	USD
Loans disbursed	4,597,714,012	4,411,317,213
Interest capitalised*	108,051,165	93,010,342
Loans repaid	(2,764,858,895)	(2,467,535,040)
	<hr/>	<hr/>
Principal loan balances	1,940,906,282	2,036,792,515
Interest receivable	70,568,038	62,302,773
	<hr/>	<hr/>
Gross loans	2,011,474,320	2,099,095,288
Impairment on project loans (Note 20)	(30,720,889)	(46,205,821)
	<hr/>	<hr/>
Net loans	1,980,753,431	2,052,889,467
	<hr/>	<hr/>

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

	GROUP AND BANK	
	2022	2021
	USD	USD
Analysis of gross loans by maturity:		
<i>Maturing:</i>		
Within one year	484,587,098	494,927,418
One year to three years	818,440,798	783,723,450
Three to five years	392,093,584	507,391,974
Over five years	316,352,840	313,052,446
	<hr/>	<hr/>
	2,011,474,320	2,099,095,288
	<hr/>	<hr/>

The gross non-performing (Stage 3) project loans as disclosed in Note 44 (b) was USD 68,997,525 (December 2021 - USD 66,740,124). The impairment provisions on stage 3 loans amounted to USD 10,116,026 (December 2021 - USD 9,159,700) hence the carrying value of the loans amounted to USD 58,881,499 (December 2021- USD 57,580,424). Stage 1 and 2 provisions for project finance loans amounted to USD 20,604,863 (December 2021 - USD 37,046,121).

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

20. IMPAIRMENT ALLOWANCE

	GROUP AND BANK							
	Finance Project Loans On-balance sheet USD	Project Finance Loans Off- balance sheet USD	Total Project Finance Loans Allowance USD	Trade Finance Loans On- balance sheet USD	Trade Finance Loans Off- sheet USD	Total Trade Finance Loans Allowance USD	Low Credit Risk Assets USD	Total Allowance USD
At 1 January 2021	65,931,193	1,555,702	67,486,895	96,436,459	425,788	96,862,247	9,813,609	174,162,751
Amounts written-off	(1,000,000)	-	(1,000,000)	(42,454,544)	-	(42,454,544)	-	(43,454,544)
Charge/(writeback) for the year	(20,221,169)	(59,905)	(20,281,074)	48,170,290	3,323,135	51,493,425	753,295	31,965,646
At 31 December 2021	44,710,024	1,495,797	46,205,821	102,152,205	3,748,923	105,901,128	10,566,904	162,673,853
As at 1 January 2022	44,710,024	1,495,797	46,205,821	102,152,205	3,748,923	105,901,128	10,566,904	162,673,853
Charge/(writeback) for the year	(14,863,284)	(621,648)	(15,484,932)	70,571,733	(2,010,428)	68,561,305	(1,324,224)	51,752,149
At 31 December 2022	29,846,740	874,149	30,720,889	172,723,938	1,738,495	174,462,433	9,242,680	214,426,002

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

21. EQUITY INVESTMENTS

(i) Equity participation

	GROUP AND BANK						
	Beginning Cost	Additions/ divestiture at cost	Total Ending Cost	Investment Carrying Value At Year End	Investment Carrying Value Previous Year	Fair value adjustment for the Year	TDB's Shareholding*
<i>At fair value through other comprehensive income:</i>	USD	USD	USD	USD	USD	USD	%
As at 31 December 2022							
African Export-Import Bank	2,364,160	-	2,364,160	9,567,000	7,903,000	1,664,000	0.2
ZEP-RE (PTA Reinsurance Company)	31,938,654	-	31,938,654	56,136,000	49,609,000	6,527,000	18.8
Tononoka Steels Limited	628,653	(750,000)	(121,347)	-	706,000	44,000	-
Tanruss Investment Limited	1,755,000	-	1,755,000	(194,417)	(375,000)	180,583	4.0
Africa Trade Insurance Agency	1,000,000	-	1,000,000	1,215,000	1,170,000	45,000	0.3
Gulf African Bank	1,978,734	-	1,978,734	1,887,000	1,809,000	78,000	5.2
Pan African Housing Fund	805,098	(32,667)	772,431	112,515	256,070	(110,888)	2.4
Cable and Wireless	-	2,729,000	2,729,000	2,729,000	-	-	2.8
	<u>40,470,299</u>	<u>1,946,333</u>	<u>42,416,632</u>	<u>71,452,098</u>	<u>61,078,070</u>	<u>8,427,695</u>	
	=====	=====	=====	=====	=====	=====	
As at 31 December 2021							
African Export-Import Bank	2,364,160	-	2,364,160	7,903,000	7,393,000	510,000	0.2
ZEP-RE (PTA Reinsurance Company)	31,938,654	-	31,938,654	49,609,000	42,496,000	7,113,000	18.8
Tononoka Steels Limited	628,653	-	628,653	706,000	194,000	512,000	5.0
Tanruss Investment Limited	1,755,000	-	1,755,000	(375,000)	168,000	(543,000)	4.0
Africa Trade Insurance Agency	1,000,000	-	1,000,000	1,170,000	981,000	189,000	0.3
Gulf African Bank	1,978,734	-	1,978,734	1,809,000	2,448,000	(639,000)	5.2
Pan African Housing Fund	805,098	-	805,098	256,070	307,118	(51,048)	2.4
	<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 Group's main equity investments are in ZEP-RE (PTA Reinsurance Company), African Export-Import Bank, Tanruss, Africa Trade Insurance Agency and Gulf African Bank. In addition, the Group has subscribed to the equity of various projects in its Member States. The Group's participation is expressed in US Dollars. As at 31 December 2022, all investments were carried at fair value as per provision of IFRS 9. The Group disposed of the shares in Tononoka Steels Limited and liquidated some shares in Pan African Housing Fund during the year. The Group intends to dispose of its equity stake in Tanruss Investments Limited in the short term. The shares in Tanruss Investments Limited have been recognized as at 31 December 2022. The dividends received in respect of these investments, whenever applicable, are disclosed in Note 9.

*The shareholding percentage is based on the investee companies' prior year audited Financial Statements except for Pan African Housing Fund and Cable and Wireless which are based on current year financial information.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

21. EQUITY INVESTMENTS (Continued)	GROUP AND BANK	
	2022 USD	2021 USD
ii) Instalments paid:		
Total subscribed capital*	43,844,201	41,865,201
Less: Instalments not due – Note 21 (iii)	(1,427,569)	(1,394,902)
	<hr/>	<hr/>
Instalments paid at end of year – Note 21 (i) and (iv)	42,416,632	40,470,299
	<hr/>	<hr/>
*Total subscribed capital includes paid up capital and unpaid subscriptions		
iii) Unpaid subscriptions expressed in US Dollars at year-end comprised:		
African Export-Import Bank*	1,200,000	1,200,000
Pan African Housing Fund*	227,569	194,902
	<hr/>	<hr/>
*Unpaid subscriptions are payable on call.	1,427,569	1,394,902
	<hr/>	<hr/>
iv) Movement in the instalments paid:		
At beginning of year	40,470,299	40,470,299
Additions at cost – Note 21 (i)	2,729,000	-
Divestiture (Note 21 (i))	(782,667)	-
	<hr/>	<hr/>
At end of year	42,416,632	40,470,299
	<hr/>	<hr/>

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 24). 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.

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. 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) Eastern and Southern African Trade Fund (ESATF)

The Eastern and Southern African Trade Fund (ESATF) is a company domiciled in Mauritius that is licensed by the Mauritius Financial Services Commission (FSC) as a collective investment scheme and invests primarily in trade finance assets across Africa. It is an open-ended fund, with the initial subscription of USD 49.55 Million made by TDB in August 2019. ESATF has appointed ESATAL as its Fund Manager to provide fund management services in terms of the fund management agreement.

Over the years, and in line with the business strategy, the Fund has attracted more investors, diluting TDB's investment to 46.62% (December 2021: 50.76%) of the total Net Asset Value (NAV) of ESATF.

Previously, the investment in ESATF was carried in the financial statements of TDB at Fair Value through Other Comprehensive Income. In 2022, however, and in line with the requirements of IFRS10, this investment has been accounted for as subsidiary of TDB (Note 24).

(v) 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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
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22. INVESTMENT IN SUBSIDIARIES (Continued)

(b) TDB Investment in subsidiaries

As at 31 December 2022:	TDF	ESATAL	ESAIF	ESATF	TCI	TOTAL
<i>Subsidiaries Issued Shares:</i>						
As at January 2022	1	139,967	1,044,150	97,615,719	-	98,799,837
Subscriptions during the year	-	-	182,904	8,668,577	30,000,000	38,851,481
Total issued	1	139,967	1,227,054	106,284,296	30,000,000	137,651,318
	=====	=====	=====	=====	=====	=====
TDB's share	100%	100%	100%	46.62%	100%	-
Fully paid	1	139,967	1,227,054	49,549,739	30,000,000	31,367,022
	=====	=====	=====	=====	=====	=====
<i>Share Capital:</i>						
	USD	USD	USD	USD		USD
Total Investment in subsidiaries	1	139,967	1,227,054	49,549,739	30,000,000	80,916,761
	=====	=====	=====	=====	=====	=====
Total issued and fully paid	1	1,359,463	1,227,054	49,549,739	30,000,000	82,136,257
	=====	=====	=====	=====	=====	=====
As at 31 December 2021 - Restated (Note 24)						
	TDF	ESATAL	ESAIF	ESATF	TCI	TOTAL
<i>Subsidiary's Issued Shares:</i>						
As at t 1 January 2021	-	139,967	-	97,615,719	-	97,755,686
Subscriptions during the year	1	-	1,044,150	-	-	1,044,151
Total issued	1	139,967	1,044,150	97,615,719	-	98,799,837
	=====	=====	=====	=====	=====	=====
TDB's share	100%	50%	100%	50.76%	-	
Fully paid	1	69,984	1,044,150	49,549,739	-	50,663,874
	=====	=====	=====	=====	=====	=====
<i>Share Capital:</i>						
	USD	USD	USD	USD	USD	USD
Total Investment in subsidiaries	1	69,984	1,044,150	49,549,739	-	50,663,874
	=====	=====	=====	=====	=====	=====
Total issued and fully paid	1	69,984	1,044,150	49,549,739	-	50,663,874
	=====	=====	=====	=====	=====	=====

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

22. INVESTMENT IN SUBSIDIARIES (Continued)

(c) Summarised Financial Information

As at 31 December 2022	TDF USD	ESATAL USD	ESAIF USD	ESATF USD	TCI USD
(i) Statement of financial position:					
Total assets	8,684,809	2,047,166	36,880	122,508,785	36,015,288
Total liabilities	(12,485,333)	(92,669)	(16,061)	(279,248)	(7,178,882)
	=====	=====	=====	=====	=====
Net assets	(3,800,524)	1,954,497	20,819	122,229,537	28,836,406
	=====	=====	=====	=====	=====
Non-controlling Interest	-	-	-	65,246,127	-
	=====	=====	=====	=====	=====
(ii) Statement of profit and loss and other comprehensive income:					
Income	235,456	1,704,424	-	8,062,189	3,635,160
Expenditure	(1,402,789)	(268,637)	(24,731)	(2,224,134)	(326,334)
	=====	=====	=====	=====	=====
Comprehensive income/(loss) for the year	(1,167,333)	1,435,787	(24,731)	5,838,055	3,308,826
	=====	=====	=====	=====	=====
Attributable to owners of the Bank	(1,167,333)	1,435,787	(24,731)	4,378,541	3,308,826
Non-controlling interest	-	-	-	1,459,514	-
	=====	=====	=====	=====	=====
	(1,167,333)	1,435,787	(24,731)	5,838,055	3,308,826
	=====	=====	=====	=====	=====
(iii) Statement of cash flows					
Net cash generated from/(used in) operating activities	(2,166,399)	1,581,767	(41,139)	2,332,854	3,401,479
Net cash generated from financing activities	2,166,399	(716,560)	41,089	(16,052,133)	30,000,000
Net cash generated from investing activities	-	-	-	9,680,730	-
	=====	=====	=====	=====	=====
Net increase/(decrease) in cash and cash equivalents	-	865,207	(50)	(4,038,549)	33,401,479
Cash and cash equivalents at beginning of year	-	1,020,038	34,719	9,092,449	-
	=====	=====	=====	=====	=====
Cash and cash equivalents at end of year	-	1,885,245	34,669	5,053,900	33,401,479
	=====	=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

22 INVESTMENT IN SUBSIDIARIES (Continued)

(c) Summarised Financial Information (Continued)

As at 31 December 2021 -Restated

	TDF USD	ESATAL USD	ESAIF	ESATF USD
(i) Statement of financial position:				
Total assets	2,402,889	1,253,893	37,194	110,166,155
Total liabilities	(3,418,206)	(196,845)	(174,799)	(3,455,403)
	=====	=====	=====	=====
Net assets	(1,015,317)	1,057,048	(137,605)	106,710,752
	=====	=====	=====	=====
Non-controlling interest	-	50%		49.24%
	=====	=====	=====	=====
(ii) Statement of profit and loss and other comprehensive income:				
Income	13,873	837,437	-	3,731,911
Expenditure	(1,029,190)	(60,246)	(25,099)	(1,488,277)
	=====	=====	=====	=====
Comprehensive income for the year	(1,015,317)	777,191		2,243,634
	=====	=====	=====	=====
Profit/(Loss) for the year attributable to owners of the Bank	(1,015,317)	388,596	(25,099)	1,138,869
Profit for the year attributable to non-controlling interest	-	388,595	-	1,104,765
	=====	=====	=====	=====
Total comprehensive income for the year	(1,015,317)	777,191	(25,099)	2,243,634
	=====	=====	=====	=====
(iii) Statement of cash flows				
Net cash generated from/used in operating activities	-	800,091	(100)	4,785,953
Net cash used in financing activities	-	(545,826)	-	52,200,000
Net cash generated from investing activities	-	-	-	(52,826,262)
	=====	=====	=====	=====
Net increase in cash and cash equivalents	-	254,265	(100)	4,159,691
Cash and cash equivalents at beginning of year		765,772	34,819	-
	=====	=====	=====	=====
Cash and cash equivalents at end of year	-	1,020,037	34,719	4,159,691
	=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

23. INVESTMENTS IN GOVERNMENT SECURITIES

	GROUP AND BANK	
	2022	2021
	USD	USD
Held at amortised cost:		
Treasury Notes and Treasury Bonds:		
At beginning of year	83,950,034	120,928,084
Maturities	(26,722,902)	(36,978,050)
	<hr/>	<hr/>
At end of year	57,227,132	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. PRIOR YEAR ADJUSTMENT

Recognition of Investment in Trade Fund as a subsidiary.

TDB's investment in ESATF was carried in the financial statements of TDB at Fair Value through Other Comprehensive Income in the previous financial statements. In 2022, however, and in line with the requirements of IFRS10, this investment has been accounted for as subsidiary of TDB, and comparatives have been restated as the Bank controlled the subsidiary from 2019.

	GROUP AND BANK		
	Balance as previously stated USD	Adjustment for restatement USD	Restated USD
Effect on the statement of financial position 2020			
Investment in subsidiary*	69,984	49,549,739	49,619,723
Revaluation reserve	(16,294,397)	2,777,578	(13,516,819)
Investment in Trade Fund	52,327,317	(52,327,317)	-
	=====	=====	=====
Effect on the statement of financial position 2021			
Investment in subsidiary	1,114,135	49,549,739	50,663,874
Revaluation reserve	(25,228,266)	4,620,495	(20,607,771)
Investment in Trade Fund	54,170,234	(54,170,234)	-
	=====	=====	=====
Effect on Profit or loss and other comprehensive income 2021			
Fair value through other compressive income – Trade fund	1,842,917	(1,842,917)	-
	=====	=====	=====

*In the Group financials statements, there is no investment in subsidiary as operations and assets and liabilities were consolidated on line by line basis for and as at 1st January 2021, 31 December 2021 and 2022.

Additional amendments arising from the restatement

The effects of the changes in the Group financial statements arise from consolidation of the financial results of ESATF which have been summarized in note 22(b) to the financial statements. In addition, consequential amendments arising from the consolidation have been made in the respective notes in the financial statements.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

25. OTHER RECEIVABLES

	GROUP		BANK	
	2022	2021	2022	2021
	USD	USD	USD	USD
Trade Fund receivables	115,420,879	99,777,845	-	-
Prepayments and other receivables*	41,478,517	27,308,818	26,918,832	24,537,846
Staff loans and advances**	21,230,498	16,041,750	21,230,500	16,041,750
Appraisal fees***	480,808	323,563	480,808	323,563
	<hr/>	<hr/>	<hr/>	<hr/>
	178,610,702	143,451,976	48,630,140	40,903,159
	=====	=====	=====	=====
<i>Appraisal fees receivable***</i>				
At beginning year	323,563	917,489	323,563	917,489
Accrued income	4,577,839	917,450	4,577,839	917,450
Receipts	(350,639)	(812,751)	(350,639)	(812,751)
Amounts written off (Note 12)	(4,069,955)	(698,625)	(4,069,955)	(698,625)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	480,808	323,563	480,808	323,563
	=====	=====	=====	=====
Amounts due within one year	159,465,775	130,738,373	29,485,213	28,189,556
Amounts due after one year	19,144,927	12,713,603	19,144,927	12,713,603
	<hr/>	<hr/>	<hr/>	<hr/>
	178,610,702	143,451,976	48,630,140	40,903,159
	=====	=====	=====	=====

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

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

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

26. PROPERTY AND EQUIPMENT – GROUP AND BANK

Year ended 31 December 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	-	7,596,736	-	23,068	2,691	345,166	7,967,661
Disposals	-					(8,270)	(8,270)
At 31 December 2022	140,400	24,598,036	26,688,625	1,071,057	1,748,578	3,204,666	57,451,362
ACCUMULATED DEPRECIATION							
At 1 January 2022	-	-	9,274,058	782,953	1,366,934	2,505,107	13,929,052
Charge for the year			522,601	126,564	113,059	239,430	1,001,654
Disposals						(7,197)	(7,197)
At 31 December 2022	-	-	9,796,659	909,517	1,479,993	2,737,340	14,923,509
NET CARRYING AMOUNT							
At 31 December 2022	140,400	24,598,036	16,891,966	161,540	268,585	467,326	42,527,853
	=====	=====	=====	=====	=====	=====	=====

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 2021: NIL).

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

26. PROPERTY AND EQUIPMENT – GROUP AND BANK

	Freehold land USD	Building under construction USD	Buildings USD	Motor vehicles USD	Furniture and fittings USD	Office equipment USD	Total USD
Year ended 31 December 2021:							
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)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2021	140,400	17,001,300	26,688,625	1,047,989	1,745,887	2,867,770	49,491,971
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
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)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2021	-	-	9,274,058	782,953	1,366,934	2,505,107	13,929,052
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET CARRYING AMOUNT							
At 31 December 2021	140,400	17,001,300	17,414,567	265,036	378,953	362,663	35,562,919
	=====	=====	=====	=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 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	
	2022	2021
	USD	USD
COST		
At beginning of year	4,690,034	4,397,415
Lease asset recognised	134,358	292,619
At end of year	4,824,392	4,690,034
ACCUMULATED AMORTISATION		
At beginning of year	1,636,136	1,048,846
Charge for the year	610,672	587,290
At end of year	2,246,808	1,636,136
NET BOOK VALUE		
At the end of the year	2,577,584	3,053,898
	=====	=====
<i>Amounts recognized in profit and loss:</i>		
Depreciation expense-right-of-use asset	610,672	587,290
Interest expense on lease liabilities (note 10)	102,735	124,716
Expense relating to short term lease contracts	36,144	50,152
	749,551	762,158
	=====	=====
<i>Amounts recognized in profit and loss:</i>		
Payment of lease liabilities	(605,605)	(891,826)
	=====	=====

28. INTANGIBLE ASSETS

COST		
At beginning of year	4,733,657	4,379,081
Additions	-	354,576
At end of year	4,733,657	4,733,657
AMORTISATION		
At beginning of year	3,226,100	2,380,382
Charge for the year	794,065	845,718
At end of year/year	4,020,165	3,226,100
NET CARRYING AMOUNT		
At end of year	713,492	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 YEAR ENDED 31 DECEMBER 2022

29. COLLECTION ACCOUNT DEPOSITS

	GROUP AND BANK	
	2022	2021
	USD	USD
At beginning of year	64,979,105	93,275,106
Increase	68,970,583	9,440,947
Reduction	(10,190,609)	(37,736,948)
	<hr/>	<hr/>
At end of year	123,759,079	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	
	2022	2021
	USD	USD
At start year	612,758	1,087,250
New lease liabilities	134,358	292,618
Payment of lease liabilities	(605,605)	(891,826)
Interest on lease liabilities (note 10)	102,735	124,716
	<hr/>	<hr/>
At end of year	244,246	612,758
	=====	=====
<i>Maturity Analysis of undiscounted cash flows</i>		
Year 1	244,246	127,361
Year 2	-	485,397
Year 3	-	-
	<hr/>	<hr/>
Total discounted lease liabilities	244,246	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 YEAR ENDED 31 DECEMBER 2022

31. SHORT TERM BORROWINGS

	Date of renewal/ Advance	Maturity Date	Currency	GROUP AND BANK	
				2022 USD	2021 USD
Global Syndication 2022	Dec-22	Dec-25	USD	801,388,566	-
Asia Syndication 2022	Aug-22	Jul-25	USD	500,000,000	-
Global Syndication 2021	Dec-21	Dec-24	USD	492,593,430	497,251,930
National Bank of Ethiopia	Jun-22	Sep-22	USD	301,000,000	301,000,000
China Export and Import Bank	Sep-22	Sep-25	USD	300,000,000	-
Standard Chartered Bank London	Jun-22	Dec-23	USD	227,183,099	53,797,668
The Bank of Tokyo Mitsubishi UFJ, Ltd	May-21	May-23	USD	150,000,000	150,000,000
Samurai 2021	Dec-21	Dec-23	USD	150,000,000	150,000,000
Citibank	Nov-22	Mar-23	USD	148,009,393	40,967,212
Sumitomo Mitsui Banking Corporation	Dec-22	Mar-23	USD	100,000,000	200,000,000
NEDBANK	Aug-22	Aug-25	USD	60,000,000	-
Mizuho Bank London	Jun-22	Jun-23	USD	50,000,000	-
African Development Bank	Jul-22	Jan-26	USD	50,000,000	-
NORFUND	Jul-22	Jul-23	USD	50,000,000	50,000,000
Africa 50 Financement de Projets	Nov-22	Feb-23	USD	32,409,355	32,146,475
CASSA	Jan-21	Jan-24	USD	31,987,500	67,968,000
NOUVBANK	Mar-22	Apr-23	USD	22,060,704	15,670,891
African Trade Insurance Agency	Jan-22	Nov-23	USD	4,416,451	8,985,303
BANCOBU	Oct-22	Oct-23	USD	3,000,000	3,000,000
Global Syndication 2020	Dec-20	Dec-22	USD	-	450,000,000
Syndicated Loan - Asia (II)	Dec-20	Dec-22	USD	-	260,000,000
Syndicated Loan- Middle First Abu Dhabi Bank PJSC	Dec-19	Dec-22	USD	-	259,065,216
CDC	Dec-20	Dec-22	USD	-	100,000,000
Commerzbank	Jul-21	Apr-22	USD	-	21,994,717
Sub-total for other short-term borrowings				3,474,048,498	2,661,847,412
INTEREST PAYABLE				15,283,183	1,615,134
TOTAL SHORT-TERM BORROWINGS				3,489,331,681	2,663,462,546
				=====	=====
Amounts due within one year				1,313,362,184	1,798,242,616
Amounts due after one year				2,175,969,497	865,219,930
				3,489,331,681	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 up to 3 years while project loans extend beyond 3 years.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

32. LONG TERM BORROWINGS

Lender	Date of Renewal/	Maturity	Amount	Balance outstanding	Amounts as at 31 December 2022		Amounts as at 31 December 2021		Amount due after one year
					Amount due within one year	Amount due after one year	Balance outstanding	Amount due within one year	
African Development Bank	Nov-08	Feb-32	USD	176,250,000	176,250,000	30,250,000	146,000,000	162,500,000	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 Francaise De Development	Dec-17	Jun-36	USD	112,075,000	112,075,000	6,250,000	105,825,000	85,625,000	79,375,000
Arab Bank for Econmic Development in Africa	Feb-18	Jan-28	USD	59,375,000	59,375,000	1,875,000	57,500,000	11,250,000	9,375,000
Cassa Depositi e Prestiti	Jul-20	Jun-30	EUR	44,117,647	47,040,441	6,272,059	40,768,382	56,640,000	49,976,471
CDC Group	Oct-16	May-26	USD	29,166,667	29,166,667	8,333,333	20,833,334	42,045,455	29,166,667
Development Bank of the Republic of Belarus -I	Jun-20	Apr-25	USD	18,750,053	18,760,053	5,342,569	13,417,484	1,055,917	1,055,917
Development Bank of the Republic of Belarus-II	Jun-20	Apr-25	USD	-	-	-	-	19,404,291	12,219,099
Development Finance institute Canada -FinDev	Nov-21	Nov-29	USD	20,000,000	20,000,000	2,857,143	17,142,857	20,000,000	20,000,000
European Investment Bank	Aug-16	Nov-33	USD	76,997,333	76,997,333	11,749,333	65,248,000	88,746,667	76,997,334
Finnish Export Credit -Sumitomo Mitsui Banking	Jul-17	Dec-29	USD	44,049,071	44,049,071	6,292,724	37,756,347	50,341,795	44,049,071
Industrial Development Corporation	Mar-18	Feb-26	USD	46,930,419	46,930,419	13,408,691	33,521,728	60,339,111	46,930,418
KfW	Dec-13	Nov-31	USD	120,000,000	120,000,000	15,238,095	104,761,905	135,238,143	118,095,286
MIGA Guaranteed Syndicated	Jul-20	Jun-30	EUR	334,434,877	356,591,188	-	356,591,188	378,847,829	378,847,829
Oesterreichische Entwicklungsbank AG	Jun-20	Jun-30	USD	22,058,824	22,058,824	2,941,176	19,117,648	25,000,000	22,058,824
Opec Fund for International Development	Mar-19	Jun-23	USD	50,000,000	50,000,000	20,000,000	30,000,000	40,000,000	20,000,000
Standard Chartered Bank / USAID	Sep-17	Sep-24	USD	8,455,811	8,455,811	4,227,906	4,227,905	12,683,716	8,455,810
The Exim -Import Bank of China	Dec-17	Dec-22	USD	-	-	-	-	100,000,000	-
US\$ 1.0 Billion Euro Medium Term Note Programme: First Tranche	Dec-13	Mar-22	USD				-	700,000,000	-
US\$ 1.0 Billion Euro Medium Term Note Programme: Second Tranche	May-19	May-24	USD	750,000,000	750,000,000	-	750,000,000	650,000,000	650,000,000
US\$ 1.0 Billion Euro Medium Term Note Programme: Third Tranche	Jun-21	Jun-28	USD	650,000,000	650,000,000	-	650,000,000	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				2,618,001,231	135,038,029	2,482,963,202	3,419,912,900	936,865,196	2,483,047,704
Interest payable				17,837,778	17,837,778	-	23,836,580	23,836,580	-
Total				2,635,839,009	152,875,807	2,482,963,202	3,443,749,480	960,701,776	2,483,047,704
Deferred Expenditure				(79,278,196)	(20,383,677)	(58,894,519)	(69,653,116)	(13,023,735)	(56,629,381)
Total Long term borrowings				2,556,560,813	132,492,130	2,424,068,683	3,374,096,364	947,678,041	2,426,418,323

The Group repays these borrowings in either quarterly or semi-annual instalments as well as bullet payments. The Group has not given any security for the borrowings. It has not defaulted on any of them. Borrowings are classified as short term or long term on the basis of the book of business that the Group funds i.e., Trade finance or Project loans, and not on the basis of contractual maturity of the liability. The Trade finance loans have a tenure of up to 3 years while project loans extend beyond 3 years.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

33 (a).	NON-CONTROLLING INTEREST PAYABLES	GROUP		BANK	
		2022 USD	2021 USD	2022 USD	2021 USD
	Redeemable participating shares	65,246,073	51,439,560	-	-
		=====	=====	=====	=====
33(b).	OTHER PAYABLES				
	Provident fund*	37,949,595	38,413,550	37,949,595	38,413,550
	Other creditors**	36,916,073	21,132,012	16,174,110	13,087,581
	Deferred Income LC Discounting	34,994,342	16,284,287	34,994,342	16,284,287
	Deferred Income Forfeiting	25,288,362	-	25,288,362	-
	Accrued Long Term Incentive Scheme	10,605,213	12,199,651	10,605,213	12,199,651
	Dividend Payable	8,774,902	9,565,460	8,774,902	9,565,460
	Accrued Reward & Recognition	3,827,543	3,811,765	3,827,543	3,811,765
	Accrued Fees-Trade Finance	725,345	1,314,331	725,345	1,314,331
	Accrued expenses	413,385	363,452	413,385	364,024
	Prepaid rent	94,469	51,622	94,469	51,622
	Accrued Fees-Project Finance	16,139	16,139	16,139	16,139
		=====	=====	=====	=====
		159,605,368	103,152,269	138,863,405	95,108,410
		=====	=====	=====	=====
	TOTAL PAYABLES	224,851,441	154,591,829	138,863,405	95,108,410
		=====	=====	=====	=====
	<i>Analysis of other payables by maturity:</i>				
	Amounts due within one year	186,901,846	116,178,279	100,913,810	56,594,860
	Amounts due after one year	37,949,595	38,413,550	37,949,595	38,413,550
		=====	=====	=====	=====
		224,851,441	154,591,829	138,863,405	95,108,410
		=====	=====	=====	=====

*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	
		2022 USD	2021 USD
(i)	PROVISION FOR SERVICE PAY		
	At start of year	8,458,074	7,451,942
	Increase in provision	1,185,365	1,180,534
	Payment of service pay	(880,470)	(174,402)
		=====	=====
	At end of year	8,762,969	8,458,074
(ii)	PROVISION FOR LEAVE PAY		
	At start of year	2,829,660	2,505,837
	Increase in provision	176,265	391,612
	Payment of leave pay	(302,825)	(67,789)
		=====	=====
	At end of year	2,703,100	2,829,660
		=====	=====
	TOTAL PROVISION FOR SERVICE AND LEAVE PAY	11,466,069	11,287,734
		=====	=====

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

35. SHARE CAPITAL

	GROUP AND BANK							
	As at 31 December 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 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'	(1,096,765,462)	-	-	(1,096,765,462)	(1,894,462,526)	-	-	(1,894,462,526)
- Class 'B'	-	(852,083,666)	-	(852,083,666)	-	(853,960,460)	-	(853,960,460)
- Class 'C'	-	-	(987,805,158)	(987,805,158)	-	-	(1,000,000,039)	(1,000,000,039)
Subscribed capital:								
- 128,082 Class 'A' (December 2021: 92,890) ordinary shares of USD 22,667 each	2,903,234,694	-	-	2,903,234,694	2,105,537,630	-	-	2,105,537,630
- 32,872 Class 'B' (December 2021: 32,214) ordinary shares of USD 4,533.40 each	-	147,916,373	-	147,916,373	-	146,039,579	-	146,039,579
- 2,690 Class 'C' (December 2021: NIL) ordinary shares of USD 4,533.40 each	-	-	12,194,881	12,194,881	-	-	-	-
Less: Callable capital	(2,322,587,755)	-	-	(2,322,587,755)	(1,684,430,104)	-	-	(1,684,430,104)
Payable capital	580,646,939	147,916,373	12,194,881	740,758,193	421,107,526	146,039,579	-	567,147,105
Less: Amounts not yet due	(156,091,310)	-	-	(156,091,310)	(10,114,000)	-	-	(10,114,000)
Capital due	424,555,629	147,916,373	12,194,881	584,666,883	410,993,526	146,039,579	-	557,033,105
Less: subscriptions in arrears	(4,227,849)	-	-	(4,227,849)	(1,164,438)	-	-	(1,164,438)
Paid up capital	420,327,780	147,916,373	12,194,881	580,439,034	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 YEAR ENDED 31 DECEMBER 2022

35. SHARE CAPITAL (Continued)

Movement in paid up share capital	As at 31 December 2022			TOTAL USD
	CLASS 'A' USD	CLASS 'B' SHARES USD	CLASS 'C' USD	
At beginning of year	409,829,088	146,039,579	-	555,868,667
African Economic Research	-	18,134	-	18,134
African Development Bank	503,227	-	-	503,227
African Reinsurance Corporation	-	90,668	-	90,668
Agaciro Development Fund	-	2,665,639	-	2,665,639
BADEA -Arab Bank for Economic	-	113,335	-	113,335
National Pension Fund-Mauritius	-	222,137	-	222,137
National Social Security Fund-	-	3,626,720	-	3,626,720
OPEC Fund for International	-	3,273,115	-	3,273,115
Sacos Group Limited	-	(612,012)	979,217	367,205
Sicom Global Fund Limited	-	652,810	-	652,810
TDB Directors & Select	-	(838,680)	1,015,483	176,803
TDB Staff Provident Fund	-	(7,747,610)	10,200,180	2,452,570
Belarus	145,069	-	-	145,069
Burundi	194,936	-	-	194,936
China- People's Republic	566,675	412,539	-	979,214
Comoros	22,667	-	-	22,667
Congo DRC	643,743	-	-	643,743
Egypt	838,679	-	-	838,679
Eritrea	70,646	-	-	70,646
Eswatini	45,334	-	-	45,334
Ethiopia	1,897,861	-	-	1,897,861
Ghana	349,072	-	-	349,072
Kenya	816,012	-	-	816,012
Madagascar	437,020	-	-	437,020
Malawi	208,536	-	-	208,536
Mauritius	394,406	-	-	394,406
Mozambique	249,337	-	-	249,337
Rwanda	1,330,906	-	-	1,330,906
Seychelles	45,334	-	-	45,334
Somalia	93,605	-	-	93,605
South Sudan	253,870	-	-	253,870
Tanzania	784,278	-	-	784,278
Uganda	607,479	-	-	607,479
Capital subscriptions for the year	10,498,692	1,876,795	12,194,880	24,570,367
At end of year	420,327,780 =====	147,916,374 =====	12,194,880 =====	580,439,034 =====

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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

35. SHARE CAPITAL (Continued)

Movement in paid up share capital	As at 31 December 2021		
	CLASS 'A' USD	CLASS 'B' USD	TOTAL USD
At beginning of year	394,334,340	140,599,500	534,933,840
African Economic Research Consortium	-	18,134	18,134
African Development Bank	897,614	231,203	1,128,817
African Reinsurance Corporation	-	145,069	145,069
BADEA -Arab Bank for Economic Development	-	181,336	181,336
Banco Nacional de Inversión	-	63,468	63,468
Caisse Nationale de Sécurité Sociale (CNSS)	-	1,768,026	1,768,026
Eagle Insurance Limited	-	22,667	22,667
National Pension Fund-Mauritius	-	349,072	349,072
National Social Security Fund- Uganda	-	580,275	580,275
OPEC Fund for International Development	-	140,535	140,535
Rwanda Social Security Board	-	213,070	213,070
Seychelles Pension Fund	-	72,534	72,534
Sacos Life Assurance Limited Company	-	22,667	22,667
TDB Directors & Select Stakeholders Provident	-	417,072	417,072
TDB Staff Provident Fund	-	965,614	965,614
Belarus	145,068	-	145,068
Burundi	335,472	-	335,472
China- People's Republic	1,001,882	249,337	1,251,219
Comoros	18,134	-	18,134
Congo DRC	734,411	-	734,411
Djibouti	18,134	-	18,134
Egypt	1,446,154	-	1,446,154
Eritrea	110,733	-	110,733
Eswatini	441,552	-	441,552
Ethiopia	2,487,023	-	2,487,023
Kenya	1,441,621	-	1,441,621
Madagascar	427,953	-	427,953
Malawi	353,605	-	353,605
Mauritius	616,542	-	616,542
Mozambique	217,603	-	217,603
Rwanda	1,444,241	-	1,444,241
Seychelles	72,534	-	72,534
Somalia	146,721	-	146,721
South Sudan	267,470	-	267,470
Tanzania	1,264,818	-	1,264,818
Uganda	902,786	-	902,786
Zambia	702,677	-	702,677
Capital subscriptions for the year*	15,494,748	5,440,079	20,934,827
At end of year	409,829,088 =====	146,039,579 =====	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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

35. SHARE CAPITAL (Continued)

SHARE PREMIUM:	GROUP AND BANK			
	Number of shares	Share value USD	Price paid USD	Share premium USD
As at 31 December 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	587	2,661,072	29,516,574	26,855,502
Maturities during the year -Note 41 (f)	(173)	(784,278)	(2,445,816)	(1,661,538)
At 31 December 2022	32,628	147,916,373	288,857,345	140,940,972
<i>Share Premium – Class C:</i>				
At 1 January 2022	-	-	-	-
Additions – Cash paid	2,690	12,194,881	11,716,772	(478,109)
At 31 December 2022	2,690	12,194,881	11,716,772	(478,109)
<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	217	2,565,220	2,565,220	-
Additions – Cash paid	1,750	7,933,450	24,160,584	16,227,134
Additions – GCI Allotment	33,225	-	-	-
At 31 December 2022	128,082	49,154,561	131,969,322	76,668,621
Total Share Premium	163,400	209,265,815	432,543,439	217,131,484
Additional premium for the year	38,296	24,570,345	65,513,334	40,942,989
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	4,761	20,934,830	50,123,398	29,188,568

Nature and purpose of the share premium

Class 'B' and Class 'C' shares are issued at a premium of USD 10,875.60 (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.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED 31 DECEMBER 2022

35. SHARE CAPITAL (Continued)

CLASS 'A', 'B', and 'C' SHARES:

As at 31 December 2022, there were 128,052 Class 'A' ordinary shares (December 2021: 92,890), 32,628 Class 'B' ordinary shares (December 2021: 32,214) and 2,690 Class 'C' ordinary shares (December 2021: 32,NIL). 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.

DIVIDENDS:

	2022 USD	2021 USD
<i>Dividends on ordinary shares declared and paid:</i>		
Final dividend for 2021: USD 339.71 per share (2020: 327.03 per share)		
-Declared and paid	32,629,077	28,125,735
-Declared and not paid/payable (note 33)	8,774,902	9,565,460
	<hr/>	<hr/>
	41,403,979	37,691,195
	=====	=====
<i>Proposed dividends on ordinary shares:</i>		
Dividend for December 2022: 385.42 (December 2021: USD 339.71 per share)	49,431,823	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 year.

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	
	2022	2021 Restated	2022	2021
Reconciliation of profit for the year to net cash generated from operations	USD	USD	USD	USD
Profit for the year	209,799,087	176,187,411	208,133,993	174,332,544
<i>Adjustments:</i>				
Depreciation on property and equipment (Note 26)	1,001,654	979,443	1,001,654	979,443
Depreciation of right of use asset (Note 27)	610,672	587,290	610,672	587,290
Amortisation of intangible assets (Note 28)	794,065	845,718	794,065	845,718
Loss from disposal of property and equipment (Note 26)	1,073	247	1,073	247
Unrealized foreign exchange gain/(loss)	(2,763,240)	3,111,975	(2,712,974)	3,111,975
Interest received*	(276,724,628)	(601,100,946)	(269,041,825)	(601,100,946)
Interest paid*	195,983,371	162,529,549	189,034,246	162,529,549
Provision for impairment	51,752,149	31,965,646	51,752,149	31,965,646
Increase in provision for service and leave	(1,004,960)	1,087,764	(1,004,960)	1,087,764
Impairment of off-balance sheet items	3,956,299	(4,016,525)	3,956,299	(4,016,525)
Interest on lease liability (Note 30)	102,734	124,716	102,734	124,716
Un-earned premiums	59,152	-	-	-
Investment in Joint venture	-	317,010	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Profit before changes in operating assets and liabilities	(183,567,428)	(227,380,702)	182,627,126	(229,552,579)
	=====	=====	=====	=====

*In the current year, the Group and bank have presented the cash flows related to interest received and interest paid on the primary statement of cash flows. This modification in presentation was applied in order to better present the actual cash flows related to these operating activities.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

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

	GROUP		BANK	
	2022	2021	2022	2021
	USD	Restated USD	USD	Restated USD
a) Reconciliation of profit for the year to cash (used in)/generated from operations (continued):				
Profit before changes in operating assets and liabilities:	183,567,428	(227,380,702)	182,627,126	(229,552,579)
<i>Working capital changes:</i>				
Increase in other receivables	(51,674,410)	44,840,767	(7,726,982)	95,914,803
Decrease in hedging derivative instruments-assets	57,634,835	(57,634,835)	57,634,835	(57,634,835)
(Increase)/decrease in hedging derivative instruments-liabilities	17,826,383	(41,329,500)	17,826,383	(41,329,500)
Increase in trade finance loans	(811,797,194)	(542,577,159)	(811,797,194)	(542,577,159)
Decrease/(increase) in project loans	86,999,320	192,108,424	86,999,320	192,108,424
Decrease in collection accounts deposits	58,779,974	(28,296,001)	58,779,974	(28,296,001)
Increase/(decrease) in other payables	86,553,773	48,003,852	41,466,184	49,089,588
Provision for service and leave pay paid	1,183,296	242,191	1,183,296	242,191
Net increase in borrowings (Note 37 (b))	10,499,982	578,557,754	8,333,583	578,557,754
	=====	=====	=====	=====
Cash generated from operations	(360,426,613)	(33,465,209)	(364,673,475)	16,522,686
	=====	=====	=====	=====
b) Analysis of changes in borrowings				
	GROUP		BANK	
	2022	2021	2022	2021
	USD	USD	USD	USD
Short term borrowings:				
At start of year	2,663,462,546	2,407,476,876	2,663,462,546	2,407,476,876
Loans received	2,842,958,711	1,484,608,823	2,840,332,313	1,484,608,823
Repayments	(2,014,923,178)	(1,228,623,153)	(2,014,463,178)	(1,228,623,153)
	=====	=====	=====	=====
At end of year	3,491,498,079	2,663,462,546	3,489,331,681	2,663,462,546
	=====	=====	=====	=====
Long term borrowings:				
At start of year	3,374,096,364	3,051,524,280	3,374,096,364	3,051,524,280
Loans received	221,219,154	862,922,868	221,219,154	862,922,868
Repayments	(1,038,754,705)	(540,350,784)	(1,038,754,705)	(540,350,784)
	=====	=====	=====	=====
At end of year	2,556,560,813	3,374,096,364	2,556,560,813	3,374,096,364
	=====	=====	=====	=====
Total borrowings at end of year	6,048,058,892	6,037,558,910	6,045,892,493	6,037,558,910
	=====	=====	=====	=====
Increase in total borrowings	10,499,982	578,557,754	8,333,584	578,557,754
	=====	=====	=====	=====

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 YEAR ENDED 31 DECEMBER 2022

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

c) Analysis of cash and cash equivalents

	GROUP		BANK	
	2022	2021	2022	2021
		Restated		
	USD	USD	USD	USD
Cash and balances with other banks - Note 16	1,737,616,838	1,981,029,910	1,697,241,545	1,970,882,704
	=====	=====	=====	=====

d) Facilities available for lending

As at 31 December 2022, the following facilities were available to the Group for lending:

	GROUP AND BANK		
	Facilities available	Facilities utilised	Facilities unutilised
	USD	USD	USD
LONG-TERM FACILITIES			
LENDER			
Eurobond-II	750,000,000	750,000,000	-
Eurobond -III	650,000,000	650,000,000	-
World Bank Facility-Infrastructure Facility	400,000,000	25,560,000	374,440,000
MIGA Guaranteed Syndicated	378,847,829	378,847,829	-
Japan Bank for International Corporation (JBIC)	350,000,000	7,275,000	342,725,000
Agence Francaise De Development	347,520,000	95,000,000	252,520,000
European Investment Bank	300,443,200	118,120,000	182,323,200
African Development Bank -I	230,000,000	230,000,000	-
KfW -II	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 -I	100,000,000	-	100,000,000
Korea Export and Exprt Bank	100,000,000	-	100,000,000
Opec Fund for International Development	90,000,000	90,000,000	-
Development Bank of the Republic of Belarus -I	71,055,917	22,533,452	48,522,465
Arab Bank for Econmic Development in Africa	65,000,000	65,000,000	-
Cassa Depositi e Prestiti	56,640,000	56,640,000	-
Finnish Export Credit (FEC)-Sumitomo Mitsui Banking	56,634,521	56,634,521	-
African Development Bank -II	50,000,000	40,000,000	10,000,000
British International Investment	50,000,000	50,000,000	-
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	-
World Bank Facility-Technical Assistance Facility	15,000,000	1,641,000	13,359,000
Exim Bank USA	No limit	-	-
	4,536,809,651	3,043,519,986	1,493,289,665
	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

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

d) Facilities available for lending (Continued)

As at 31 December 2022 (Continued)

	GROUP AND BANK		
	Facilities available USD	Facilities utilised USD	Facilities unutilised USD
SHORT-TERM FACILITIES			
LENDER			
Global Syndication 2021	491,973,59	491,973,597	-
Global Syndication 2020	450,000,00	450,000,000	-
Standard Chartered Bank London	350,000,00	323,621,486	26,378,514
National Bank of Ethiopia	301,000,00	301,000,000	-
Syndicated Loan - Asia (ii)	260,000,00	260,000,000	-
Syndicated Loan- Middle First Abu Dhabi Bank PJSC	251,023,88	251,023,887	-
Sumitomo Mitsui Banking Corporation Euro	200,000,00	-	200,000,000
Mashreq Bank	200,000,00	-	200,000,000
The Bank of Tokyo Mitsubishi UFJ, Ltd	150,000,00	150,000,000	-
Samurai 2021	150,000,00	150,000,000	-
Citibank	120,000,00	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
British International Investment	50,000,000	50,000,000	-
African Development Bank	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	-
	3,665,318,0	2,860,663,856	804,654,204
	=====	=====	=====
TOTAL FACILITIES			
At 31 December 2022	8,202,127,7	5,904,183,842	2,297,943,86
	=====	=====	=====

Note:

Facilities utilised include outstanding letters of credit amounting to USD 19,957,796 (December 2021: USD 180,069,758).

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

SHORT-TERM FACILITIES	GROUP AND BANK		Facilities unutilised USD
	Facilities available USD	Facilities utilised 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 Bank	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	-
	3,744,006,415	2,718,950,735	1,025,055,680
	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED 31 DECEMBER 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	GROUP AND BANK		
	Facilities available	Facilities utilised	Facilities unutilised
LENDER	USD	USD	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 (DBRB)	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 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
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
	=====	=====	=====

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.

At 31 December 2022:	GROUP AND BANK			Total USD
	Level 1 USD	Level 2 USD	Level 3 USD	
ASSETS				
Derivative financial instruments	-	-	-	-
Equity investments at fair value through other comprehensive income	-	-	71,452,098	71,452,098
	=====	=====	=====	=====
LIABILITIES				
Derivative financial instruments	-	17,826,383	-	17,826,383
	=====	=====	=====	=====
At 31 December 2021: Restated				
ASSETS				
Derivative financial instruments	-	57,634,835	-	57,634,835
Equity investments at fair value through other comprehensive income	-	-	61,078,070	61,078,070
	-----	-----	-----	-----
	-	57,634,835	61,078,070	118,712,905
	=====	=====	=====	=====

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

38. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Transfers between Level 1, 2 and Level 3:

As at 31 December 2022 and 31 December 2021, there were no transfers between the levels.

Valuation of financial Instruments recorded at fair value:

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

Valuations of financial instruments are the responsibility of Management.

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

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

	GROUP AND BANK					
	As at 31 December 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	44,000	8,383,695	8,427,695	-	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	
				2022 USD	2021 USD
Equity investments – at fair value through other comprehensive income	Equity method-% of net assets	Professional Investment Managers Valuation	n/a	71,452,098	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 YEAR ENDED 31 DECEMBER 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	
			2022 USD	2021 USD
Equity investments – at fair value through other comprehensive income	Professional Investment Managers Valuation	5%	3,572,605	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 year:

	GROUP AND BANK	
	2022 USD	2021 USD
At start of year	61,078,070	53,987,118
FV gains and losses	8,427,695	7,090,952
Additions	1,946,333	-
	=====	=====
At end of year	71,452,098	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 YEAR ENDED 31 DECEMBER 2022

39. SEGMENT REPORTING (Continued)

a) STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December 2022:	GROUP AND BANK						Total Lending Operations	Corporate	Subsidiaries	Consolidated Total
	East Africa	North- East Africa	Southern Africa	Indian Ocean- Lusophone	Congo and Prospective West Africa	Multi-Regional Regional				
	USD	USD	USD	USD	USD	USD				
Interest income	122,611,898	171,079,374	72,685,609	23,676,732	1,678,871	42,771,244	434,503,728	82,860,163	7,682,803	525,046,694
Interest expense and other borrowing costs	(55,133,457)	(76,235,286)	(33,587,628)	(10,724,265)	(835,031)	(18,852,930)	(195,368,597)	(35,990,144)	-	(231,358,741)
Net interest income	67,478,441	94,844,088	39,097,981	12,952,467	843,840	23,918,314	239,135,131	46,870,019	7,682,803	293,687,953
Fees and commission	12,252,534	13,743,260	12,090,358	4,828,316	3,669,737	3,961,042	50,545,247	-	-	50,545,247
Fair value gains on financial assets - derivatives	-	-	-	-	-	-	-	9,044,686	-	9,044,686
Net trading income	79,730,975	108,587,348	51,188,339	17,780,783	4,513,577	27,879,356	289,680,378	55,914,705	7,682,803	353,277,886
Risk mitigation risk	(12,951,596)	(12,218,046)	(11,293,170)	-	-	-	(36,462,812)	(5,821,654)	-	(42,284,466)
Other income	-	-	-	-	-	-	-	9,008,253	(2,129,364)	6,878,889
Depreciation and	-	-	-	-	-	-	-	(2,406,391)	-	(2,406,391)
Operating expenses	(703,433)	(730,858)	(577,639)	(1,118,944)	(362,998)	(4,140,443)	(7,634,315)	(35,910,679)	(4,296,891)	(47,841,885)
Impairment on assets	9,347,600	(35,435,151)	(15,995,265)	(494,416)	(334,184)	(10,206,479)	(53,117,895)	1,365,746	-	(51,752,149)
Impairment on other assets	(4,069,955)	-	-	-	-	-	-	-	-	(4,069,955)
Foreign Exchange gain	-	-	-	-	-	-	-	(2,053,108)	50,266	(2,002,842)
Profit for the year	71,353,591	60,203,293	23,322,265	16,167,423	3,816,395	13,532,434	188,395,401	20,096,872	1,306,814	209,799,087

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB-formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

39. SEGMENT REPORTING (Continued)

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

For the year 31 December 2021-Restated	East Africa	North East Africa	Southern Africa	Franco / Lusophone	Congo and Prospective Africa	Multi - Regional	Total Lending Operations	Corporate	Subsidiary	Consolidated Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Interest income	111,628,903	111,778,536	65,078,279	13,835,061	851,052	34,961,588	338,133,419	85,436,952	3,228,931	426,799,302
Interest expense and other borrowing costs	(49,129,094)	(50,830,087)	(28,956,904)	(6,169,789)	(370,344)	(15,070,768)	(150,526,986)	(38,034,001)	-	(188,560,987)
Net interest income	62,499,809	60,948,449	36,121,375	7,665,272	480,708	19,890,820	187,606,433	47,402,951	3,228,931	238,238,315
Fee and commission income	15,446,570	13,415,599	15,097,090	2,509,851	1,113,073	5,362,834	52,945,017	-	-	52,945,017
Fair value gains on financial assets - derivatives	-	-	-	-	-	-	-	(1,905,701)	-	(1,905,701)
Net Trading Income	77,946,379	74,364,048	51,218,465	10,175,123	1,593,781	25,253,654	240,551,450	45,497,250	3,228,931	289,277,631
Risk Mitigation Costs	(14,110,133)	(8,205,857)	(13,381,935)	-	-	-	(35,697,925)	(4,938,435)	-	(40,636,360)
Other Income	-	-	-	-	-	-	-	1,601,335	1,354,287	2,955,622
Depreciation and amortisation	-	-	-	-	-	-	-	(2,412,450)	-	(2,412,450)
Operating expenditure	(802,257)	(493,898)	(751,784)	(923,013)	(39,368)	(4,160,640)	(7,170,960)	(33,663,300)	(2,728,353)	(43,562,613)
Impairment allowance on loans	(26,280,326)	(16,009,713)	11,174,633	(1,730,977)	(52,265)	1,686,297	(31,212,351)	(753,295)	-	(31,965,646)
Impairment on other assets	-	-	-	-	-	-	-	(698,625)	-	(698,625)
Net foreign exchange loss	-	-	-	-	-	-	-	3,229,849	-	3,229,849
PROFIT FOR THE YEAR	36,753,663	49,654,580	48,259,379	7,521,133	1,502,148	22,779,311	166,470,214	7,862,329	1,854,868	176,187,411
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

39. SEGMENT REPORTING (Continued)

a) STATEMENT OF COMPREHENSIVE INCOME (Continued)

Year ended 31 December 2022	Trade finance USD	Project finance USD	Other USD	Subsidiaries USD	Total USD
Gross interest income	273,631,492	160,872,236	82,860,163	7,682,803	525,046,694
Interest expense and other borrowing costs	(18,207,936)	(130,150,728)	(83,000,077)	-	(231,358,741)
Net interest income	255,423,556	30,721,508	(139,914)	7,682,803	293,687,953
Fee and commission income	41,455,396	9,089,851	-	-	50,545,247
Fair value gains on financial assets – derivatives	9,044,686	-	-	-	9,044,686
Risk mitigation costs	(24,688,702)	(12,756,973)	(4,838,791)	-	(42,284,466)
Other income	-	-	3,462,610	(2,129,364)	1,333,246
Assets recovered	3,135,484	2,410,159	-	-	5,545,643
Other assets written-off	(104,038)	(3,965,917)	-	-	(4,069,955)
Operating expenses	(39,498,486)	(4,046,508)	-	(4,296,891)	(47,841,885)
Depreciation and amortisation	(2,231,245)	(175,146)	-	-	(2,406,391)
Impairment on assets	(68,561,305)	15,484,932	-	-	(53,076,373)
Impairment on off-balance sheet commitments	-	-	1,324,224	-	1,324,224
Net foreign exchange gain	-	-	(2,053,108)	50,266	(2,002,842)
Profit for the year	173,975,346 =====	36,761,906 =====	(2,244,979) =====	1,306,814 =====	209,799,087 =====
Year ended 31 December 2021 -Restated					
Gross interest income	186,522,536	151,610,883	85,436,952	3,228,931	426,799,302
Interest expense and other borrowing costs	18,108,567	(118,596,087)	(88,073,467)	-	(188,560,987)
Net interest income	204,631,103	33,014,796	(2,636,515)	3,228,931	238,238,315
Fee and commission income	37,026,545	15,918,472	-	-	52,945,017
Fair value gains on financial assets – derivatives	(1,905,701)	-	-	-	(1,905,701)
Risk mitigation costs	(27,909,314)	(7,179,843)	(5,547,203)	-	(40,636,360)
Other income	-	-	1,601,335	1,354,287	2,955,622
Other assets written-off	(698,625)	-	-	-	(698,625)
Operating expenses	(34,187,406)	(6,646,854)	-	(2,728,353)	(43,562,613)
Depreciation and amortisation	(2,060,385)	(352,065)	-	-	(2,412,450)
Impairment on assets	(50,699,982)	22,893,357	(753,296)	-	(28,559,921)
Impairment on off-balance sheet commitments	(3,461,302)	55,577	-	-	(3,405,725)
Net foreign exchange gain	2,471,805	-	758,044	-	3,229,849
Profit for the year	123,206,738 =====	57,703,440 =====	(6,577,635) =====	1,854,868 =====	176,187,411 =====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

39. SEGMENT REPORTING (Continued)

b) REVENUE FROM MAJOR GROUPS

	GROUP AND BANK	
	2022	2021
	USD	USD
Interest and fees and commission		
Groups contributing 10% or more of revenue	66,018,361	94,897,665
All other customers	501,890,778	381,617,723
	<hr/>	<hr/>
Total Revenue	567,909,138	476,515,388
	=====	=====

c) STATEMENT OF FINANCIAL POSITION

As at 31 December 2022	GROUP AND BANK				
	Trade finance	Project finance	Other	Subsidiaries	Total
	USD	USD	USD	USD	USD
Assets					
Cash and balances held with other banks	2,828,469	-	1,694,413,076	40,375,293	1,737,616,838
Investment in Government securities	57,227,132	-	-	-	57,227,132
Other receivables	-	-	48,771,956	129,838,746	178,610,702
Trade finance loans	4,320,267,145	-	-	-	4,320,267,145
Project loans	-	1,980,753,431	-	-	1,980,753,431
Equity investments at fair value	-	-	-	-	-
other comprehensive income	-	71,452,098	-	-	71,452,098
Property and equipment	-	-	42,527,853	-	42,527,853
Right of use asset	-	-	2,577,584	-	2,577,584
Intangible assets	-	-	713,493	-	713,493
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	4,380,322,746	2,052,205,529	1,789,003,962	170,214,039	8,391,746,276
	=====	=====	=====	=====	=====
Liabilities:					
Short term borrowings	3,489,331,681	-	-	-	3,489,331,681
Long term borrowings	-	2,556,560,813	-	-	2,556,560,813
Derivative financial instruments	17,826,383	-	-	-	17,826,383
Collection account deposits	123,759,079	-	-	-	123,759,079
Lease Liability	-	-	244,246	-	244,246
Provision for service and leave pay	-	-	11,466,069	-	11,466,069
Non-controlling interest payables	-	-	65,246,073	-	65,246,073
Other payables	-	-	138,646,940	20,958,428	159,605,368
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	3,630,917,143	2,556,560,813	215,603,328	20,958,428	6,424,039,712
	=====	=====	=====	=====	=====
Shareholders' funds	-	-	1,964,248,211	-	1,964,248,211
Non-controlling interest	-	-	-	3,458,353	3,458,353
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Equity	-	-	1,964,248,211	3,458,353	1,967,706,564
	=====	=====	=====	=====	=====
Total Liabilities and equity	3,630,917,143	2,556,560,813	2,179,851,539	24,416,781	8,391,746,276
	=====	=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

39. SEGMENT REPORTING (Continued)

c) STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2021-Restated	GROUP AND BANK				
	Trade finance USD	Project finance USD	Other USD	Subsidiaries USD	Total USD
Assets					
Cash and balances held with other banks	3,667,872	-	1,967,214,832	1,054,757	1,971,937,461
Investment in Government securities	83,950,034	-	-	-	83,950,034
Derivative financial instruments	57,634,835	-	-	-	57,634,835
Other receivables	-	-	151,069,314	1,475,111	152,544,425
Trade finance loans	3,579,041,684	-	-	-	3,579,041,684
Project loans	-	2,052,889,467	-	-	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	3,724,294,425	2,113,967,537	2,158,408,520	2,529,868	7,999,200,350
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
Non-controlling interest payables	-	-	51,439,560	-	51,439,560
Other payables	-	-	102,041,530	1,110,739	103,152,269
Total liabilities	2,728,441,651	3,374,096,364	165,381,582	1,110,739	6,269,030,336
Equity	-	-	1,729,065,249	-	1,729,065,249
Non-controlling interest	-	-	-	1,104,765	1,104,765
Total equity	-	-	1,729,065,249	1,104,765	1,730,170,014
Total Liabilities and equity	2,728,441,651	3,374,096,364	1,894,788,831	2,215,504	7,999,542,350

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

40. CONTINGENT LIABILITIES AND COMMITMENTS

	GROUP AND BANK	
	2022	2021
	USD	USD
(a) Approved capital expenditure		
Approved but not contracted	45,694,368	14,146,745
	=====	=====
Approved and contracted	7,967,662	7,211,038
	=====	=====
(b) Loans committed but not disbursed		
Project finance loans	101,339,795	187,725,114
Trade finance loans	332,074,941	330,975,149
	=====	=====
	433,414,736	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	
	2022	2021
	USD	USD
Letters of credit – Project finance loans	67,600	3,068,218
- Trade finance loans	19,890,196	177,001,540
	=====	=====
	19,957,796	180,069,758
Guarantees	2,000,000	133,250,000
	=====	=====
	21,957,796	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 31 December 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 Seventeen institutional members, Class C Shareholders – Three institutional members - subscription to the capital of the Group is made by all its Members. All the powers of the Group are vested in the Board of Governors, which consists of the Governors appointed by each Member of the Group, who exercise the voting power of the appointing Member. The Board of Directors, which is composed of Nineteen (19) Directors elected by the Members is responsible for the conduct of the general operations of the Group, and for this purpose, exercises all the powers delegated to it by the Board of Governors. The Group makes loans to some of its Member States. The Group also borrows funds from some of its Members. Such loans granted to Member States are approved by the Board of Directors.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 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	
	2022 USD	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 year	755,434,033	293,109,085
Loans repaid during the year	(747,689,587)	(293,784,996)
	<hr/>	<hr/>
Outstanding loan balances at end of year	2,536,814,966 =====	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	
	2022 USD	2021 USD
(c) Borrowings from members		
Outstanding borrowings at start of year	162,500,000	188,749,999
Borrowings received during the year	90,450,007	704,593
Borrowings repaid during the year	(26,700,007)	(26,954,592)
	<hr/>	<hr/>
Outstanding balances at end of year	226,250,000 =====	162,500,000 =====

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

	GROUP AND BANK	
	2022 USD	2021 USD
(d) Income and expenses		
• Interest income from loans to Member States earned during the year	268,607,264 =====	165,197,950 =====
• Interest expense on borrowings from Member States incurred during the year	(11,293,113) =====	(6,242,699) =====
• Fees and commission earned from Member States during the year	33,435,006 =====	26,241,006 =====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

41. RELATED PARTY TRANSACTIONS (Continued)

(e) Other related parties

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

	GROUP AND BANK	
	2022	2021
	USD	USD
Salaries and other short-term benefits	4,110,188	4,296,699
Other long-term employee benefits	610,843	643,951
Post-employment benefits: Defined contribution: Provident Fund	361,787	255,536
Board of Directors and Board of Governors allowances	242,398	163,550
	<hr/>	<hr/>
	5,325,216	5,359,736
	=====	=====

(f) Share capital

During the year, Class 'C' shares with a value of USD 3,413,650 (December 2021 Class 'B': 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:

	2022	2021
British Pound	0.8285	0.7401
Euro	0.9379	0.8828
United Arab Emirates Dirham	3.6727	3.6730
South Africa Rand	16.9459	15.9186
Zambian Kwacha	18.0921	16.6550
Mauritian Rupee	44.3134	43.8004
Ethiopian Birr	53.5634	49.3766
Kenya Shilling	123.4050	113.1400
Japanese Yen	131.8600	115.0350
Zimbabwe Dollar	660.4462	108.6660
Sudanese Pound	573.9552	442.6039
Malawi Kwacha	1,029.0000	815.1308
Burundi Franc	2,046.0000	1,986.0554
Tanzania Shilling	2,329.9050	2,304.7950
Uganda Shilling	3,717.7700	3,547.3750
	=====	=====

43. IMPACT OF COVID-19

African economies slowed down in 2022 amid significant economic challenges, however they remained resilient with a stable outlook in 2023-2024. Growing impacts of climate change, residual COVID-19 risks and rising geopolitical tensions particularly in Eastern Europe culminated in significant global financial market volatility, inflationary pressures, increased debt service and disruptions in supply chains in Europe and China which are Africa's major trading partners. Despite domestic and external shocks, Africa recorded an estimated 3.8% real gross domestic product (GDP) growth in 2022.

The Bank's sovereign portfolio dominates the Bank's portfolio making it a major potential source of risk for the Bank. The sovereign portfolio has, however, remained buoyant as governments continue to honour their obligations to TDB and to recognise their commitment to TDB as a regional multilateral institution and preferred lender of record. Portfolio-wide risk management, including early risk detection and mitigation and proactive monitoring, resulted in lower restructure and modification of non-sovereign loans, compared to prior years.

Overall, the Bank's portfolio remained strong despite the 2020 recession, COVID-19-Pandemic aftershock in 2021 and significant global financial markets volatility. The Bank's gross portfolio exposure to Sovereigns including public enterprises stood at USD 4.3 billion and constituted 66% of the portfolio (December 2021: USD 3.8 billion – 64%). From a credit perspective, in FY2022, the Bank managed to contain migration risk across asset brackets and continues to monitor sectors and rehabilitate clients that were affected by the pandemic.

Significant judgement and estimates impacted by COVID-19

(a) Impairment provisions on advances

Incorporating forward-looking information

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

Significant increase in credit risk

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

(b) COVID-19 debt relief measures provided to customers

Due to the COVID-19 pandemic and its resultant impact on different economies, a liquidity crisis was experienced by a large number of customers across the Group as disclosed in note 44(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 44(b) were applied.

43. IMPACT OF COVID-19 (Continued)

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

(c) Fair value measurement

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

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

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.

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.

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) CREDIT RISK

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

Credit Risk Appetite

The Group adheres to a defined credit risk appetite which considers the maximum credit losses the Group is prepared to absorb from its lending activities in pursuit of corporate objectives. The credit risk appetite statement further defines risk-based lending mandates and limits to manage credit risk concentrations at single/group borrower, country, and sector levels within expectations to minimise unexpected credit losses.

All limits were within approved risk appetite thresholds as at 31 December 2022.

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)
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44. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Credit quality (Continued)

	31 December 2022				31 December 2021			
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
<i>Project finance loans:</i>								
Pass/Acceptable	1,565,485,181	-	-	1,565,485,181	1,650,513,792	-	-	1,650,513,792
Special mention	-	376,991,614	-	376,991,614	-	381,841,372	-	381,841,372
Substandard, Doubtful & Loss	-	-	68,997,525	68,997,525	-	-	66,740,124	66,740,124
Gross Amount	1,565,485,181	376,991,614	68,997,525	2,011,474,320	1,650,513,792	381,841,372	66,740,124	2,099,095,288
Loss Allowance	(5,387,170)	(15,217,693)	(10,116,026)	(30,720,889)	(9,880,506)	(27,165,615)	(9,159,700)	(46,205,821)
Net Carrying Amount	1,560,089,011	361,773,921	58,881,499	1,980,753,431	1,640,633,286	354,675,757	57,580,424	2,052,889,467
	=====	=====	=====	=====	=====	=====	=====	=====
<i>Trade finance loans:</i>								
Pass/ acceptable	4,283,288,464	-	-	4,283,288,464	3,449,549,875	-	-	3,449,549,875
Special mention	-	92,645,080	-	92,645,080	-	132,374,476	-	132,374,476
Substandard, Doubtful & Loss	-	-	118,796,034	118,796,034	-	-	103,018,461	103,018,461
Gross Amount	4,283,288,464	92,645,080	118,796,034	4,494,729,578	3,449,549,	132,374,476	103,018,461	3,684,942,
Loss Allowance	(98,800,281)	(853,013)	(74,809,139)	(174,462,433)	(35,534,555)	(8,626,034)	(61,740,539)	(105,901,128)
Net Carrying Amount	4,184,488,183	91,792,067	43,986,895	4,320,267,145	3,414,015,320	123,748,442	41,277,922	3,579,041,684
	=====	=====	=====	=====	=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Credit quality (Continued)

	31 December 2022				31 December 2021			
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
Undisbursed commitments and guarantees:								
Pass/acceptable	424,414,736	-	-	424,414,736	651,950,263	-	-	651,950,263
Gross Amount	424,414,736	-	-	424,414,736	651,950,263	-	-	651,950,263
Loss Allowance	(2,491,757)	-	-	(2,491,757)	(5,159,480)	-	-	(5,159,480)
Carrying Amount	421,922,979	-	-	421,922,979	646,790,783	-	-	646,790,783
Letters of Credit:								
Pass/acceptable	160,069,758	-	-	160,069,758	180,069,758	-	-	180,069,758
Gross Amount	160,069,758	-	-	160,069,758	180,069,758	-	-	180,069,758
Loss Allowance	(140,318)	-	-	(140,318)	(85,240)	-	-	(85,240)
Carrying Amount	159,929,440	-	-	159,929,440	179,984,518	-	-	179,984,518
Total off balance sheet items								
Pass/Acceptable	585,110,437	-	-	585,110,437	832,020,021	-	-	832,020,021
Gross Amount	585,110,437	-	-	585,110,437	832,020,021	-	-	832,020,021
Loss Allowance	(2,632,075)	-	-	(2,632,075)	(5,244,720)	-	-	(5,244,720)
Carrying Amount	582,478,362	-	-	582,478,362	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	2022		GROUP AND BANK		
			2021	Restated	
	USD	%	USD	%	
<i>On – statement of financial position Items</i>					
Cash and Balances held with other banks	1,737,616,838	20	1,981,029,910		25
Investment in Government securities	57,227,132	1	83,950,034		1
Derivative financial instruments	-	-	57,634,835		1
Other receivables	178,468,887	2	143,451,976		1
Loans and advances	6,506,203,898	77	5,784,038,100		72
-Project loans	2,011,474,320		2,099,095,288		
-Trade finance loans	4,494,729,578		3,684,942,812		
Sub Total	8,479,658,571	100	8,027,232,891		100
	=====	=====	=====		=====
<i>Off – statement of financial position Items</i>					
Letters of Credit	19,957,796	5	180,069,758		26
Loan commitments not disbursed	433,414,736	95	518,700,263		74
Guarantees and Performance bonds	2,000,000	-	133,250,000		-
	_____	_____	_____		_____
Sub Total	455,372,532	100	832,020,021		100
	_____	_____	_____		_____
Total Credit Exposure	8,935,031,103		8,859,252,912		
	=====		=====		

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 78.28% in December 2022 (December 2021– 75.18%) of the total maximum credit exposure.

Other than cash and bank balances amounting to USD 1,737,616,838 and (December 2021- USD 1,971,937,461), Investment in government securities of USD 57,227,132 (December 2021 - USD 83,950,034) all other credit risk exposures are secured by collateral in the form of cash liens, mortgages on land and buildings, securities charged over plant and machinery and third-party guarantees.

As at 31 December 2022, the fair value of collateral held for impaired loans and advances was USD 190,957,194 (December 2021 – USD 167,273,966) and the gross impaired loans exposure was USD 187,793,559 (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 YEAR ENDED 31 DECEMBER 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

	GROUP AND BANK 2022 USD	2021 USD
(i) Total portfolio:		
Insurance and Guarantees	2,766,052,637	2,377,280,729
Cash security deposits	1,468,694,174	1,420,176,889
Fixed charge on plant and equipment	667,824,742	587,701,239
Other floating all asset debenture	553,550,500	481,904,025
Mortgages on properties	292,039,905	317,612,386
Sovereign undertakings	356,351,885	43,675,652
	<hr/>	<hr/>
Total security cover	6,104,513,843	5,228,350,920
	<hr/>	<hr/>
Gross portfolio	(6,506,203,898)	(5,784,038,100)
	<hr/>	<hr/>
Net (gap)/cover	(401,690,055)	(555,687,180)
	=====	=====
(ii) Loans not impaired:		
Insurance and Guarantees	2,715,082,027	2,346,273,455
Cash security deposits	1,468,156,114	1,420,176,889
Fixed charge on plant and equipment	612,716,956	543,331,453
Other floating all asset debenture	553,550,500	481,904,025
Mortgages on properties	209,199,166	227,215,480
Sovereign undertakings	354,851,885	42,175,652
	<hr/>	<hr/>
Total security cover	5,913,556,648	5,061,076,954
	<hr/>	<hr/>
Gross portfolio	(6,318,410,338)	(5,614,279,515)
	<hr/>	<hr/>
Net (gap)/cover	(404,853,690)	(553,202,561)
	=====	=====

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Collateral held for loan portfolio (Continued)

	GROUP AND BANK	
	2022 USD	2021 USD
(iii) Impaired loans:		
Insurance and Guarantees	50,970,610	31,007,274
Cash security deposits	538,060	-
Fixed charge on plant and equipment	55,107,786	44,369,786
Mortgages on properties	82,840,738	90,396,906
Sovereign undertakings	1,500,000	1,500,000
Total security cover	190,957,194	167,273,966
Gross portfolio	(187,793,559)	(169,758,585)
Net cover	3,163,635	(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.

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

Grading: 12-month weighted average PD

Very Low risk	6.20%
Low risk	
Moderate risk	8.00%
High risk	
Substandard	100%
Bad & Doubtful	
Loss	

Project Finance loans

Grading: 12-month weighted average PD

Very Low risk	8.77%
Low risk	
Moderate risk	12.26%
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 year ended 31 December 2022

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

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

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

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

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

Probability of Default (PD)

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

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

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

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Enhancements in the Expected Credit Loss (ECL) model effected in the year ended 31 December 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, forbore or unlikeliness to pay; unlikeliness to pay has been considered on a case-by-case. Modifications are generally done to address short term cash-flow challenges where the fundamentals of the project remain sound.

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

	GROUP AND BANK					
	31 December 2022			31 December 2021		
	Restructured USD	Covid-19 Modified USD	Total USD	Restructured USD	Covid-19 Modified USD	Total USD
Gross carrying amount before restructuring	22,479,802	-	22,479,802	88,445,114	4,182,661	92,627,775
Loss allowance before restructuring	33,409	-	33,409	(9,953,814)	(273)	(9,954,087)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net amortised cost before restructuring	22,513,211	-	22,513,211	78,491,300	4,182,388	82,673,688
Net restructuring (loss)/gain	(122,114)	-	(122,114)	7,613,537	104,158	7,717,695
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net amortised cost after restructuring	22,391,097	-	22,391,097	86,104,837	4,286,546	90,391,383
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Analysis of Gross Amounts by Sector:</i>						
Agribusiness	6,776,979	-	6,776,979	-	-	-
Energy	5,268,396	-	5,268,396	61,377,700	-	61,377,700
Health	5,434,427	-	5,434,427	-	-	-
Hospitality	5,000,000	-	5,000,000	6,326,625	-	6,326,625
Transport	-	-	-	-	4,182,661	4,182,661
Oil & gas	-	-	-	20,740,789	-	20,740,789
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	22,479,802	-	22,479,802	88,445,114	4,182,661	92,627,775
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Restructured and Modified Loans – continued

	GROUP AND BANK					
	31 December 2022	Covid-19	Total	31 December 2021	Covid-19	Total
<i>Analysis of Gross Amounts by Product:</i>	Restructured USD	Modified USD	USD	Restructured USD	Modified USD	USD
Project Finance loans	15,702,823	-	15,702,823	67,704,325	4,182,661	71,886,986
Trade Finance loans	6,776,979	-	6,776,979	20,740,789	-	20,740,789
	<u>22,479,802</u>	<u>-</u>	<u>22,479,802</u>	<u>88,445,114</u>	<u>4,182,661</u>	<u>92,627,775</u>

Impact of the Covid-19 modifications on the ECL:

31 December 2022				31 December 2021			
Balance on Modification USD	PV of modified cashflows USD	Modification gain USD	Impairment USD	Balance on Modification USD	PV of modified cashflows USD	Modification gain USD	Impairment USD
-	-	-	-	4,182,661	4,210,307	4,286,546	76,239
<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

The Bank has continued to accrue interest on these facilities.

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

There were no Covid restored loans in 2022. In 2021, if the loans that were restructured due to the impact of COVID were reclassified to Stage 3 loans, there would be no impact on the impairment charge because the value of collateral on the loans is higher than the loan exposures by USD 0.25 million

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 31 December 2022, the ECL would increase by 2.17% (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 0.62% (December 2021: NIL)

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 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 31 December 2022

	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
<i>Project Finance loans;</i>				
Balance at 1 January	9,880,506	27,165,615	9,159,700	46,205,821
Transfer to 12 months ECL	5,026,784	(5,026,784)	-	-
Transfer to Lifetime ECL not credit impaired	(78,637)	78,637	-	-
Transfer to Lifetime ECL credit impaired	(325)	(253,903)	254,228	-
Net re-measurement of loss allowance	(11,813,586)	(6,745,873)	7,035,662	(1,523,797)
Net financial assets originated	2,523,710	-	-	2,523,710
Financial assets derecognized*	(151,276)	-	(6,333,569)	(6,484,845)
Balance at 31 December	5,387,176	15,217,692	10,116,021	30,720,889
	=====	=====	=====	=====
<i>Trade Finance loans:</i>				
Balance at 1 January	35,534,554	8,626,034	61,740,539	105,901,127
Transfer to 12 months ECL	12,402,037	(182,037)	(12,220,000)	-
Transfer to Lifetime ECL not credit impaired	(17,894,245)	17,894,245	-	-
Transfer to Lifetime ECL credit impaired	-	(5,169,976)	5,169,976	-
Net of financial assets originated	7,810,013	-	-	7,810,013
Net remeasurement of loss allowance	60,990,344	(20,325,253)	59,583,168	100,248,259
Financial assets derecognised	(42,422)	-	(39,454,544)	(39,496,966)
Balance	98,800,281	853,012	74,819,139	174,462,433
	=====	=====	=====	=====
<i>Undisbursed commitments and guarantees</i>				
Balance at 1 January	5,159,480	-	-	5,159,480
Net financial assets originated	2,491,757	-	-	2,491,757
Financial assets derecognised	(5,159,480)	-	-	(5,159,480)
Balance at 31 December	2,491,757	-	-	2,491,757
	=====	=====	=====	=====
<i>Letters of credit</i>				
Balance at 1 January	85,240	-	-	85,240
Net financial assets originated	140,318	-	-	140,318
Financial assets derecognised	(85,240)	-	-	(85,240)
Balance at 31 December	140,318	-	-	140,318
	=====	=====	=====	=====

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 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)
	=====	=====	=====	=====
Balance at 31 December	9,880,506	27,165,615	9,159,700	46,205,821
	=====	=====	=====	=====
<i>Trade Finance loans:</i>				
Balance at 1 January	18,082,726	6,862,240	71,917,281	96,862,247
Transfer to Lifetime ECL credit impaired	-	(4,482,624)	4,482,624	-
Net of financial assets originated	5,614,193	-	-	5,614,193
Net remeasurement of loss allowance	11,880,057	6,246,418	24,795,178	42,921,654
Financial assets derecognised	(42,422)	-	(39,454,544)	(39,496,966)
	=====	=====	=====	=====
Balance	35,534,554	8,626,034	61,740,539	105,901,128
	=====	=====	=====	=====
<i>Undisbursed commitments and guarantees</i>				
Balance at 1 January	606,803	1,330,070	-	1,936,873
Net financial assets originated	5,159,480	-	-	5,159,480
Financial assets derecognised	(606,803)	(1,330,070)	-	(1,936,873)
	=====	=====	=====	=====
Balance at 31 December	5,159,480	-	-	5,159,480
	=====	=====	=====	=====
<i>Letters of credit</i>				
Balance at 1 January	44,617	-	-	44,617
Net financial assets originated	85,240	-	-	85,240
Financial assets derecognised	(44,617)	-	-	(44,617)
	=====	=====	=====	=====
Balance at 31 December	85,240	-	-	85,240
	=====	=====	=====	=====

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

	31 December 2022				31 December 2021			
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
<i>Project finance loans;</i>								
Balance at 1 January	1,650,513,792	381,841,372	66,740,124	2,099,095,288	1,871,236,148	353,207,345	67,820,124	2,292,263,617
Transfer to 12 months ECL	15,447,540	(15,447,540)	-	-	42,183,157	(42,183,157)	-	-
Transfer to Lifetime ECL not credit impaired	(53,842,372)	53,842,372	-	-	(56,837,820)	56,837,820	-	-
Transfer to Lifetime ECL credit impaired	(637,175)	(7,613,942)	8,251,117	-	-	-	-	-
Net remeasurement of loss allowance	(136,630,478)	(35,630,649)	339,853	(171,921,274)	(205,575,070)	13,979,364	(1,080,000)	(192,675,705)
New financial assets originated	192,168,405	-	-	192,168,405	70,648,590	-	-	70,648,590
Financial assets derecognised*	(101,534,530)	-	(6,333,569)	(107,868,099)	(71,141,214)	-	-	(71,141,214)
Balance at year end	1,565,485,182	376,991,613	68,997,525	2,011,474,320	1,650,513,792	381,841,372	66,740,124	2,099,095,288
	=====	=====	=====	=====	=====	=====	=====	=====
<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	89,735,648	3,181,497,062
Transfer to 12 months ECL	23,144,771	(6,481,943)	(16,662,828)	-	-	-	-	-
Transfer to Lifetime ECL not credit impaired	(635,998,953)	635,998,953	-	-	-	-	-	-
Transfer to Lifetime ECL credit impaired	-	(88,006,752)	88,006,752	-	-	(58,994,861)	58,994,861	-
Net remeasurement of loss allowance	744,179,965	(28,173,107)	(16,151,807)	699,855,051	386,462,752	(637,615)	(6,257,507)	379,567,630
Net financial assets originated	782,948,214	(553,066,546)	-	229,881,668	243,828,073	-	-	243,828,073
Financial assets derecognized**	(80,495,410)	-	(39,454,543)	(119,949,953)	(80,495,410)	-	(39,454,543)	(119,949,953)
Balance at year end	4,283,038,622	92,934,923	118,756,033	4,494,729,578	3,449,260,035	132,664,318	103,018,459	3,684,942,812
	=====	=====	=====	=====	=====	=====	=====	=====

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Loss allowance - continued

	31 December 2022				31 December 2021			
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
<i>Undisbursed commitments:</i>								
Balance at 1 January	651,950,533	-	-	651,950,533	518,443,767	21,274,601	-	539,718,368
Transfer to Lifetime ECL not credit impaired	-	-	-	-	-	-	-	-
Net financial assets originated or purchased	424,414,736	-	-	424,414,736	614,329,916	-	-	614,329,916
Net remeasurement of loss allowance	-	-	-	-	-	-	-	-
Financial assets derecognised	(651,950,533)	-	-	(651,950,533)	(480,823,150)	(21,274,601)	-	(502,097,751)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at year end	424,414,736	-	-	424,414,736	651,950,533	-	-	651,950,533
	=====	=====	=====	=====	=====	=====	=====	=====
<i>Letters of Credit</i>								
Balance at 1 January	180,069,758	-	-	180,069,758	279,740,762	-	-	279,740,762
Net financial assets originated or purchased	160,695,701	-	-	160,695,701	180,069,758	-	-	180,069,758
Net remeasurement of loss allowance	-	-	-	-	(22,8451,905)	-	-	(22,8451,905)
Financial assets derecognized	(180,069,758)	-	-	(180,069,758)	(51,288,857)	-	-	(51,288,857)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at year end	160,695,701	-	-	160,695,701	180,069,758	-	-	180,069,758
	=====	=====	=====	=====	=====	=====	=====	=====
Total	585,110,437	-	-	585,110,437	832,020,291	-	-	832,020,291
	=====	=====	=====	=====	=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Concentration of Risk by Sector

As at 31 December 2022

	Gross Exposure		Off-Statement of		Cash Collateral/ In transit	Insurance	Other Mitigants	Net Exposure	
	On statement of Financial position USD	%	Financial Position USD	%					
Agri- Business	1,296,694,554	20	137,884,078	30	(81,095,815)	(473,082,500)	(79,665,696)	800,734,621	22
Banking and Financial Services	1,356,302,495	21	219,674,767	48	(337,009,767)	(288,597,857)	-	950,369,638	25
Construction	53,735,729	1	-	-	-	-	-	53,735,729	1
Energy	291,718,070	4	10,714,459	2	-	-	-	302,432,529	8
Health Services	21,159,226	1	3,932,079	-	-	-	-	25,091,305	1
Hospitality	37,572,102	1	10,749,731	2	-	-	-	48,321,833	1
ICT	188,244,220	3	-	-	(40,303,986)	-	-	147,940,234	4
Infrastructure	1,120,608,851	17	34,688,581	8	-	(521,458,334)	-	633,839,098	17
Manufacturing and Heavy Industries	223,984,952	3	6,893,666	2	-	-	-	230,878,618	6
Mining and Quarrying	65,103,957	1	26,428,880	6	-	-	-	91,532,837	3
Oil and Gas	1,625,584,387	25	-	-	(913,123,076)	(407,676,233)	(50,000,000)	254,785,078	7
Other	5,152,830	-	-	-	-	-	-	5,152,830	-
Real Estate	10,056,951	-	-	-	-	-	-	10,056,951	-
Transport	62,424,572	1	-	-	-	(43,164,299)	(542,271)	18,718,002	1
Wholesale Commodities	147,861,001	2	4,406,292	1	-	-	-	152,267,293	4
	<u>6,506,203,897</u>	<u>100</u>	<u>455,372,532</u>	<u>100</u>	<u>(1,371,532,644)</u>	<u>(1,733,979,223)</u>	<u>(130,207,967)</u>	<u>3,725,856,596</u>	<u>100</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====

**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 YEAR ENDED 31 DECEMBER 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Concentration of Risk by Sector

As at 31 December 2021

	Gross Exposure		Off-Statement of		Cash Collateral/	Insurance	Other Mitigants	Net Exposure	
	On statement of		Financial Position		In transit	USD	USD	USD	%
	Financial position	%	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 and 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 YEAR ENDED 31 DECEMBER 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Concentration of Risk by Country

As at 31 December 2022

	Gross Exposure				Cash Collateral/ In transit	Insurance	Other Mitigants	Net Exposure			
	On statement of Financial position		Off-Statement of Financial Position					USD	USD	USD	USD
	USD	%	USD	%							
Burundi	21,190,235	-	15,000,000	3	(1,034,698)	-	-	35,155,537	1		
Comoros	17,426,653		3,932,079	1	-	-	-	21,358,732	1		
Congo DRC	123,502,834	2	26,496,480	6	-	-	-	149,999,314	4		
Djibouti	14,292,158	-	-	-	-	-	-	14,292,158	-		
Egypt	147,861,001	2	4,406,292	1	-	-	-	152,267,293	4		
Eswatini	46,052,215	1	5,000,000	1	-	-	-	51,052,215	2		
Ethiopia	1,029,405,193	16	76,954,928	17	(165,105,129)	(200,000,000)	(542,271)	740,712,721	20		
Kenya	517,387,491	8	-	-	-	(380,000,000)	-	137,387,491	4		
Madagascar	10,604,228	-	920,855	-	-	-	-	11,525,083	-		
Malawi	449,031,532	7	60,535,598	13	(77,286,589)	(259,832,500)	(79,665,696)	92,782,345	2		
Mauritius	306,282,909	5	6,930,818	2	(40,303,986)	-	-	272,909,741	7		
Mozambique	150,923,264	2	100,000	-	-	-	-	151,023,264	4		
Rwanda	449,256,719	7	19,746,573	4	(150,000,000)	(43,164,299)	-	275,838,993	7		
Seychelles	48,070,613	1	749,731	-	-	-	-	48,820,344	1		
South Sudan	113,007,060	2	-	-	-	(60,000,000)	(50,000,000)	3,007,060	-		
Sudan	931,435,763	14	-	-	(315,807,449)	(213,250,000)	-	402,378,314	11		
Tanzania	537,849,492	8	97,654,313	21	-	(141,458,334)	-	494,045,471	13		
Uganda	391,703,390	6	7,834,435	2	-	-	-	399,537,825	11		
Zambia	697,630,119	11	129,110,430	28	(171,895,832)	(347,676,233)	-	307,168,485	8		
Zimbabwe	503,291,028	8	-	-	(450,098,961)	(88,597,857)	-	(35,405,790)	-		
	6,506,203,897	100	455,372,532	100	(1,371,532,644)	(1,733,979,223)	(130,207,967)	3,725,856,596	100		
	=====	=====	=====	=====	=====	=====	=====	=====	=====		

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB-formerly PTA Bank)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

(b) CREDIT RISK (Continued)

Concentration of Risk by Country

As at 31 December 2021

	Gross Exposure								
	On statement of		Off-Statement of		Cash Collateral/	Insurance	Other Mitigants	Net Exposure	
	Financial position		Financial Position		In transit	USD	USD	USD	%
	USD	%	USD	%	USD			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 YEAR ENDED 31 DECEMBER 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

(c) LIQUIDITY RISK (Continued)

Maturities of financial assets and financial liabilities are as follows:

At 31 December 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	621,327,975	400,000,000	100,000,000	-	616,288,863	-	1,737,616,838
Investment in Government securities	-	-	6,015,681	10,059,667	41,151,784	-	57,227,132
Other receivables*	475,032	397,143	585,336	1,108,868	122,552,017	12,013,789	137,132,185
Trade finance loans	507,794,439	325,054,762	1,017,836,137	893,263,494	2,243,238,409	4,746,940	4,991,934,181
Project loans	190,336,799	84,598,837	109,720,766	294,637,318	1,574,686,829	409,446,595	2,663,427,144
Equity investment at fair value through OCI	-	-	-	-	71,452,098	-	71,452,098
Total assets	1,319,934,245	810,050,741	1,234,157,919	1,199,069,347	4,669,370,001	426,207,324	9,658,789,578
	=====	=====	=====	=====	=====	=====	=====
LIABILITIES							
Short term borrowings	316,283,182	280,418,748	222,060,704	494,599,550	2,175,969,496	-	3,489,331,681
Long term borrowings	31,259,161	18,643,886	25,232,046	57,357,038	1,326,941,384	1,097,127,297	2,556,560,813
Derivative financial instruments	9,443,060	11,156,223	(2,772,900)	-	-	-	17,826,383
Collection Account	123,759,079	-	-	-	-	-	123,759,079
Other payables**	121,777,769	-	-	-	65,246,073	37,949,595	224,973,437
Total liabilities	602,522,251	310,218,857	244,519,850	551,956,588	3,568,156,954	1,135,076,892	6,412,451,391
	=====	=====	=====	=====	=====	=====	=====
Net liquidity gap	717,411,994	499,831,884	989,638,070	647,112,759	1,101,213,047	(708,869,568)	3,246,338,187
	=====	=====	=====	=====	=====	=====	=====
Cumulative gap	717,411,994	1,217,243,878	2,206,881,948	2,853,994,707	3,955,207,755	3,246,338,187	3,246,338,187
	=====	=====	=====	=====	=====	=====	=====

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 YEAR ENDED 31 DECEMBER 2022

44. FINANCIAL RISK MANAGEMENT (Continued)

(c) LIQUIDITY RISK (Continued)

Maturities of financial assets and financial liabilities are as follows:

At 31 December 2021- Restated:	Up to 1 month	2 to 3 months	4 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Total
	USD	USD	USD	USD	USD	USD	USD
ASSETS							
Cash and balances with other banks	495,388,886	915,000,000	423,670,987	81,179,535	65,790,502	-	1,981,029,910
Investment in Government securities	-	-	16,269,840	9,819,946	51,634,480	6,225,768	83,950,034
Other receivables	1,060,437	483,266	713,239	1,394,770	109,112,423	3,379,024	116,143,159
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	874,802,869	1,438,216,294	913,352,831	1,230,338,569	3,978,388,281	378,269,797	8,813,368,641
	=====	=====	=====	=====	=====	=====	=====
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	-	-	-	92,165,736	-	149,919,712
Total liabilities	361,536,817	933,233,232	238,567,325	1,285,316,366	2,272,776,794	1,161,027,193	6,252,457,727
	=====	=====	=====	=====	=====	=====	=====
Net liquidity gap	513,266,052	504,983,062	674,785,506	(54,977,797)	1,705,611,487	(782,757,396)	2,560,910,914
	=====	=====	=====	=====	=====	=====	=====
Cumulative gap	513,266,052	1,018,249,114	1,693,034,620	1,638,056,823	3,343,668,310	2,560,910,914	2,560,910,914
	=====	=====	=====	=====	=====	=====	=====

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

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 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 31 December 2022:							
Guarantees	-	-	-	2,000,000	-	-	2,000,000
Letters of credit	10,134,950	7,732,486		2,090,360	-	-	19,957,796
Loan commitments	43,341,474	86,682,947	130,024,421	173,365,894	-	-	433,414,736
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	53,476,424	94,415,433	130,024,421	177,456,254	-	-	455,372,532
	=====	=====	=====	=====	=====	=====	=====
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
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
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 YEAR ENDED 31 DECEMBER 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 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	618,499,506	500,000,000	-	-	616,288,863	2,828,469	1,737,616,838
Investment in Government securities	-	-	-	-	57,227,132	-	57,227,132
Other receivables**	-	-	-	-	21,230,498	115,901,687	137,132,185
Trade finance loans (Net)	-	2,260,830,874	233,506,676	-	1,707,133,560	118,796,035	4,320,267,145
Project finance loans (Net)	71,917,716	1,504,718,850	-	-	335,119,340	68,997,525	1,980,753,431
Equity Investments at fair value through other comprehensive income	-	-	-	-	-	71,452,098	71,452,098
Total financial assets	690,417,222	4,265,549,724	233,506,676	-	2,736,999,393	377,975,814	8,304,448,829
FINANCIAL LIABILITIES							
Short term borrowings	356,813,669	2,679,474,496	-	-	453,043,516	-	3,489,331,681
Long term borrowings	221,288,778	1,011,499,807	-	-	1,323,772,228	-	2,556,560,813
Derivative financial instruments	-	-	-	-	-	17,826,383	17,826,383
Collection Accounts	-	-	-	-	-	123,759,079	123,759,079
Other payables***	-	-	-	-	37,949,593	186,807,378	224,756,971
Total financial liabilities	578,102,447	3,690,974,303	-	-	1,814,765,337	328,392,840	6,412,234,927
Net interest rate exposure	112,314,775	574,575,421	233,506,676	-	922,234,056	49,582,974	1,892,213,902
Cumulative interest rate exposure	112,314,775	686,890,196	920,396,872	920,396,872	1,842,630,928	1,892,213,902	1,892,213,902

* 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 YEAR ENDED 31 DECEMBER 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-Restated:	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	491,721,014	915,000,000	25,110,967	-	545,530,057	3,667,872	1,981,029,910
Investment in Government securities	-	-	-	-	83,950,034	-	83,950,034
Other receivables	-	-	-	-	15,551,057	814,257	16,365,314
Derivative financial instruments	-	-	-	-	115,328,902	814,257	116,143,159
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	565,890,382	1,344,400,377	3,085,462,782	-	2,681,616,103	254,397,515	7,931,767,159
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	-	-	-	-	51,439,560	98,480,152	149,919,712
Total financial liabilities	557,598,785	2,430,194,166	803,905,710	-	2,297,299,809	163,459,257	6,252,457,727
Net interest rate exposure	8,291,597	(1,085,793,789)	2,281,557,072	-	384,316,294	90,938,258	1,679,309,432
Cumulative interest rate exposure	8,291,597	(1,077,502,192)	1,204,054,880	1,204,054,880	1,588,371,174	1,679,309,432	1,679,309,432

* 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 Bank has, and continues to, sensitise its existing clients regarding the transition with the aim of fast-tracking the migration from LIBOR to Term-SOFR for the existing loans that mature beyond the 30th of June 2023 deadline. The transition of bi-lateral loans is progressing well with a significant proportion of clients with loans maturing after 30th June 2023 having already executed the amendment documents with the remaining progressing towards the execution stage.

44. FINANCIAL RISK MANAGEMENT (Continued)

(d) MARKET RISK (Continued)

(i) Interest rate risk (Continued))

Interest Rate Benchmark Reform (Continued)

Developments in 2022 (Continued)

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.

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 continue. We expect to have transitioned all Syndicated transactions where TDB is the agent well before the deadline.

As of this update note, several new loan transactions have been booked using Term SOFR rates in the Bank's core banking systems without any challenges.

There has now been some progress in term of SOFR adoption on the Bank's borrowings since the last update provided. The Bank has adopted an approach towards negotiating with Lenders to use Term SOFR to align the borrowing book with the approach taken in its loan book. So far new borrowings and transitions have thus far aligned to the approach.

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. To fast track the transition, a short-term workaround has been put in place.

As of this update note, 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 2022, and the Bank's net interest margin has also grown in tandem with the reference rates.

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 fall-back 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.

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. It was noted that in late June 2022, the SOFR options activity exceeded Eurodollar Options activity for the first time.

Overall, as the LIBOR transition enters its final months, the market has seen a strong uptick in momentum in the use of SOFR as seen in the average daily volumes for SOFR futures with a single day record of almost USD 7.6 Million SOFR futures and options traded on 12th of January 2023.

Interest rate risk - Sensitivity analysis

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

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

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

If interest rates had been 100 basis points higher or lower with the above assumptions applying, the Group's net profit for the year ended 31 December 2022 of USD 209,799,087 (December 2021: USD 176,187,411) would increase or decrease by USD 14,911,504 (December 2021: USD 13,345,332) as follows:

Effect on the Group's Net Profit:

The profit for the year ended 31 December 2022 would increase to USD 224,710,591 (December 2021: USD 188,532,743) or decrease to USD 194,887,583 (December 2021: USD 163,842,079).

The potential change is 7.1 % (December 2021: 7.0%) of the year's profit.

(ii) Currency risk

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

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

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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 31 December 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	1,602,763,206	9,750	40,397,698	236,368	2,828,469	5,974,826	8,192	75,753,718	5,062,069	3,620,996	1,168	960,378	1,737,616,838
Investment in Government securities	-	-	-	-	-	-	-	-	-	57,227,132	-	-	57,227,132
Other receivables*	137,132,185	-	-	-	-	-	-	-	-	-	-	-	137,132,185
Trade finance loans	2,834,192,610	-	1,486,074,535	-	-	-	-	-	-	-	-	-	4,320,267,145
Project finance loans	1,685,536,000	-	295,217,431	-	-	-	-	-	-	-	-	-	1,980,753,431
Equity Investments at fair value through other comprehensive income	71,452,098	-	-	-	-	-	-	-	-	-	-	-	71,452,098
Total financial assets	6,331,076,099	9,750	1,821,689,664	236,368	2,828,469	5,974,826	8,192	75,753,718	5,062,069	60,848,128	1,168	960,378	8,304,448,829
FINANCIAL LIABILITIES													
Short term borrowings	3,260,236,285	-	229,095,396	-	-	-	-	-	-	-	-	-	3,489,331,681
Long term borrowings	2,152,524,882	-	404,035,931	-	-	-	-	-	-	-	-	-	2,556,560,813
Derivative Financial Investment	(1,241,947,992)	-	1,259,774,375	-	-	-	-	-	-	-	-	-	17,826,383
Collection account	44,076,600	-	29,049	-	2,776,201	-	-	75,748,496	-	594,035	-	534,698	123,759,079
Other payables**	224,672,052	-	-	60,192	-	-	-	-	-	-	-	24,727	224,756,971
Total financial liabilities	4,439,561,827	-	1,892,934,752	60,192	2,776,201	-	-	75,748,496	-	594,035	-	559,426	6,412,234,927
NET POSITION	1,891,514,272	9,750	(71,245,087)	176,176	52,269	5,974,826	8,192	5,222	5,062,069	60,254,093	1,168	400,953	1,892,213,902

*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.

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44. FINANCIAL RISK MANAGEMENT (Continued)

a) MARKET RISK (Continued)

(ii) Currency Risk (Continued)

The Group's currency position as at 31 December 2021 – Restated - was as follows:

FINANCIAL ASSETS	USD	GBP	EURO	KES	SDG	UGX	AED	MWK	TZSH	ZMW	JPY	OTHER	TOTAL
Cash and balances with other banks	1,912,630,607	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	1,981,029,910
Investment in Government securities	-	-	-	-	-	-	-	-	-	83,950,034	-	-	83,950,034
Other receivables	116,143,159	-	-	-	-	-	-	-	-	-	-	-	116,143,159
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	7,083,308,450	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	7,931,767,159
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	148,878,904	-	-	90,696	-	-	-	-	-	-	-	950,112	149,919,712
Total financial liabilities	5,613,683,324	-	616,361,769	90,696	3,600,092	-	-	8,196,371	-	9,264,718	146,393	1,114,364	6,252,457,727
NET POSITION	1,469,625,126	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	1,679,309,432

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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, Zambian Kwacha, 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	UGX	ZMW	JPY
December 2022								
	776	(7,468,107)	7,880	217	380	(26,527)	355,567	(501)
	=====	=====	=====	=====	=====	=====	=====	=====
December 2021								
	(53,334)	1,276,843	12	248	245	14,055	-	130,314
	=====	=====	=====	=====	=====	=====	=====	=====

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.

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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	
	2022	2021	2022	2021
	USD	Restated USD	USD	Restated USD
RISK WEIGHTED ASSETS				
On-Statement of financial position assets	4,996,780,303	4,526,110,589	4,827,487,375	4,525,271,109
Off- Statement of financial position assets	31,516,285	35,961,881	31,516,285	35,961,881
	=====	=====	=====	=====
Total risk weighted assets	5,028,296,588	4,562,072,470	4,859,003,660	4,561,232,990
	=====	=====	=====	=====
CAPITAL				
Paid up capital	580,439,034	555,868,667	580,439,034	555,868,667
Retained earnings and reserves	1,383,809,177	1,177,054,311	1,385,035,967	1,176,373,112
	=====	=====	=====	=====
Total capital	1,964,248,211	1,732,922,978	1,965,475,001	1,732,241,779
	=====	=====	=====	=====
CAPITAL ADEQUACY RATIO	39.1%	38.0%	40.5%	38.0%
	=====	=====	=====	=====

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

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.

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47. FINANCIAL INSTRUMENTS CATEGORIES

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

As at 31 December 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	1,737,616,838	-	-	1,737,616,838
Investment in Government securities	-	57,227,132	-	57,227,132
Other receivables	178,610,702	-	-	178,610,702
Trade finance loans	4,320,267,145	-	-	4,320,267,145
Project finance loans	1,980,753,431	-	-	1,980,753,431
Equity investments at fair value through other comprehensive income	-	-	71,452,098	71,452,098
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial assets	8,217,248,116 =====	57,227,132 =====	71,452,098 =====	8,345,927,346 =====
Financial liabilities				
Collection account deposits	123,759,079	-	-	123,759,079
Derivative financial instruments	17,826,383	-	-	17,826,383
Short term borrowings	3,489,331,681	-	-	3,489,331,681
Long term borrowings	2,556,560,813	-	-	2,556,560,813
Non-controlling interest payable	65,246,073	-	-	65,246,073
Other payables	159,727,364	-	-	159,727,364
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial liabilities	6,412,451,393 =====	- =====	- =====	6,412,451,393 =====

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

There are no assets pledged as security for liabilities.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

47. FINANCIAL INSTRUMENTS CATEGORIES (Continued)

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

As at 31 December 2021 - Restated:	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	1,981,029,910	-	-	1,981,029,910
Investment in Government securities	0	83,950,033	-	83,950,033
Derivative financial instruments	0	57,634,835	-	57,634,835
Other receivables	116,143,159	-	-	116,143,159
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
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial assets	7,729,104,221	141,584,868	61,078,070	7,931,767,159
	=====	=====	=====	=====
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
Non-controlling interest payable	51,439,560	-	-	51,439,560
Other payables	149,919,712	-	-	149,919,712
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial liabilities	6,303,897,286	-	-	6,303,897,286
	=====	=====	=====	=====

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

There are no assets pledged as security for liabilities.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

48. TRADE FINANCE LOAN PORTFOLIO

Country	As at 31 December 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
Burundi	7,588,365	5,088,365	2,500,000	-	-	-
Congo DRC	1,945,344	1,945,344	-	5,819,262	1,952,596	3,866,666
Djibouti	11,415,848	5,622,027	5,793,821	7,139,512	7,139,512	-
Egypt	147,861,001	41,177,380	106,683,621	2,075,794	4,738	2,071,056
Eswatini	46,052,215	46,052,215	-	2,436,755	2,436,755	-
Ethiopia	907,391,753	445,386,535	462,005,218	681,474,121	225,170,236	456,303,885
Kenya	27,506,563	294,063	27,212,500	56,256,332	56,256,332	-
Madagascar	4,370,657	4,370,657	-	6,592,885	6,592,885	-
Malawi	449,031,532	348,022,226	101,009,306	323,761,658	217,288,574	106,473,084
Mauritius	133,458,745	25,172,444	108,286,301	68,872,903	57,320,527	11,552,376
Mozambique	21,784,958	21,784,958	-	26,199,432	6,135,512	20,063,920
Rwanda	302,538,192	2,442,833	300,095,359	241,845,844	2,516,497	239,329,347
South Sudan	113,007,060	113,007,060	-	59,681,374	59,681,374	-
Sudan	882,654,515	139,448,246	743,206,269	783,357,168	5,307,397	778,049,771
Tanzania	195,614,016	168,918,876	26,695,140	114,939,599	64,883,376	50,056,223
Uganda	55,750,640	2,014,911	53,735,729	15,031,237	6,614,911	8,416,326
Zambia	686,571,822	364,298,131	322,273,691	778,971,553	344,189,044	434,782,509
Zimbabwe	500,186,352	7,901,885	492,284,467	510,487,383	5,894,523	504,592,860
Gross Loans	4,494,729,578	1,742,948,156	2,751,781,422	3,684,942,812	1,069,384,789	2,615,558,023
Less: Impairment on trade finance loans (Note 20)	(174,462,433)	-	(174,462,433)	(105,901,128)	-	(105,901,128)
NET LOANS	4,320,267,145	1,742,948,156	2,577,318,989	3,579,041,684	1,069,384,789	2,509,656,895
	=====	=====	=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

49. PROJECT LOAN PORTFOLIO

Country	Amounts Disbursed USD	Interest Capitalized USD	Amounts Repaid USD	Interest Receivable USD	Balance Outstanding USD	As at 31 December 2022		Balance Outstanding USD	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	12,030,441	1,571,428	13,601,871	11,244,727	2,357,144
Comoros	24,480,421	-	(7,190,765)	136,997	17,426,653	2,796,944	14,629,709	18,078,444	2,488,668	15,589,776
Congo DRC	123,271,195	7,569,950	(11,002,052)	1,718,398	121,557,491	8,617,969	112,939,522	49,949,295	13,256,777	36,692,518
Djibouti	3,086,487	-	(292,847)	82,670	2,876,310	1,002,371	1,873,939	2,936,174	621,309	2,314,865
Eritrea	403,652	-	(403,652)	-	-	-	-	-	-	-
Ethiopia	163,547,220	23,521,415	(74,277,682)	9,222,486	122,013,439	39,844,190	82,169,249	124,308,729	25,444,469	98,864,260
Kenya	1,470,015,663	1,532,900	(1,002,054,026)	20,386,391	489,880,928	108,668,795	381,212,133	579,205,089	108,696,198	470,508,891
Madagascar	6,369,407	-	(281,119)	145,283	6,233,571	648,461	5,585,110	5,034,132	589,235	4,444,897
Malawi	60,793,337	2,920	(60,796,257)	-	-	-	-	-	-	-
Mauritius	168,481,894	13,305,362	(18,109,938)	9,146,847	172,824,165	9,682,636	163,141,529	139,679,496	5,915,879	133,763,617
Mozambique	143,704,500	5,041,349	(19,996,589)	389,046	129,138,306	14,867,868	114,270,438	93,232,664	78,998,898	14,233,766
Rwanda	450,975,279	6,104,568	(316,438,427)	6,077,107	146,718,527	37,241,834	109,476,693	160,654,760	28,806,159	131,848,601
Seychelles	107,155,554	-	(59,787,158)	702,217	48,070,613	10,802,217	37,268,396	42,687,168	11,580,174	31,106,994
Sudan	45,106,624	17,056,064	(25,392,904)	12,011,463	48,781,247	48,781,247	-	44,856,788	8,974,551	35,882,237
Tanzania	758,905,477	682,910	(418,871,107)	1,518,196	342,235,476	89,719,918	252,515,558	410,221,792	94,795,747	315,426,045
Uganda	588,809,673	6,245,818	(267,214,609)	8,111,870	335,952,752	85,719,235	250,233,517	388,855,467	82,723,140	306,132,327
Zambia	131,225,914	25,086,069	(145,253,686)	-	11,058,297	11,058,297	-	11,058,297	11058297	-
Zimbabwe	325,204,840	709,654	(322,846,351)	36,533	3,104,676	3,104,676	-	14,735,122	9,733,190	5,001,932
Gross loans	4,597,714,012	108,051,165	(2,764,858,895)	70,568,038	2,011,474,320	484,587,099	1,526,887,221	2,099,095,288	494,927,418	1,604,167,870
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Less: Impairment on project loans (note 20)					(30,720,889)	-	(30,720,889)	(46,205,821)	-	(46,205,821)
					=====	=====	=====	=====	=====	=====
NET LOANS					1,980,753,431	484,587,099	1,496,166,332	2,052,889,467	494,927,418	1,557,962,049
					=====	=====	=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

50. STATEMENT OF SUBSCRIPTIONS TO THE CAPITAL STOCK

As at 31 December 2022						Instalments	Instalments	Premium	Total
	Shares	Percentage	Value	Callable	Payable	Payable on	paid as at	Paid as at	Paid as at
Class 'A' shares	Subscribed	of total	USD	capital	capital	31.12.2022	31.12.2022	31.12.2022	31.12.2022
				USD	USD	USD	USD	USD	USD
Belarus	1,900	1.49	43,067,300	34,453,840	8,613,460	6,033,955	6,033,955	1,022,836	7,056,791
Botswana	145	0.11	3,286,715	2,629,372	657,343	-	-	-	-
Burundi	2,538	1.98	57,528,846	46,023,077	11,505,769	8,491,058	8,491,058	2,147,291	10,638,349
China	5,237	4.10	118,707,079	94,965,663	23,741,416	23,741,416	23,741,416	6,366,248	30,107,664
Comoros	274	0.21	6,210,758	4,968,606	1,242,152	879,480	879,480	167,837	1,047,317
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	6.94	201,214,959	160,971,967	40,242,992	28,320,150	28,320,150	5,142,030	33,462,180
Egypt	11,030	8.63	250,017,010	200,013,608	50,003,402	36,870,142	36,870,142	9,275,692	46,145,834
Eritrea	370	0.29	8,386,790	6,709,432	1,677,358	1,088,016	1,088,016	-	1,088,016
eSwatini	689	0.54	15,617,563	12,494,050	3,123,513	2,144,298	2,144,298	243,313	2,387,611
Ethiopia	12,133	9.49	275,018,711	220,014,969	55,003,742	40,979,216	40,979,216	9,487,006	50,466,222
Ghana	77	0.06	1,745,359	1,396,287	349,072	349,072	349,072	647,154	996,226
Kenya	11,556	9.04	261,939,852	209,551,882	52,387,970	38,132,221	35,904,508	7,770,547	43,675,055
Madagascar	683	0.53	15,481,561	12,385,249	3,096,312	2,089,897	2,089,897	162,576	2,252,473
Malawi	2,726	2.13	61,790,242	49,432,194	12,358,048	9,098,534	9,098,534	2,267,284	11,365,818
Mauritius	5,216	4.08	118,231,072	94,584,858	23,646,214	17,226,920	17,226,920	4,028,478	21,255,398
Mozambique	3,511	2.75	79,583,837	63,667,070	15,916,767	10,957,228	10,957,228	1,372,999	12,330,227
Rwanda	5,307	4.15	120,293,769	96,235,015	24,058,754	18,440,964	16,440,828	2,782,151	19,222,979
Senegal	72	0.06	1,632,024	1,305,619	326,405	-	-	-	-
Seychelles	557	0.44	12,625,519	10,100,415	2,525,104	1,863,227	1,863,227	475,956	2,339,183
Somalia	490	0.38	11,106,830	8,885,464	2,221,366	1,441,621	1,441,621	-	1,441,621
South Sudan	3,500	2.74	79,334,500	63,467,600	15,866,900	11,097,763	11,097,763	1,923,897	13,021,660
Sudan	8,136	6.36	184,418,712	147,534,970	36,883,742	23,922,752	23,922,752	-	23,922,752
Tanzania	10,418	8.15	236,144,806	188,915,845	47,228,961	34,494,641	34,494,641	7,098,504	41,593,145
Uganda	8,150	6.37	184,736,050	147,788,840	36,947,210	26,710,793	26,710,793	5,916,815	32,627,608
Zambia	9,488	7.42	215,064,496	172,051,595	43,012,901	28,601,221	28,601,221	2,446,097	31,047,318
Zimbabwe	9,771	7.64	221,479,257	177,183,406	44,295,851	28,728,156	28,728,156	-	28,728,156
African Development Bank	4,630	3.62	104,948,210	83,958,568	20,989,642	20,989,661	20,989,661	5,692,695	26,682,356
	<u>128,082</u>	<u>100.00</u>	<u>2,903,234,694</u>	<u>2,322,587,755</u>	<u>580,646,939</u>	<u>424,555,629</u>	<u>420,327,780</u>	<u>76,668,624</u>	<u>496,996,404</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

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

As at 31 December 2022:	Number of shares	Percentage of total	Payable capital USD	Instalments due as at year end USD	Paid up capital USD	Share premium USD	Total paid USD
Class 'B' shares							
African Development Bank	5,895	18.07	26,724,426	26,724,426	26,724,426	20,251,505	46,975,931
African Economic Research Consortium	183	0.56	829,645	829,645	829,645	1,283,516	2,113,161
African Reinsurance Corporation	857	2.63	3,885,157	3,885,157	3,885,157	2,469,833	6,354,990
Agaciro Development Fund	588	1.80	2,665,672	2,665,672	2,665,672	5,475,816	8,141,488
Arab Bank for Economic Development in Africa (BADEA)	1,082	3.32	4,905,172	4,905,172	4,905,172	6,643,919	11,549,091
Banco Nacional De Investment	931	2.85	4,220,629	4,220,629	4,220,629	1,817,145	6,037,774
Caisse Nationale de Sécurité Sociale Djibouti	800	2.45	3,626,753	3,626,753	3,626,753	6,426,397	10,053,150
Investment Fund for Developing Countries	3,383	10.37	15,336,525	15,336,525	15,336,525	24,359,352	39,695,877
Eagle Insurance Limited	283	0.87	1,282,985	1,282,985	1,282,985	496,409	1,779,394
National Pension Fund Mauritius	2,067	6.34	9,370,571	9,370,571	9,370,571	5,237,197	14,607,768
National Social Security Fund Tanzania	800	2.45	3,626,753	3,626,753	3,626,753	7,450,047	11,076,800
National Social Security Fund Uganda	3,359	10.29	15,227,724	15,227,724	15,227,724	15,391,862	30,619,586
Opec Fund for International Development (OFID)	2,875	8.81	13,033,558	13,033,558	13,033,558	18,168,364	31,201,922
People's Republic of China	3,820	11.71	17,317,621	17,317,621	17,317,621	8,147,181	25,464,802
Rwanda Social Security Board	3,649	11.18	16,542,410	16,542,410	16,542,410	12,039,546	28,581,956
Seychelles Pension Fund	1,078	3.30	4,887,038	4,887,038	4,887,038	2,718,793	7,605,831
Sicom Global Fund	144	0.44	652,845	652,845	652,845	1,340,979	1,993,824
ZEP-Re-PTA Reinsurance Company	834	2.56	3,780,889	3,780,889	3,780,889	1,223,111	5,004,000
	<u>32,628</u>	<u>100.00</u>	<u>147,916,373</u>	<u>147,916,373</u>	<u>147,916,373</u>	<u>140,940,972</u>	<u>288,857,345</u>
	=====	=====	=====	=====	=====	=====	=====
Class 'C' Shares							
Sacos Group Limited	108	4.01	489,607	489,607	489,607	622,596	1,112,204
Sacos Life Assurance Limited Company	108	4.01	489,607	489,607	489,607	622,596	1,112,204
TDB Directors and Select Stakeholders Provident Fund	224	8.33	1,015,482	1,015,482	1,015,482	99,878	1,115,360
TDB Staff Provident Fund	2,250	83.64	10,200,185	10,200,185	10,200,185	(1,823,180)	8,377,005
	<u>2,690</u>	<u>100</u>	<u>12,194,881</u>	<u>12,194,881</u>	<u>12,194,881</u>	<u>(478,109)</u>	<u>11,716,772</u>
	=====	=====	=====	=====	=====	=====	=====

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 'C' shares were first issued in 2022 and have a par value of USD 4,533.42 each. Class 'C' shares do not have voting rights.

Both Class 'B' and Class 'C' shares do not have a callable portion and are payable at once.

EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

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

As at 31 December 2021

	Shares	Percentage	Value	Callable	Payable	Instalments	Instalments	Premium	Total
Class 'A' shares	Subscribed	of total	USD	capital USD	capital USD	Payable on 31.12.2021 USD	paid as at 31.12.2021 USD	Paid as at 31.12.2021 USD	Paid as at 31.12.2021 USD
Belarus	1,299	1.40	29,444,433	23,555,546	5,888,887	5,888,887	5,888,887	724,832	6,613,719
Burundi	1,830	1.97	41,480,610	33,184,488	8,296,122	8,296,122	8,296,122	1,746,849	10,042,971
China	5,112	5.50	115,873,704	92,698,963	23,174,741	23,174,741	23,174,741	5,202,173	28,376,914
Comoros	189	0.20	4,284,063	3,427,250	856,813	856,813	856,813	121,273	978,086
Djibouti	411	0.44	9,316,137	7,452,910	1,863,227	1,863,227	1,863,227	231,218	2,094,445
DR Congo	6,105	6.57	138,382,035	110,705,628	27,676,407	27,676,407	27,676,407	3,819,641	31,496,048
Egypt	7,948	8.56	180,157,316	144,125,853	36,031,463	36,031,463	36,031,463	7,552,861	43,584,324
Eritrea	240	0.26	5,440,080	4,352,064	1,088,016	1,088,016	1,017,370	-	1,017,370
eSwatini	463	0.50	10,494,821	8,395,857	2,098,964	2,098,964	2,098,964	150,188	2,249,152
Ethiopia	9,062	9.76	205,408,354	164,326,683	41,081,671	39,081,550	39,081,550	7,643,096	46,724,646
Kenya	8,559	9.21	194,006,853	155,205,482	38,801,371	35,088,516	35,088,516	6,094,279	41,182,795
Madagascar	453	0.49	10,268,151	8,214,521	2,053,630	1,652,878	1,652,878	88,075	1,740,953
Malawi	1,961	2.11	44,449,987	35,559,990	8,889,997	8,889,997	8,889,997	1,838,904	10,728,901
Mauritius	3,713	4.00	84,162,571	67,330,057	16,832,514	16,832,514	16,832,514	3,218,282	20,050,796
Mozambique	2,362	2.54	53,539,454	42,831,563	10,707,891	10,707,891	10,707,891	860,799	11,568,690
Rwanda	4,436	4.78	100,550,812	80,440,650	20,110,162	16,109,890	15,109,720	2,102,333	17,212,053
Seychelles	401	0.43	9,089,467	7,271,574	1,817,893	1,817,893	1,817,893	382,830	2,200,723
Somalia	318	0.34	7,208,106	5,766,485	1,441,621	1,441,621	1,348,016	-	1,348,016
South Sudan	2,392	2.58	54,219,464	43,375,571	10,843,893	10,843,893	10,843,893	1,402,392	12,246,285
Sudan	5,277	5.68	119,613,759	95,691,007	23,922,752	23,922,752	23,922,752	-	23,922,752
Tanzania	7,436	8.01	168,551,812	134,841,450	33,710,362	33,710,362	33,710,362	5,487,425	39,197,787
Uganda	5,758	6.20	130,516,586	104,413,269	26,103,317	26,103,317	26,103,317	4,668,927	30,772,244
Zambia	6,309	6.79	143,006,103	114,404,882	28,601,221	28,601,221	28,601,204	2,446,114	31,047,318
Zimbabwe	6,337	6.82	143,640,779	114,912,623	28,728,156	28,728,156	28,728,156	-	28,728,156
African Development Bank	4,519	4.86	102,432,173	81,945,738	20,486,435	20,486,435	20,486,435	4,658,996	25,145,431
	92,890	100	2,105,537,630	1,684,430,104	421,107,526	410,993,526	409,829,088	60,441,487	470,270,575
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EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK (TDB)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 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 year end USD	Paid up capital USD	Share premium USD	Total paid USD
As at 31 December 2021:							
African Development Bank	5,895	18.30	26,724,513	26,724,513	26,724,513	20,251,418	46,975,931
African Economic Research Consortium	179	0.56	811,482	811,482	811,482	1,246,295	2,057,777
African Reinsurance Corporation	837	2.60	3,794,473	3,794,473	3,794,473	2,283,597	6,078,070
Arab Bank for Economic Development in Africa	1,057	3.28	4,791,825	4,791,825	4,791,825	6,411,116	11,202,941
Banco Nacional De Investment	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
Eagle Insurance 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 Life Assurance Limited Company	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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