

CREDIT OPINION

9 September 2025

Update



RATINGS

East African Development Bank

	Rating	Outlook
Long-term Issuer	Baa3	STA
Short-term Issuer	--	--

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

East African Development Bank – Baa3 stable

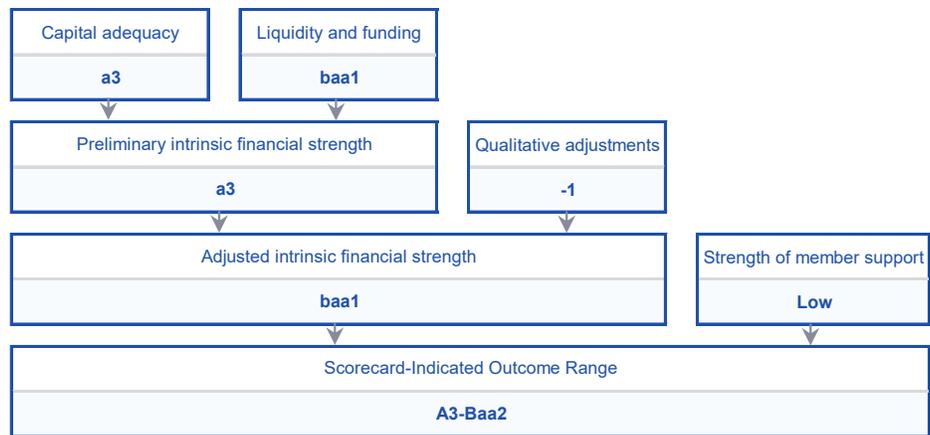
Update following rating affirmation, outlook unchanged

Summary

The credit profile of the [East African Development Bank](#) (EADB, Baa3 stable) balances solid capital and liquidity positions and an improved asset performance, against a narrow funding base and weak development asset credit quality owing to a challenging operating environment and the elevated concentration of the Bank's portfolio in its four member states.

Exhibit 1

EADB's credit profile is determined by three factors



Source: Moody's Ratings

Credit strengths

- » Solid capital position, mitigating low development asset credit quality
- » Robust liquidity levels
- » Improved track record of asset performance

Credit challenges

- » Portfolio concentration and challenging operating environment
- » Limited, albeit reliable, funding base
- » Weak average shareholder credit quality, constraining capacity to provide support

Rating outlook

The stable outlook reflects balanced risks at the Baa3 rating level. It is underpinned by our expectation that EADB will maintain solid capital and liquidity positions over the coming years. Following a prolonged period of very limited loan disbursements, the bank now aims to increase its lending at a relatively rapid pace, anchored by a new medium-term strategy. Its ability to do so without jeopardizing the improved asset performance of recent years remains untested, but the current levels of equity and liquidity buffers provide some risk mitigation.

Factors that could lead to an upgrade

Upward pressure on the rating could arise if EADB reduces concentration risk and enhances its development relevance, while preserving robust capital buffers and maintaining a low level of non-performing assets (NPA). Such progress would also demonstrate the effectiveness of the Bank's efforts to strengthen risk management practices in recent years. In addition, a broader and more diversified investor base – alongside the maintenance of a strong liquidity position – could support upward pressure on the rating.

Factors that could lead to a downgrade

Negative pressure on the rating could arise from a sustained deterioration in asset quality and performance, which could result from the bank's plan to expand lending at a very rapid pace. Rising non-performing exposures would also indicate that the recent improvement in EADB's risk management is less effective than anticipated. The rating would also likely face downward pressure if shareholder support weakens further, for example for failing to meet its development mandate.

Key indicators

Exhibit 2

EADB	2019	2020	2021	2022	2023	2024
Total Assets (USD million)	375	376	390	416	454	506
Leverage Ratio (%) [1]	103.7	108.3	111.6	101.5	56.9	58.5
Weighted-Average Borrower Rating (WABR)	Caa1	B2	B3	B3	B3	B3
Sovereign Exposures / Loans & Guarantees (%)		45.4	59.5	40.8	53.6	55.5
Equity Investments / DRA (%)	0.78	0.81	0.50	0.53	0.53	0.73
Non-Performing Assets / DRA (%)	4.7	5.8	3.2	3.8	0.8	0.8
Return on Equity (%)	3.3	2.3	2.8	2.2	4.2	3.3
Availability of Liquid Resources Ratio (ALR, %) [2]	56.5	-304.7	125.0	107.4	349.5	235.7
Weighted-Average Shareholder Rating (WASR)	B1	B2	B2	B2	B2	B2
Callable Capital / Gross Debt	979.2	1,159.8	1,032.4	985.2	863.5	986.9

[1] Development-related assets (DRA) + Treasury assets rated A3 or lower / Usable equity

[2] Liquid assets / Projected net cash outflows during upcoming 18 months

Source: Moody's Ratings

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

Profile

EADB is a regional development finance institution that aims to promote sustainable socioeconomic development and the economic integration of its shareholder member states: [Kenya](#) (Caa1 positive), [Rwanda](#) (B2 negative), [Tanzania](#) (B1 stable), and [Uganda](#) (B3 stable). These countries, along with Burundi, South Sudan, and the [Democratic Republic of the Congo](#) (B3 stable), make up the East African Community (EAC), an intergovernmental organization whose charter describes the EADB as an organ of the community. The Board of Directors and the EADB Governing Council have approved the Republic of Burundi's membership but the country has not become a member yet.

The Bank supports both public and private sector projects that are professionally run, technically feasible and financially viable in all the productive sectors of member states' economies. Its products and services include projects and infrastructure finance loans, asset leasing, equity investment, loan guarantees and technical assistance. These activities inherently carry credit risk exposure, especially in a region that has been susceptible to economic turmoil and regional crises.

Officially headquartered in Kampala, Uganda, EADB has offices in each of its four member states, which are also its main, or Class A, shareholders. Its other shareholders, classified as Class B, include development finance institutions and several commercial banks. [African Development Bank](#) (AfDB, Aaa stable) accounts for near 8% of its capital. Two development institutions, the Netherlands Development Finance Company (FMO) and the German Investment and Development Company (DEG) exited membership in 2023. Commercial banks account for less than 1% of the Bank's total paid-up capital and include SBIC Africa Investments in Johannesburg, NCBA Bank of Kenya, [Standard Chartered Bank](#) (A1 positive), [Barclays Bank PLC](#) (A1 stable), [Nordea Bank AB](#) (Aa3 positive) and a consortium of former Yugoslav institutions.

Detailed credit considerations

Our determination of a supranational's rating is based on three rating factors: capital adequacy, liquidity and funding and strength of member support. For Multilateral Development Banks, the first two factors combine to form the assessment of intrinsic financial strength, as shown on the cover page graphic. Additional factors can affect the intrinsic financial strength, such as risks stemming from the operating environment or the quality of management. The strength of member support is then incorporated to yield a rating range. For more information please see our [Supranational Rating Methodology](#).

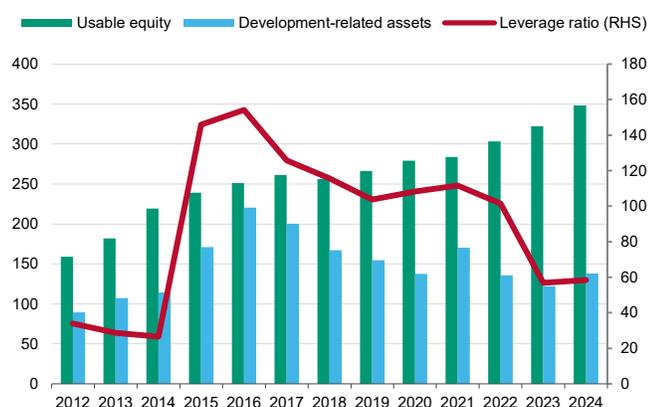
FACTOR 1: Capital adequacy score: a3

We score EADB's capital adequacy at "a3", reflecting a solid capital position and improved asset performance, which together provide some mitigation against the weak credit quality of development assets in a challenging operating environment. While the NPAs ratio currently stand at its lowest since 2015, the planned acceleration of lending under the medium-term strategic plan may test the risk framework of the bank. Accordingly, the assigned score for asset performance is two notches below the initial to "baa1".

Low leverage supports EADB's capital position

EADB's leverage, which is our key measure for capital position, stood at 58% at the end of 2024, from 57% in 2023. This results in a leverage score of "aaa". The ratio assesses the available capital buffers relative to EADB's development-related assets (DRAs), as well as treasury assets rated A3 or lower. The Bank's ratio is one of the lowest among the MDBs that we rate and remains significantly below all other peers rated between A1-Ba1. EADB's capital position acts as a key mitigant for its weak development asset credit quality.

Exhibit 3
Deleveraging in recent years was achieved with subdued loan growth
 Development-related assets and usable equity (\$ million) and leverage ratio (%)



In 2023 a large share of treasury assets were shifted to highly-rated international counterparties, discounting them from the leverage ratio under our definition
 Source: Moody's Ratings

Exhibit 4
EADB's leverage is the lowest among A3-Ba1 peers
 Leverage ratio, (2024)



Source: Moody's Ratings

Over the last few years, limited new loan disbursements, the completion of Rwanda's capital subscription in 2024, a consistent contribution from retained earnings to the capital base and, more recently in 2023, the transfer of treasury assets to highly-rated international counterparties have driven the steady decline in the leverage ratio. Before the pandemic, EADB's loan portfolio contracted despite relatively strong credit demand across the region. New loan disbursements further slowed in 2020 as the pandemic triggered an economic slowdown in the East Africa region. A renewed expansion of the lending portfolio in 2021 was mainly driven by a single large loan disbursement to the Government of Tanzania, and deleveraging resumed in 2022 and 2023. Since 2024 the loan portfolio has started to grow gradually under the medium-term strategic plan, but we expect leverage will remain relatively low.

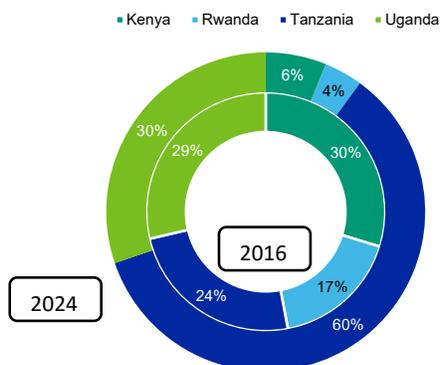
Weak development asset credit quality is a key credit constraint

We assess development asset credit quality at “b”. EADB has a mandate to build its portfolio within its four member states, which leads to unavoidable geographic concentration of the loan portfolio. Assets are of low credit quality (rated B1 or lower) and consist of loans to the public sector (around 55%), and the private sector (around 45%). Moreover, the concentration of the Bank's portfolio has sharply increased in recent years towards Tanzania. At the end of 2024, Tanzania accounted for 60% of all loans while Uganda comprised 30% of the portfolio.¹

Concentration risk is manifest in other ways, with the 10 largest exposures accounting for 85% of the DRA portfolio on a gross basis at the end of 2024. The Bank's single largest exposure, consisting of a total of \$72 million in lending to the Government of Tanzania, accounts for more than half of the portfolio. However, the Bank adopted credit insurance cover by the [African Trade Insurance Agency](#) (ATIDI, A2 stable), reducing credit risks with a large portion of the portfolio uncorrelated with the East Africa lending and protected by an investment-grade counterparty. In keeping with its mandate, the Bank also lends larger amounts to a smaller number of entities than a commercial bank would; some degree of sectoral concentration is therefore difficult to avoid.

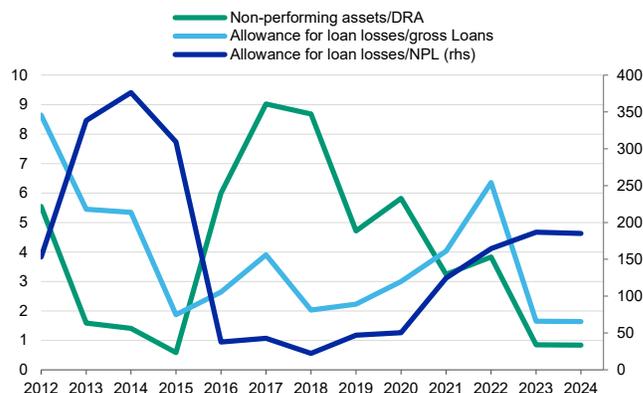
Most of EADB's loan portfolio is denominated in US dollars, which means that borrowers shoulder the exchange-rate risk in most cases, although the Bank extends foreign-currency loans only to projects with cash flows in the same currency. The Bank's high level of US dollar lending means that asset quality will remain somewhat linked to exchange rate stability. To mitigate the risk that borrowers will not be able to meet their foreign-currency obligations to the Bank, EADB matches its lending exposure to the sources of funds in the same currency.

Exhibit 5
Geographic concentration has become more acute
 Loan portfolio by country, %



Sources: EADB, Moody's Ratings

Exhibit 6
Non-performing loans have decreased substantially since 2023
 (%)



Sources: EADB, Moody's Ratings

Improved track record of asset performance since 2023

EADB's asset performance score of “baa1” reflects the Bank's recent track record of very low NPAs, which were very significantly reduced in 2023. Previously, the stock of NPAs had peaked at around 9% in 2017-18 due in part to the exposure to Kenya's tourism sector, which suffered from regional tensions exacerbated by terrorist attacks. The resolution of the legacy nonperforming exposures has since led to a substantial improvement in the NPA ratio.

The NPA ratio stood at 0.8% at end-2024, consisting of a single exposure. That said, a challenging operating environment, amid an expected acceleration in lending, along with concentration risks, can result in fluctuations in the nonperforming portfolio. EADB has recently adopted a policy of fast write off of non-performing loans.

FACTOR 2: Liquidity and funding score: baa1

EADB's “baa1” liquidity and funding score reflects robust liquidity levels and more modest quality of funding structure than many peers. Available liquid assets relative to cash outflows in a stressed scenario over the next 18 months, in which EADB has no access to markets but continues its normal business operations, are very high at present having increased in 2023 as a result of shifting cash and term deposits from unrated to highly-rated institutions (and as a consequence becoming eligible as liquid assets under our definition). On

the other hand, EADB's quality of funding is weak and less diversified than many peers, with its main sources of financing concentrated in credit lines from a few MDBs and other financial institutions.

Prudent liquid levels and long-dated borrowings support liquidity

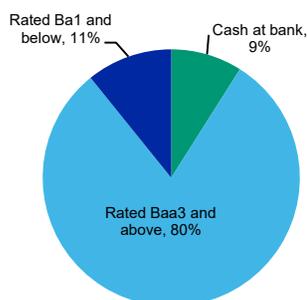
The Bank reported \$342 million for total cash and placements with commercial banks in end-2024, up by \$40 million from 2023 (see Exhibit 7).² Until 2022, the Bank had maintained much of its available liquid resources in unrated regional banks – albeit generally subsidiaries of large international or regional banks – in line with its mandate to foster regional development. However, in 2023 most of these liquid resources were shifted to highly-rated international counterparties. As a consequence, the liquidity ratio has increased to 236% and the Availability of Liquid Resources sub-factor now scores at “aaa”. In 2023, the liquidity ratio was 350% – the fall in 2024 was due to planned net outflows under the planned expansion of lending.

The Bank maintains a high level of liquidity to ensure its continuous ability to fund its operations, even if unforeseen circumstances make market conditions temporarily unfavourable for borrowing. Like most of the MDBs that we rate, EADB has a liquidity policy that sets a minimum liquidity coverage ratio, currently 1.33x of designated liabilities for the next twelve months in liquid assets (covering liabilities for the next 16 months). It includes all liabilities and budgeted commitments, such as repayments of principal and interest, expected disbursements, and budgeted administrative and staff expenses for the year. The policy also requires 100% coverage of all loan commitments. The funds for the 16 months of coverage are invested in short-term deposits. Periodic liquidity stress testing is undertaken to determine the stability of the liquidity position.

Exhibit 7

The credit quality of liquid assets has improved, with a shift into highly-rated counterparties

Cash and cash equivalent by rating (2024)

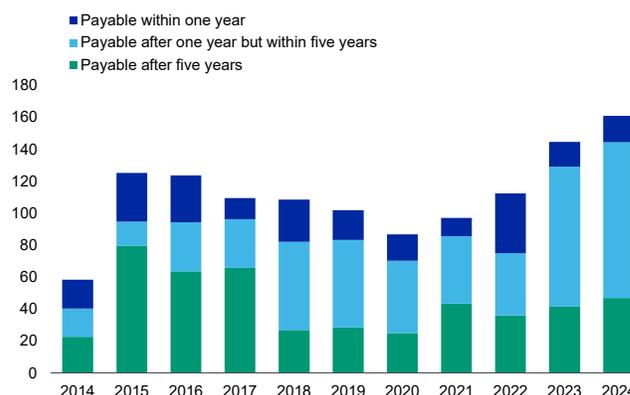


Sources: EADB, Moody's Ratings

Exhibit 8

Debt is weighted towards long maturities

Total debt (US\$ million)



Sources: EADB, Moody's Ratings

EADB's operational and strategic liquidity pool comprises cash and cash equivalents. At the end of 2024, the Bank's operating level of liquidity was well above its minimum requirement of 1.33x at 5.5x, down from 7.9x in 2023, although a normalisation is likely as loan disbursements gain pace over the coming years. Moreover, a set of liquidity policies guarantees the availability of the investment portfolio. For example, the Bank cannot place funds in fixed deposits or similar products with maturities longer than three years. In addition, EADB cannot place more than 20% of its total liquid assets in current deposits or deposit accounts in a single financial institution, and most of the deposits are in dollars.³

Small investor base constrains quality of funding

We attribute a score of “b” to EADB's quality of funding. The Bank's main sources of financing are concentrated in lines of credit from MDBs, which provide a stable and reliable source of financing, and regional financial institutions. Concessional funding is also, by nature, associated with long maturities. As noted above the Bank also maintains large unused lines of credit from international development institutions, supporting its liquidity.

The main lending institutions for long-term financing as of end-2024 include the OPEC Fund for International Development (OFID), [BADEA](#) (Aa1 stable), [KfW](#) (Aaa stable), and [Development Bank of Southern Africa](#) (DBSA, Ba3 stable). EADB also has lines of credit with regional commercial banks. However, we assess EADB's funding position as relatively weak, reflecting a difference between the Bank and some of its peers that can rely on a much larger and more diversified investor base. The Bank is yet to issue eurobonds to further diversify its investor base, and has remained largely inactive in the local bond markets.

Qualitative adjustments to intrinsic financial strength

Operating environment

In our credit assessment of MDBs, we also take into account several other factors such as an MDB's operating environment and the quality of its management, including risk management. Among these factors, we apply a "-1" adjustment for the operating environment, reflecting EADB's exposure to macroeconomic or fiscal shocks in the East Africa region, where its loan portfolio is concentrated.

EADB's loan portfolio is exclusively concentrated in Kenya, Rwanda, Tanzania and Uganda, with loans to both private and public sector entities. This exposes it to the macroeconomic and fiscal difficulties that these countries face. Fiscal and external vulnerabilities remain, as illustrated by sizeable fiscal and current-account deficits across the region. In addition, the Bank's exposure to private-sector transactions predisposes it to higher NPAs, which tend to fluctuate with economic conditions of its member countries. The region is also exposed to adverse weather conditions hitting the agricultural sector and to political risk, especially in Kenya, which had been a driver of NPAs in the past.

Quality of management

We make no adjustment for the quality of management. EADB has been developing its risk-management framework as part of the Bank's strategic plan, with the overall responsibility for risk management sitting with the Board of Directors. Overall, we expect the enhancement of the risk-management framework and policies to remain a focus of management, although challenges remain, for example through concentration risk. Yet enhancements to the Bank's risk framework remain untested in light of its expansion plan.

EADB has a dedicated risk-management function – the Risk Management Unit – and all projects are reviewed before submission to the Projects Committee. Potential investments are then reviewed by the Management Committee and approved by the Director General (for investments up to \$1 million), or reviewed by the newly-created Credit and Investment Committee (organically reporting to the Board) and approved by the Board of Directors for investments above \$1 million. The Risk Management Unit is also involved in compliance-related matters, and advises the Asset and Liability Committee, which is in charge of monitoring liquidity risk and reviewing liquidity policies and procedures. Meanwhile, an independent risk assessment report is also submitted to the Board of Directors, covering all projects. Overall, the risk management function of the bank is sufficient for its business model.

The Bank has developed rules to prevent liquidity risk, for example through the minimum liquidity ratio of 1.33x total liabilities. The treasury portfolio is managed in line with the Bank's treasury policies and procedures. The Bank has also developed policies to limit interest rate, foreign exchange and maturity risk.

FACTOR 3: Strength of member support score: Low

We assess the strength of member support as "Low". Members' ability to support is heavily constrained by the low average credit quality of its shareholders. EADB's weighted average shareholder rating is B2 and, commensurate with such a rating, our assessment of EADB's main shareholders' ability to quickly transfer callable capital to the Bank in case of emergency is low.

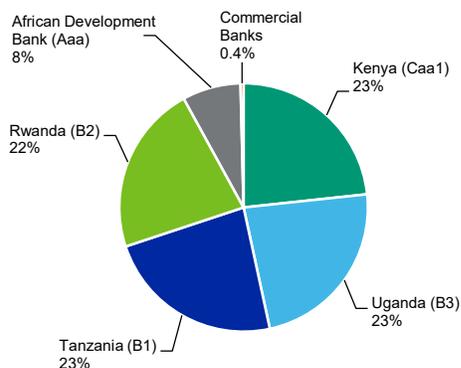
Shared exposure to systemic risks between shareholders and borrowers constrains ability to support

As EADB's loan portfolio is located entirely within the same geographic region as its member states, the probability of the Bank needing to call capital would be highly likely to coincide with a period of macroeconomic weakness and financial stress, like the 2020 Pandemic, that would simultaneously reduce member states' ability to transfer capital in a timely manner. In addition, our assessment of the strength of member support is also informed by the high correlation between assets as well as the increasing connectedness between the economies of EADB's shareholders within the East African Community.

Out of all of EADB's shareholders, AfDB has the greatest ability to honour a call on the callable capital. AfDB has provided EADB with recurrent and sustained support since its inception, including lines of credit as well as technical assistance, such as risk management,

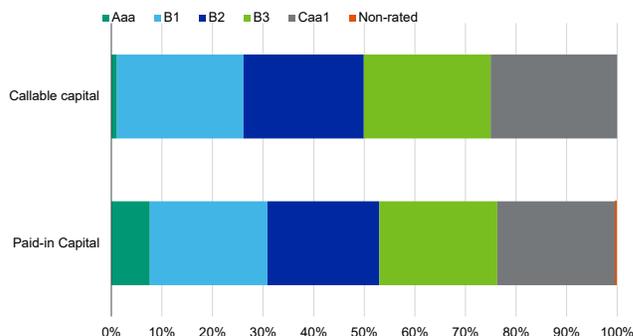
operational enhancement and capacity building. It has also acted as co-financier on a number of EADB projects in member states. In 2008, Rwanda became the latest country to join the Bank's shareholder member states, a year after it joined the East African Community, and completed its capital subscription in 2024. The Board of Directors and the EADB Governing Council have approved the Republic of Burundi's membership, although this remains pending and no capital subscription payments or lending have yet taken place. In addition, potential contributions to callable capital are now available from Class B shareholders, which mainly consist of development and commercial banks, following EADB's charter amendment in 2012.

Exhibit 9
Most shareholders are non-investment grade
 Paid-in capital, % as of end-2024



Sources: EADB, Moody's Ratings

Exhibit 10
Only a fraction of callable capital comes from investment grade shareholders
 Paid-in and callable capital by shareholder rating (end-2024)



Sources: EADB, Moody's Ratings

Willingness to support is underpinned by elevated callable capital, but payment delays suggest low non-contractual support from shareholders

We assess EADB's contractual strength of shareholder support at "aaa". Only 17.7% of subscribed capital has been paid in by the shareholders as of end-2024, leaving near \$1.3 billion in callable capital. However, the share of callable capital from investment-grade shareholders is only around 1.1%. The ratio of callable capital to total debt, which is our key indicator for contractual support, stood at 987% in 2024. When considering only the callable capital from investment-grade shareholders, for which we have a high confidence a capital call would be paid in a timely manner, the coverage ratio declines to 10.7%.

We assess non-contractual support from shareholders as "Low". Since its inception, EADB has benefited from six general capital increases. Past delays in payments of capital contributions suggest limitations to shareholders' capacity and willingness to support. Kenya, Tanzania and Uganda were initially due to pay the full amount of the capital increase launched in 2009 by 2016 and Rwanda by 2019. However, whilst Kenya and Uganda completed their payments in 2016, Tanzania and Rwanda delayed their payment deadlines. Tanzania settled the \$6.1 million payment in October 2020 while Rwanda proposed a payment schedule to clear the outstanding capital subscription of \$38 million between 2021 and 2024. In 2024, Rwanda completed its subscription. In 2024, \$54 million were transferred from retained earnings to paid-in capital, and distributed among shareholders in proportion to their 2023 share of total paid-in capital. The proportion callable-paid in was maintained resulting in an increase of callable capital.

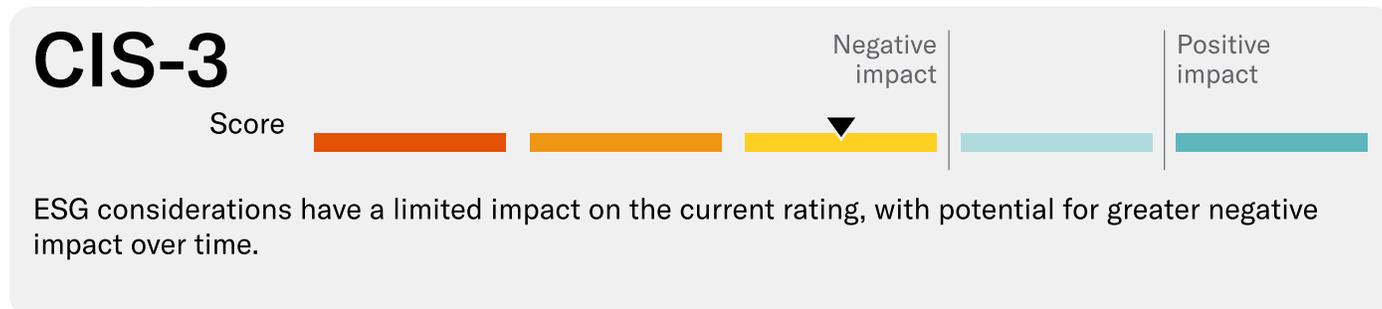
EADB's main shareholders' ability to quickly respond to capital calls in a hypothetical emergency is low. In addition, the high correlation between assets and the small number of increasingly integrated economies of the EAC weakens our assessment of the strength of member support. However, the Bank did survive the former EAC's break-up in 1977 and tensions within member states. EADB also has direct access to the decision-makers of its member countries. The EADB's governing council is made up of the ministers of finance from its member states, while its Board of Directors includes the permanent secretaries of the ministries of finance.

ESG considerations

East African Development Bank's ESG credit impact score is CIS-3

Exhibit 11

ESG credit impact score

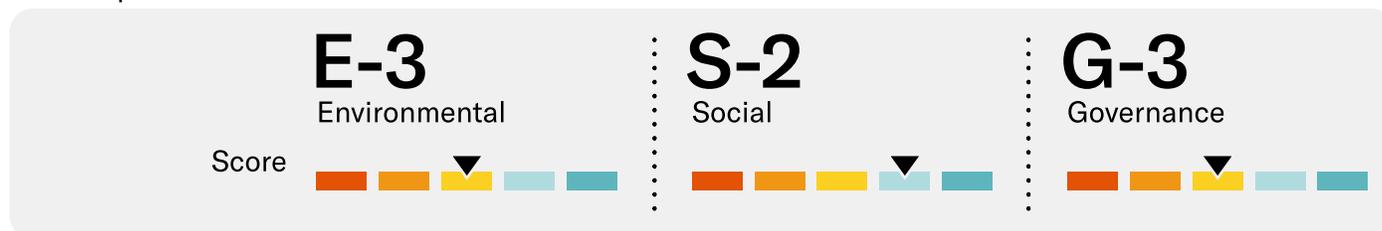


Source: Moody's Ratings

EADB's **CIS-3** credit impact score reflects a negative but limited impact on the current rating from environmental, social and governance (ESG) risks, given its moderate exposure to environmental risks and a governance profile marked by a comparatively weaker but developing risk-management framework.

Exhibit 12

ESG issuer profile scores



Source: Moody's Ratings

Environmental

EADB's environmental issuer profile score at **E-3** reflects its area of operations, characterised by borrowers across East Africa particularly exposed to physical climate risks, mostly because of their reliance on large agricultural sectors and thus exposure to extreme weather conditions and natural disasters.

Social

EADB's social issuer profile score at **S-2** reflects strong customer relations given the Bank's role and importance as a promoter of socio-economic development and regional integration, in fields including agriculture and increasing access to finance for small and medium enterprises. The Bank works in close cooperation with its shareholders, deriving support from its mandate.

Governance

EADB's governance issuer profile score of **G-3** reflects comparatively weaker risk management standards that have resulted in asset quality deterioration in past periods of stress. EADB has been continuously developing its risk management framework as part of the Bank's strategic plan. The gradual strengthening of risk-management practices will be key in helping to manage the challenges presented by a weak operating environment across borrower countries

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

For more detail on our approach to incorporating environmental, social and governance factors in credit analysis, please see our [cross-sector rating methodology](#).

Recent developments

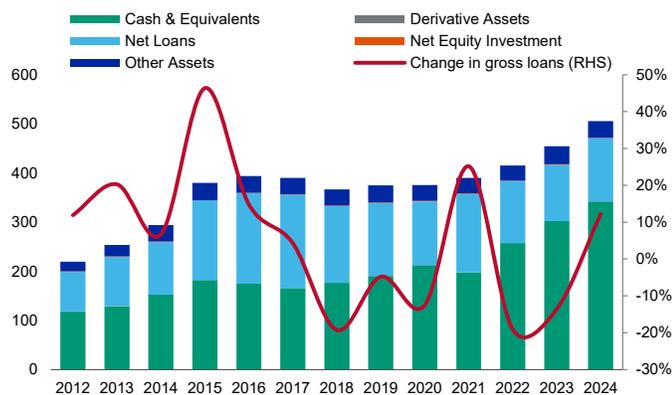
EADB's balance sheet expanded further in 2024, with total assets rising by approximately 11% to nearly \$506 million, driven by a 12% increase in gross loans. Borrowings also increased, contributing to a continued expansion in the Bank's liquid assets. EADB recorded a profit of \$11.2 million for the year, translating into a return on average assets of 2.3%. Cumulative profits have continued to strengthen the capital base, with total equity rising by \$82 million over the past five years.

Leverage remained low at 58% in 2024, while non-performing assets held steady at 0.8%. The liquidity ratio (under our definition) declined to 236% from 335%, reflecting projected increases in net cash outflows as the Bank enters a phase of balance sheet and lending expansion.

Exhibit 13

The stock of loans has started to grow again

Assets (\$ million)

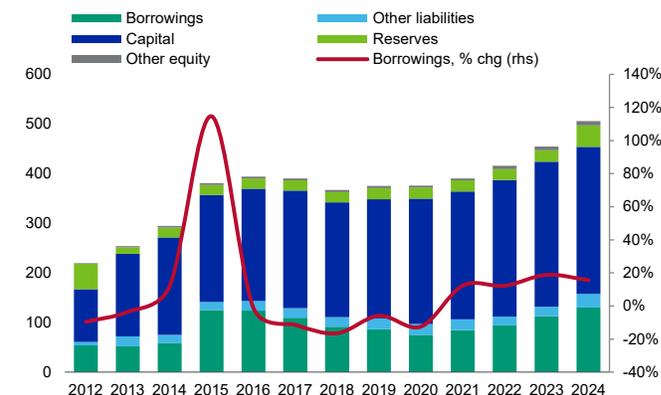


Sources: EADB, Moody's Ratings

Exhibit 14

The Bank retains a solid capital buffer

Liabilities and equity (\$ million)



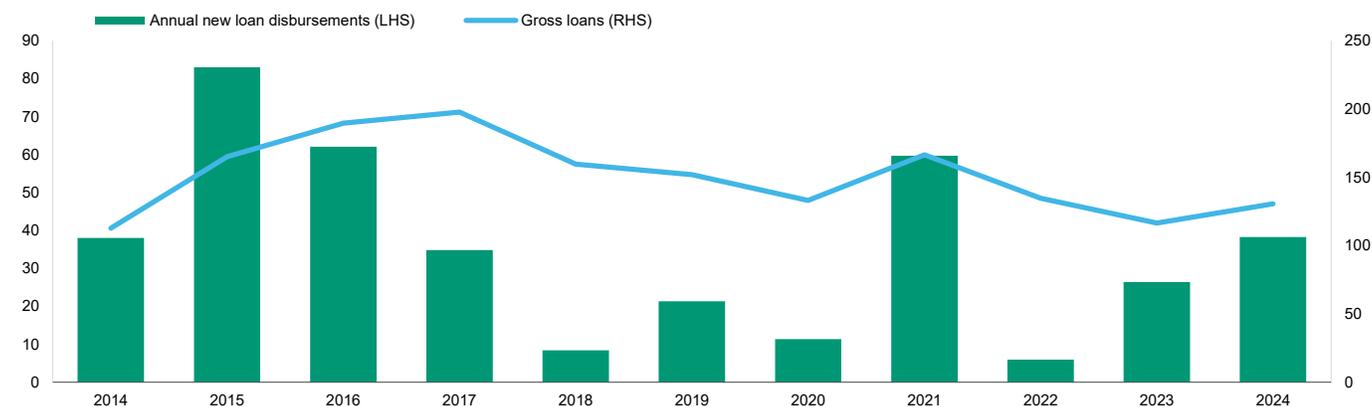
Sources: EADB, Moody's Ratings

Under its medium-term strategic plan (2024–2028), EADB is pursuing an ambitious growth agenda, targeting a lending portfolio of over \$400 million by 2028, up from approximately \$130 million in 2024. Gross loans contracted between 2018 and 2023 (with a brief recovery in 2021), reflecting cautious lending amid successive shocks to the balance sheet. However, loan disbursements have picked up since 2022, and recent data points to continued momentum. Notable transactions in 2025 include a \$30 million loan to the Rwanda Development Bank for SME financing and a \$40 million funding agreement signed with the OPEC Fund for International Development.

Exhibit 15

New loan disbursements are growing

New loan disbursements and gross loans (\$ million)



Source: EADB, Moody's Ratings

Country and sectoral concentration remained broadly unchanged in 2024 relative to 2023. Sovereign exposures accounted for 55% of total exposure, including the single largest account with the Government of Tanzania, while financial institutions (on-lending arrangements) represented 25%. On a country basis, Tanzania accounted for 60% and Uganda for 30%, with Kenya and Rwanda each at around 5%. However, loan repayments and new disbursements in the first half of 2025 have reduced concentration. As of mid-2025, Tanzania's share has declined to 48%, and Rwanda's has increased to 20%. Sectorally, sovereign and financial institutions now each represent approximately 40% of gross loans.

In 2024, EADB transferred \$54 million from retained earnings to paid-in capital through the issuance and distribution of new shares to existing shareholders, proportionate to their 2023 paid-in capital. To preserve the callable-to-paid-in capital ratio, callable capital was also increased. Rwanda completed the final \$15 million tranche of its capital subscription after previous delays. As a result, total equity – comprising paid-in capital, retained earnings and reserves – now stands at approximately \$349 million, while callable capital has risen to nearly \$1.3 billion, up from \$974 million in 2023.

The Board of Directors is currently conducting an external search for a new Director General following the departure of the previous DG, who served since 2009. In the interim, the Director of Finance has assumed the role of Acting DG, ensuring operational continuity. The institution has maintained a business-as-usual posture, including executing high-profile transactions. We do not anticipate material changes to the Bank's strategic direction under new leadership. EADB is also actively engaging with governments of the East African Community, although membership expansion is unlikely in the short term.

Rating methodology and scorecard factors: EADB - Baa3 stable

Factor / Subfactor	Metric	Initial score	Adjusted score	Assigned score
Factor 1: Capital adequacy (50%)			a3	a3
Capital position (20%)			aaa	
	Leverage ratio	aaa		
	Trend	0		
	Impact of profit and loss on leverage	0		
Development asset credit quality (10%)			b	
	DACQ assessment	b		
	Trend	0		
Asset performance (20%)			baa1	
	Non-performing assets	a2		
	Trend	0		
	Excessive development asset growth	-2		
Factor 2: Liquidity and funding (50%)			baa1	baa1
Liquid resources (20%)			aaa	
	Availability of liquid resources	aaa		
	Trend in coverage outflow	0		
	Access to extraordinary liquidity	0		
Quality of funding (30%)			b	
Preliminary intrinsic financial strength				a3
Other adjustments				-1
Operating environment		-1		
Quality of management		0		
Adjusted intrinsic financial strength				baa1
Factor 3: Strength of member support (+3,+2,+1,0)			Low	Low
Ability to support (50%)			b2	
	Weighted average shareholder rating	B2		
Willingness to support (50%)				
	Contractual support (25%)	aaa	aaa	
	Strong enforcement mechanism	0		
	Payment enhancements	0		
	Non-contractual support (25%)		Low	
Scorecard-Indicated Outcome Range				A3-Baa2
Rating Assigned				Baa3

Note: Our ratings are forward-looking and reflect our expectations for future financial and operating performance. However, historical results are helpful in understanding patterns and trends of an issuer's performance as well as for peer comparisons. Additional considerations that may not be captured when historical metrics are used in the scorecard may be reflected in differences between the adjusted and assigned factor scores. Furthermore, in our ratings we often incorporate directional views of risks and mitigants in a qualitative way. For more information please see our Multilateral Development Banks and Other Supranational Entities rating methodology.

Source: Moody's Ratings

Related websites and information sources

- » [Moody's Supranational web page](#)
- » [Moody's Sovereign and supranational rating list](#)
- » [East African Development Bank](#)

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Endnotes

- 1** Mid-year data for 2025 show a significant increase in exposure to Rwanda (20% of the total), after the disbursement of a \$30 million loan to Rwanda Development Bank, and a fall in exposure to Tanzania (around 50%).
- 2** For the purpose of calculating our liquid resources ratio, we consider only liquid assets including cash and cash equivalents, deposits with a term of less than one year held by financial institutions rated Baa3 or higher, treasury assets rated A2 or higher, and committed, unrestricted and undrawn credit lines with Prime-1 counterparties with a maturity greater than two years. This is because we believe only those would be available in a stress scenario at short notice and with minimal loss. In cases where securities are unrated, we do not include them in the numerator.
- 3** In some exceptional circumstances, the Bank has exceeded this limit on a temporary basis mainly caused by funds that are earmarked for imminent transactions falling due in a few days.

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