

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

The Eastern and Southern African Trade and Development Bank (security code: -)

<Affirmation>

Long-term Issuer Rating: A-
Outlook: Stable

Eastern and Southern African Trade Fund (security code: -)

<Affirmation>

Long-term Issuer Rating: A-
Outlook: Stable

Rationale

Issuer: The Eastern and Southern African Trade and Development Bank (TDB)

- (1) TDB is a multilateral development bank (MDB) that provides development finance such as trade finance and project and infrastructure finance for Eastern and Southern African Member States. The rating is primarily reflected by the strong support it enlists from its shareholders, relatively good earning capacity and its preferred creditor status. On the other hand, it is constrained by its high credit risk loan portfolio and relatively high financial leverage. While net present value losses may occur in certain debtor countries, JCR holds such development is unlikely to lead to a significant deterioration in TDB's financial base given its capital reinforcement and stable performance. Based on the above, JCR has affirmed the ratings with Stable outlook. JCR will closely monitor the creditworthiness of the debtor countries and the status of debt restructuring to have the results reflected on the future rating.
- (2) TDB is a part of TDB Group, which also comprises of the Trade and Development Fund (TDF), TDB Captive Insurance Company (TCI), Eastern and Southern African Trade Advisers Limited (ESATAL) and Eastern and Southern African Trade Fund (ESATF). TDB is headquartered in Mauritius and Burundi. It has its operation office in Kenya and its regional offices in Zimbabwe, Ethiopia and DR Congo. TDB's equity capital structure is diversified with its shareholders increased to total of 48 sovereigns and institutional investors as of the end of 2024. Preparations are in progress to have another MDB provide substantial loans to regional member states on concessional terms and those states use the funds to increase TDB's capital.
- (3) TDB has been continuously accumulating its paid-in capital by enlisting strong support from its shareholders for its operations. Its authorized capital was gradually increased from USD 2.0 billion at the time of its inception to USD 6.0 billion in 2021. Its paid-in capital (paid-in capital plus share premium) was increased from USD 250 million to USD 600 million between the end of 2013 and the end of 2024. The majority of the callable capital has been pledged by shareholders with relatively lower credibility, and TDB adopts a mid-term credit risk mitigation instrument to enhance the credit quality of its callable capital. Its capital adequacy ratio in the broad sense after the insurance-credit enhancement, stood at the mid-30% at the end of 2024. Its leverage is relatively high, with the ratio of outstanding loans to shareholders' equity standing at about 310% at the end of 2024, slightly higher than in MDBs rated by JCR. Nevertheless, the leverage ratio is within the risk appetite limit set by the TDB's risk management appetite framework. JCR will closely monitor whether TDB can continue to implement appropriate financial management.
- (4) TDB's total assets (USD 9.9 billion at the end of 2024) predominantly consist of loans (69% of the total), with other assets being cash and cash equivalents. Portfolio concentration has been improving in recent years with sovereign and non-sovereign loans accounting for about 67% and 33%, respectively. The main beneficiaries of TDB facilities are sovereign entities in regions with high risks. Under this circumstance, TDB mitigates credit risk through utilization of insurance and collateralization. At the end of 2024, more than 70% of its loans were secured. Moreover, TDB like other MDBs, has a track record of enjoying preferential repayment of debts as a preferred creditor. Its Stage 3 non-performing loan (NPL) ratio has been contained in the 3% range with sufficient risk

mitigants. By contrast, its Stage 2 loans increased sharply in volume at the end of 2023 due to reclassification of two sovereign trade finance exposures. In some debtor countries, geopolitical risks are increasing, which may lead to net present value losses. However, TDB has been strengthening its capital through USD 500 million hybrid capital issuance program and has initiated the credit insurance claims process. In addition, the traditional practice excluding them from debt relief as a preferred creditor remains unchanged. JCR holds that TDB will not face any significant financial deterioration given its stable performances.

- (5) TDB's profitability is higher than the average of MDBs rated by JCR, and its ROE consistently stays above its target level. Unlike other MDBs, TDB pays dividends. TDB's liquidity is reasonable, with the ratio of cash and cash equivalents to the total assets standing at around 25% at the end of 2024. On top of this, it retains undrawn credit lines totaling USD2.02 billion.

Issuer: Eastern and Southern African Trade Fund (ESATF)

- (1) ESATF is an open-ended investment fund managed by ESATAL, a fully-owned subsidiary of TDB. The rating reflects its relatively short turnover cash flow structure and stable track record of short-term trade finance, and the fact that its borrowing limit is set conservatively against its repayment resources. On the other hand, the countries in which ESATF invests include those with unstable domestic politics and low creditworthiness. Therefore, its ability of fund management, including continuous monitoring of borrowers, has a significant impact on its rating. JCR has affirmed a rating of "A-" with Stable outlook, the same as TDB, taking into account the structure where TDB is the main sponsor of ESATAL which is responsible for the fund management.
- (2) Based in Mauritius, ESATF is supervised by the country's Financial Services Commission. ESATF, as an organization under the umbrella of TDB, is granted privileges and immunities based on the membership agreement by the member countries of TDB. As of August 2025, 22% was held by TDB, 20% by BADEA and 58% by other investors such as public and private institutional investors. ESATF's fund management is supported by its main investors, TDB and BADEA. Its investment targets are short-term trade finance mainly in the Eastern and Southern African countries, working capital finance, export finance and project-related financial transactions. In February 2025, TDB and BADEA extended their strategic partnership agreement for another three years to attract more institutional investors. Since the partnership in 2021, the number of its institutional investors has been increasing and ESATF's assets under management have grown to approximately USD 334 million at the end of September 2025.
- (3) ESATF's current portfolio is diversified in compliance with its investment policy. The credit risk of the countries in which it invests is low, but the risk is partially controlled through collateral protection and other measures. The portfolio has a relatively short average maturity of less than two years. ESATF sets its earnings target at SOFR + [3-5%]. The stable performance of the fund has been confirmed despite the challenging investment environment. Financially, ESATF has a scheme in place to ensure its financial soundness, limiting borrowings to a maximum of 25% of NAV and a 3-month notice on equity investors' requests for a refund of their investments.

Atsushi Masuda, Michihisa Ueno

Rating

Issuer: The Eastern and Southern African Trade and Development Bank

<Affirmation>

Long-term Issuer Rating: A- Outlook: Stable

Issuer: Eastern and Southern African Trade Fund

<Affirmation>

Long-term Issuer Rating: A- Outlook: Stable

Rating Assignment Date: October 30, 2025

The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of the rating methodology is shown as "Multilateral Development Banks" (March 29, 2013) and "Investment Funds" (November 22, 2019) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

The rating stakeholder participated in the rating process of the aforementioned credit ratings.



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JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)



INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

Disclosure Required by Paragraph (a)(1)(ii) of Rule 17g-7

Issuer:	The Eastern and Southern African Trade and Development Bank Eastern and Southern African Trade Fund
Rating Publication Date:	November 5, 2025

1

The Symbol, Number, or Score in the Rating Scale used to Denote Credit Rating Categories and Notches and, the Identity of the Obligor or the Identity and a Description of the Security or Money Market Instrument as Required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

2

The version of the procedure or methodology used to determine the credit rating; as Required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

3

The Main Assumptions and Principles used in Constructing the Procedures and Methodologies used to Determine the Credit Rating as Required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

- The credit rating methodology assumes, in principle, to be applied to assess the likelihood of a given debt payment in light of its issuer's condition and business environment, etc. in the relevant future. There is certain limitation, however, in the time horizon that the rating foresees.
- The credit rating methodology assumes, in principle, that the factors posted in the below are particularly important for such likelihood to be determined, and that the rating determination is made by evaluating each of them not only quantitatively but also employing qualitative analyses.

A) Business Bases

The likelihood of a given debt payment is highly conditional to its issuer's business bases - how they can be maintained/ expanded into the future and thereby secure earnings and cash flows in adequacy and in a sustainable way.

B) Financial Grounds and Asset Quality

The likelihood of debt payment is highly dependent on the degree of the issuer's indebtedness and loss absorption capacity in terms of equity capital. Also notable is that a financial institution might see a significant loss of financial grounds as a result of changes in value of the assets under its possession.

C) Liquidity Positions

The likelihood of debt payment is highly dependent on the adequacy of the issuer's cash and other sources of repayment (liquidity positions).

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The likelihood of debt payment is affected one way or the other by the issuer's related parties such as member countries, the issuer's related organizations, guarantor, and the government of the issuer's business domicile, etc. - by their own conditions and/ or position of support/ assistance for the issuer.

E) Order of Seniority in Debt Payment

The likelihood of debt payment can be different between given debts of the same issuer. The likelihood of debt payment for an individual debt is dependent on the issuer's discretion, and/ or its rank relative to other debts of the same issuer in the order of seniority in principal/ interest payment which is determined by design as financial product or by laws, etc.

4 The Potential Limitations of the Credit Rating as Required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- The objective of the credit rating herewith presented does not include any concerns other than the likelihood of debt payment, such as risks of price changes, market liquidity, etc.
- The credit rating herewith presented is necessary to be reviewed along with possible changes of the issuer of rated objects in its business performance and/ or circumstances which include regulatory environment, and hence subject to possible alteration.

5 Information on the Uncertainty of the Credit Rating as Required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

- The information used for the determination of credit rating as herewith presented is obtained by JCR from the issuer of rated objects and other sources that JCR trusts in terms of accuracy and reliability but possibly contains errors due to human, non-human or other causes. Consequently, the credit rating determined on the grounds of such information does not constitute, explicitly or implicitly, any representation or warrant of JCR on the information itself or any consequences of its use in terms of accuracy, relevance, timeliness, wholeness, market value, or usefulness for any specific purposes.

6 Use of Due Diligence Services of a Third Party in Taking the Rating Action as Required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

- There is no use of any third-party due diligence service in the determination of the credit rating herewith presented.

7 Use of Servicer or Remittance Reports to Conduct Surveillance of the Credit Rating Required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

- There is no use of any servicer or remittance report to conduct surveillance of the credit rating herewith presented.

8 The Types of Data Relied Upon for the Purpose of Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(H) of Rule 17g-7

- The information posted in the below, which includes data, is used for the determination of the credit rating herewith presented.

- A) Audited financial statements presented by the rating stakeholders
- B) Explanations of business performance, management plans, etc. presented by the rating stakeholders

9 Overall assessment of the Quality of Information Available and Considered in Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

- JCR holds its basic policies for securing the quality of information as a base of due diligence for the determination of credit ratings. The information used as a base for the determination of credit rating herewith presented satisfies such policies, which include the audit by an independent auditor, the publication by the issuer or some independent media or, otherwise, JCR analyst's scrutiny, etc.
- JCR sees no particular weakness in the quality of information used for the determination of the credit rating herewith presented as compared to the information used in other cases of the credit rating for comparable issuers or ratable objects.
- If the credit rating is an Indication, please see the report for Indication.

10 Information Relating to Conflicts of Interest as Required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

- JCR receives payment of compensation for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR did not receive in the last fiscal year in the past payment of compensation from the same party for any kind of JCR's service other than the determination of public or private credit rating, such as one in the ancillary business.

11 Explanation or Measure of the Potential Volatility of the Credit Rating as Required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

A) Business Bases

The credit rating is subject to alteration if there is improvement or deterioration of the issuer's business bases, since its revenue, etc. may improve or deteriorate by the change in its business management policies, clients' preferences, competitive situation, or a technological innovation. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the business bases is large.

B) Financial Grounds and Asset Quality

The credit rating is subject to alteration if the issuer increases/ decreases its debt/ capital or vice versa and thereby makes its individual debt payment liability less or more bearable and its loss absorption capacity into the future decreased or increased. Also, the changes in the quality of asset under the issuer's holding may affect the credit rating, since such changes could raise or lower the likelihood of future loss of the issuer's financial grounds. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the financial grounds and/ or asset quality is large.

C) Liquidity Positions

The credit rating is subject to alteration if there is a change in the issuer's financial management policy or in the relations with fund procurement sources and the change thereby makes its liquidity positions improve or deteriorate. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating is subject to alteration if there is a change in the issuer's member countries, the issuer's related organizations, guarantor or other provider of credit enhancement, or the government of the issuer's business domicile, or other related parties' own conditions and/ or position of support/

assistance for the issuer, and the change thereby makes its business bases, financial grounds and/ or liquidity positions improve or deteriorate, and/ or making the effectiveness of guarantee and other credit enhancement improve or deteriorate. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

E) Order of Seniority in Debt Payment and Non-Payment Forgiven by Contract

The credit rating is subject to alteration if there is a change in the rated debt's status in the order of seniority relative to other debts caused by the improvement/ deterioration of the issuer's financial condition. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large. Also, in case of the financial products for which non-payment of interest/ principal is contractually permissible, the credit rating is subject to alteration if and when the likelihood of such non-payment is projected to increase or decrease. The resultant alteration of the credit rating could be by a notch but often as much as a few notches.

F) Rise and Fall in General Economy and Markets

The credit rating is subject to alteration if there is a rise/ fall in the general economy and/ or the markets inducing the issuer's revenues/ expenses to increase/ decrease and vice versa, etc. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is exceptionally large.

G) Various Events

The credit rating is subject to alteration on occurrence of various events, such as change in the issuer's major shareholders, M&A and other organizational change, accident, violation of the law, litigation, legal/ regulatory change, natural disaster, etc., which are unforeseeable at the time when the credit rating is determined, causing a significant change on the issuer's business bases, financial grounds, etc. The resultant alteration of the credit rating could be by a notch but more often than not as much as a few notches.

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Information on the Content of the Credit Rating, Including the Historical Performance of the Credit Rating and the Expected Probability of Default and the Expected Loss in the Event of Default as Required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

- Historical records of the credit rating herewith presented are posted in the end of this paper.
- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- Facts of the probability of default are posted as Form NRSRO Exhibit 1 on the JCR website under the URL:

<https://www.jcr.co.jp/en/service/company/regu/nrsro/>

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Information on the Sensitivity of the Credit Rating to Assumptions Made as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

A) Business Bases

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's business bases and powers of earning or cash flow generation, etc. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's business bases on some drastic change in the operational environments, etc.

B) Financial Grounds and Asset Quality

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's financial grounds and asset quality. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's financial grounds and/ or asset quality on some drastic change in its business bases.

C) Liquidity Risks

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's liquidity positions. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's liquidity positions on some drastic change in its financial management policy or relations with fund procurement sources, etc.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to member countries, the issuer's related organizations, guarantor or other providers of credit enhancement, the government of the issuer's business domicile or other related parties' status and stance of support/ assistance for the issuer. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if there is a major change on the part of related parties, such as replacement, disappearance, some drastic improvement/ deterioration of financial grounds/ balances, etc.

E) Rise and Fall in General Economy and Markets

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the prospects of general economy and markets. JCR expects the change should be most likely by a notch but could be as much as a few notches, should the economy or the markets change so greatly.

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Information on the Representations, Warranties, and Enforcement Mechanisms of an Asset-backed Security as Required by Paragraph (a)(1)(ii)(N) of rule 17g-7

- The credit rating herewith presented is not for an ABS product, and hence no relevant issue.

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The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
The Eastern and Southern African Trade and Development Bank	Issuer(Long-term)	November 1, 2024	A-	Stable

The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
Eastern and Southern African Trade Fund	Issuer(Long-term)	November 1, 2024	A-	Stable

Attestation Required by Paragraph (a)(1)(iii) of Rule 17g-7

I, Kiichi Sugiura, have responsibility to this Rating Action and to the best of my knowledge:

- A) No part of the credit rating was influenced by any other business activities.
- B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.
- C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.



Kiichi Sugiura
General Manager of International Department

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