SELECTED ABBREVIATIONS

CEO	Chief Executive Officer
CRI	Credit Risk Insurance
DCA	Development Credit Agreement
DRC	Democratic Republic of Congo
EAC	East African Community
ECA	Export Credit Agency
ERM	Enterprise Risk Management Framework
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GWP	Gross Written Premium
ICT	Information and Communications Technology
IDA	International Development Association
IFRS	International Financial Reporting Standards
MSI	Maximum Sum Insured
NUI	Net Underwriting Income
PA	Participation Agreement
PRI	Political Risk Insurance
SDR	Special Drawing Rights
SME	Small and Medium Sized Enterprises
SO - CRI	Single Obligor Credit Risk Insurance
SOE	Statements of Expenditure
T & S	Terrorism & Sabotage
WTO - CRI	Whole Turnover Credit Risk Insurance

TABLE OF CONTENTS

MESSAGE FROM THE CHAIRMAN OF THE ANNUAL GENERAL MEETING

I am proud to be associated with ATI as it marks its 10th anniversary in the year 2011. Over the past decade, ATI has laid a solid foundation which has enabled it to thrive and to support development in its member countries even in the turbulent times of the global credit crisis. Indeed the demand for ATI's products did not show any signs of weakening during the crisis that adversely affected much of the developed and emerging market economies.

Africa generally weathered the global economic slow down fairly well. In the year 2010, Africa's economy was projected to reach close to 5 percent, which was quite close to the pre-crisis level. Most ATI member countries were spared the more severe effects of the financial crisis mainly as a result of the sound macro economic policies and reforms pursued prior to the crisis.

It is significant to point out that the Agency has continued to provide business solutions during both expansionary and recessionary global cycles. Specifically, in the face of weakened global investments and lack of access to credit, experienced in 2009, our performance did not decline. Our gross and net exposures continued to increase and businesses in our member countries continued to seek our services. In 2010, which was a recovery year for the global economy, ATI provided insurance cover for some of the largest projects since we started to underwrite business.

The strong growth projection in Africa has re-awakened appetite for business opportunities in many ATI countries. However, the pace of recovery in Europe and North America, which comprises Africa's main trading partners, is still weak and threatened by rising oil prices. This is having a negative impact on private financial flows into our member countries. Consequently, the level of available financial resources may not be able to match available opportunities. Private financing flows to sub-Saharan Africa in 2010 declined to US$30 billion, short of the record highs experienced in the pre-crisis period of 2008 – estimated at $88 billion by UNCTAD. Against this backdrop, it can be seen that the region is not completely shielded from the weak economic position of many of its partners in the West.

On the political front, foreign investors' risk perception toward Africa may also rise in 2011 as a record 17 parliamentary and presidential elections are scheduled within the year. Increased risk perception often leads to lower levels of investments and increased financing costs.

I can however confidently say that ATI is well positioned to support the development of Africa's trade and investment in these uncertain times. Our mandate has expanded over time to enable us respond to the needs of businesses in our member countries.

As ATI celebrates its 10th Anniversary, we applaud ATI's founders for their vision and foresight in creating a multilateral agency to deal with the negative perception of Africa as an international trade and investment destination. Through our products and services, we have helped to change this perception. ATI has facilitated investments flows into its member countries in excess of US$ 2 billion. We have helped businesses find access to credit and finance on better terms, and we have assisted countries expand their exports into new markets.

I am also pleased to note that ATI's membership expansion program is on course. During the year 2010, the Republic of Benin, Gabon, Togo and Zimbabwe were admitted as members of the Agency. I extend a hand of welcome to them and pledge our support in helping them fulfill the requirement for full membership.

On behalf of Member States, I would like to express my sincere gratitude to the African Union for its invaluable political support and to the World Bank and the African Development Bank for their financial and technical assistance.

H.E. Matata Ponyo Mapon
Minister of Finance, Democratic Republic of Congo

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

As ATI marks its 10th anniversary in 2011, we have taken the opportunity to reflect upon our performance and the impact that our services have had both on our clients businesses and on our developmental mandate over the last decade. To mark our milestone achievements, ATI commissioned an independent report to assess its impact on African trade and investments during this period.

The Impact Assessment report revealed two important facts. Firstly, ATI remains relevant and has proven to be of good value for the investments made by its African member countries. Jobs have been created, infrastructure has been revamped in our member countries and increased export sales into new and existing markets have been realised. Secondly, ATI has helped stimulate primary and secondary financial markets in its member countries thus facilitating access to credit for exports and investments.

The assessment has also provided ATI with insights that will help to strengthen our brand as we embark on the preparation of our new business strategy.

In another move expected to energize ATI and prepare it for a new decade of positive growth, Mr. George Otieno assumed the reins of Chief Executive Officer in July, 2010. With over 30 years of insurance and reinsurance experience in Africa and working with international insurers, Mr. Otieno has the confidence of African governments and stakeholders to lead ATI to the next level.

ATI continues to record strong business results reflected in the growing volume of business in all our member countries. This trend is most significant in our less stable member countries where, without ATI support, capacity would not be available in the global market for credit and investment insurance. Our profitability is growing consistently and we have kept our claims loss ratios at very comfortable levels. We have also leveraged our capital through partnership agreements with insurers and re-insurers in the domestic and international markets.

ATI is set to begin underwriting projects in West Africa in 2011, with a number of new countries including Benin, Côte d'Ivoire and Togo having been admitted into membership in 2010. We expect to double our underwritten business in the near term as demand in these markets picks up. Our strategy is to continue decentralising our operations by opening new offices in our member countries. We plan to eventually establish a West African hub that will complement our existing offices in Uganda, Tanzania and Zambia/Malawi.

As ATI enters its second decade of operations, I can report that all business fundamentals are sound. This includes strong capital and liquid position, backed up with a reaffirmed long-term stable "A" rating by Standard and Poor's in their 2010 review. The Board, on its part, is committed to providing an effective oversight.

I would like to commend the Management and staff of ATI for their continued commitment to the success of the Agency.

We are equally indebted to our shareholders and our business partners, including our re-insurers who have continued to place confidence in ATI and have helped us fulfill our mandate, grow our business and increase insurance capacity for more trade and Investment in Africa.

Israel Kamuzora
Chairman of the Board of Directors

BOARD OF DIRECTORS

Standing from left to right:

Israel L. Kamuzora - Director, Tanzania, Chairman of the Board

Irene Kego Oloya - Director, Uganda

Gerard van Brakel - Director, Class C Shareholders

Robert Bayigamba - Director, Rwanda

Purohit Bharghav - African Development Bank (Observer)

BOARD OF DIRECTORS

Gerome Kamwanga - Director, Democratic Republic of Congo

H.E. Sindiso Ngwenya - Director, Class D Shareholders, Vice Chairman of the Board

Prime Nyamoya - Director, Burundi

Sherri Archondo - The World Bank (Observer)

Eng. Abdulrazaq Ali - Director, Kenya

Michael Creighton - Director, Class D Shareholders

Not in the picture:

Gerald Niyibigira - Alternate Director, Burundi

Isaac Awuondo - Alternate Director, Kenya

Chris Kapanga - Alternate Director, Malawi

Joy Ntare - Alternate Director, Rwanda

Basil Anthon Saprapasen - Alternate Director, Tanzania

Michael Olupot Tukei - Alternate Director, Uganda

Dr. Daniel Stausberg - Alternate Director, Class C Shareholders

Rajni Varia - Alternate Director, Class D Shareholders

ATI'S IMPACT IN AFRICA

ATI commissioned an independent impact assessment in 2010. ATI received ratings on its development, effectiveness and financial impact in Africa during the last decade. Overall, ATI scored above average in all categories, significantly in the areas of Relevance, Efficacy, Value for Money and Partnerships. The report, published on ATI's website provides a foundation for its business and marketing strategies. The study also produced a Monitoring and Evaluation Framework to help ATI examine and improve its impact on an annual basis. Here is a background on the study and a summary of the findings.

Background to the study

Over the last ten years of existence, ATI has grown considerably in terms of business, signing less than four policies in the first two years compared to over 150 policies in the last three years. With the new capital structure, ATI's present business model has been in operation since mid 2006 and this has resulted in its largest number of bound policies in that period. The review and assessment covers the entire period of existence of ATI but recognises that its business model has become significantly effective in the latter period only.

Measuring Impact

Measuring impact requires both qualitative and quantitative inputs. These inputs are obtained from the multiple lines of evidence - from surveys, customer and stakeholder interviews, background research and interviews with staff and management - to provide a holistic picture of performance and a basis on which impact can be evaluated.

Based on the assessment, a rating was then assigned to each dimension of Impact. The Rating Index that was used for this assessment is as follows: Excellent - Good - Satisfactory - Marginal - Unsatisfactory.

Dimensions of Impact

This assessment measures impact across a range of dimensions. The table below defines the impact dimensions that were assessed and the measurement parameters used in the report.

Impact Parameters

Impact dimention	Description	Parameters
Relevance	The extent to which ATI has met the industry's needs in member countries as per its mandate. Also, how its relevance may have changed in relation to changes in the economic landscape of African member countries.	• Appropriateness of mandate to changing industry needs • Relevance in all member countries • Relevance relative to other sources of insurance in terms of additionality
Efficacy	How successful ATI's operations have been in identifying and meeting the strategic objectives identified in policy documentation and/or conceptual framework as applicable.	• Review of ATI's operational performance against strategic and business plans
Efficiency	Efficiency of ATI's operations including cost management, profitability and financial sustainability.	• Review of ATI's financial performance
Impact on regional trade and risk perception	The extent to which ATI has led to increased regional trade and how governments and the private sector have generally responded to the role played by ATI to facilitate regional trade - the extent to which ATI has had a "demonstration effect" by adjusting the perception of risk in the region.	• Increase in trade and investment which can be attributed to ATI • Reduction in costs because of ATI • Demonstration effect, leading other insurers into the market • Response by governments and private sector to role played by ATI
Development of partnerships and capacity building	The extent to which ATI has engaged in or developed partnerships with other networks that support trade and investments in Africa.	• Engaging in or developing partnerships with agencies and networks to help facilitate trade and investment in Africa

Impact Parameters

Impact dimension	Description	Parameters
"Value for money" of ATI for member states	The extent to which the creation of ATI has given its member states value for money through its facilitation of trade and investment in Africa.	• Facilitation of incremental trade and investment • Positive economic impact, e.g. - Job creation - Transfer of technology - Incremental availability of bank and financial services funding - Incremental exports and sales to new and existing markets - Import substitution and foreign exchange earnings - South/South collaboration • Positive social impact

Summary of Ratings

Parameter	Score
Relevance	Excellent
Efficacy	Excellent
Efficiency	Satisfactory
Impact on Regional Trade and Risk Perception	Good
Value for Money of ATI/Member Countries	Excellent
Partnerships	Excellent

ABLY LEADING AFRICA INTO THE NEXT DECADE OF GROWTH

An interview with George Otieno
Chief Executive Officer (CEO)

"By 2011, I would like us to fully sign into membership and begin writing business in at least 15 countries with a specific emphasis on West African markets such as Ghana and Nigeria. If we continue the trend, I could easily foresee ATI having 40 African member countries signed up by the end of the next decade."

In his first 11 months on the job heading Africa's only multilateral insurer, George Otieno has a unique vantage point. With over 30 years of experience working in the insurance industry in Africa, he has witnessed the industry's growth and more importantly its untapped potential. As ATI celebrates its 10th anniversary in 2011, he enters the spotlight at a fortuitous moment. An African with international experience, Mr. Otieno has great plans for ATI's next decade of growth. In an interview with the CEO, we learn about his passions and his plans for ATI.

What attracted you to ATI?

ATI has a good reputation in the industry as a solid and well-run institution, which was cemented by its reaffirmed Standard & Poor's 'A' rating in 2010. I also knew about ATI's positive growth results over the past few years. For me, the challenge in leading this type of organisation is how to continue and possibly improve an already impressive track record. Since joining ATI, I have come to realise that the dedication of its staff is another key asset. Combined, I believe that these elements create a reliable and strong foundation to build on.

ATI had a memorable first decade of operations with growth that continues to outpace the industry. What do you foresee in the next decade for the organisation?

I believe the overarching goal for ATI is to continue to drive business growth. To achieve this, I would like to see us focus on three key areas. First is membership expansion. In order for us to achieve greater market penetration, we will need to sign more countries into membership so that we can write more business. At present we are fully operational in nine countries with another nine expected to complete the membership process. By 2011, I would like us to fully sign into membership and begin writing business in at least 15 countries with a specific emphasis on West African markets such as Ghana and Nigeria. If we continue the trend, I could easily foresee ATI having 40 African member countries signed up by the end of the next decade.

ATI is Africa's export credit agency. To realise this, we must have a footprint in each country. The second goal is therefore accelerated decentralisation. I would like ATI to open offices in most of the countries in which we operate. This is an important part of remaining relevant in each market and being better able to react and adapt to our clients' needs.

The third aim deals with our ability to stay ahead of the innovation curve. Business, like the world, never stands still. Keeping our clients at the core of product development, I would like ATI to respond to their needs for additional and complementary products. Ideally these products would remain within our range of Political Risk and Credit Risk Insurance products but be more flexible and cover a broader range of risks. Banks are an ideal example. We intend to pilot a Credit Risk Insurance product in the coming months that will allow banks to lend more to Small and Medium sized companies.

Looking beyond Africa, what are your plans for ATI on the membership front?
ATI is an African institution with global reach. The global reach is where we can benefit our African traders the most by offering them protection in markets beyond Africa as well as business opportunities. SACE, the Italian export credit agency who joined into membership in 2009 is a good example. Their membership in ATI has opened up business opportunities not only for Italian companies interested in doing business in Africa, but also for African exporters interested in the Italian market. I could see the benefits of several countries that are active in Africa coming into membership – such as Australia, China and India. This will continue to be part of our non-African membership strategy.

> "For many years the perception was that Africa needed help. Today, we are seeing a shift particularly in the wake of the international financial and credit crises."

What will be the main challenges for ATI in achieving its goals?
Within Africa there is an awareness hurdle in terms of the benefits of general insurance. The concept of insurance is relatively new to many so convincing companies and individuals that it is in their best interest to spend money to protect their property against an unforeseen event is a challenge. This is made even more complicated by lack of statistics and information on buyers and exporters with regard to credit insurance.

The second hurdle that ATI faces is lack of a deep pool of qualified African underwriters, who are knowledgeable about our unique products. As a result, we hire new recruits from related industries such as banking and general insurance and then we invest in training. In a sense we are creating a new labour force. The risk is that we may lose these talented individuals to other players in the market but like all things, one must be willing to face the risks. So far, this strategy has worked for us and I believe that in the coming years as more industries become familiar with risk insurance products a pool of candidates will emerge who have a more practical understanding of our products.

Much has been said about the next decade belonging to Africa. Experts see the continent as being the next great frontier. What is your prediction?
The concept of Africa is changing. For many years the perception was that Africa needed help. Today, we are seeing a shift particularly in the wake of the international financial and credit crises. Investors have awakened to see Africa as a continent of opportunity. With markets in Europe and North America still experiencing difficulties, the world is looking to Africa not only for its resources but also for its business potential. With a market of over 1 billion consumers, a rapidly increasing middle class, regional integration, improved infrastructure and governance, I see no reason why Africa shouldn't develop into a world-class business destination in the coming decade.

THE ATI TEAM

A Team Approach

We believe that our customers benefit from our "one for all" approach to business. This begins with our staff who are recruited from a variety of disciplines and regions world-wide. We work as a team to ensure that every policy we underwrite is individually tailored to the needs of the client.

MEMBERSHIP DEVELOPMENT

Membership expansion within and outside the African Region remains a key priority for ATI's growth and development. This is seen as key to broadening ATI's target market for both investment and trade flows, resulting in increased economic growth for new Member States, new business opportunities for ATI and greater regional integration for the entire African continent. In addition, membership expansion enhances the Agency's geopolitical risk diversification, thus improving its overall business risk portfolio.

In 2010, ATI's Board of Directors received and approved applications for membership from Benin, Côte d'Ivoire, Gabon, Togo and Zimbabwe.

IDA eligible countries including Benin, Côte d'Ivoire and Ghana were able to negotiate their respective financial support with the World Bank for their equity contribution into ATI. New member states are at various stages in fulfilling their membership requirements.

Currently ATI brings together 19 Member States[1] including: Benin, Burundi, Côte d'Ivoire, Democratic Republic of Congo (DRC), Djibouti, Eritrea, Ghana, Gabon, Kenya, Liberia, Madagascar, Malawi, Rwanda, Sudan, Tanzania, Togo, Uganda, Zambia and Zimbabwe.

Corporate Members include: Africa Re, Atradius (Gerling Credit Emerging Markets SA), Common Market for Eastern and Southern Africa (COMESA), the Eastern and Southern Development Bank known as PTA Bank, SACE, and ZEP-Re.

[1]The following countries are in various stages of completing their membership into ATI: Benin; Côte d'Ivoire; Djibouti; Eritrea; Ghana; Gabon; Liberia; Sudan; Togo and Zimbabwe.

The Status of the Issued and Fully Paid up Share Capital at 31 December, 2010

Member	2010 Number of Shares	2010 Paid Up Capital	2009 Number of Shares	2009 Paid Up Capital
		US$		US$
Burundi	96	9,600,000	96	9,600,000
DRC	71	7,100,000	71	7,100,000
Kenya	174	17,400,000	174	17,400,000
Madagascar	1	100,000	1	100,000
Malawi	107	10,700,000	107	10,700,000
Rwanda	55	5,500,000	55	5,500,000
Tanzania	105	10,500,000	105	10,500,000
Uganda	143	14,300,000	143	14,300,000
Zambia	104	10,400,000	104	10,400,000
	856	85,600,000	856	85,600,000
Africa-Re Corporation	1	100,000	1	100,000
Atradius (Gerling Credit Emerging Markets SA)	1	100,000	1	100,000
COMESA	1	100,000	1	100,000
PTA Bank Limited	1	100,000	1	100,000
PTA Re-Insurance Company	1	100,000	1	100,000
SACE SpA	100	10,000,000	100	10,000,000
Sub Total	105	10,500,000	105	10,500,000
Total	961	96,100,000	961	96,100,000

PARTNERSHIPS & ACTIVITIES

The office launch at the Kempinski Hotel in Dar es Salaam, from left to right the Honourable Mustapha Mkulo, Minister of Finance & Economic Affairs, Albert Rweyemamu, ATI Tanzania, Basil Saprapasen, ATI's Alternate Director for Tanzania, Stewart Kinloch, ATI's Chief Underwriting Officer (CUO) and Cyprien Sakubu, ATI's Chief Investor Relations Manager.

ATI Launches its Third Regional Office

As ATI prepared to bring its financial clout to Tanzania with a 2009 insurance portfolio valued at US$254 million, Tanzania's private sector leaders came out in force at the Kempinski hotel to support ATI's Tanzania office launch on 9th April. The list of distinguished guests included the Honourable Mustafa Mkulo, Minister for Finance & Economic Affairs and Israel Kamuzora, ATI's Chairman and the Insurance Commissioner for Tanzania. The Tanzania Private Sector Foundation is hosting ATI's Tanzania office at its Dar es Salaam premises. The Tanzania office becomes the third ATI regional office alongside Uganda and the Zambia/ Malawi office.

Partnership expansion in the Middle East & North Africa:

From left to right, Stewart Kinloch (CUO), ATI and Ola Gadallah, Managing Director, ECGE.

With the Export Credit Guarantee Company of Egypt

The Export Credit Guarantee Company of Egypt (ECGE) and ATI signed a Memorandum of Understanding (MoU) on the sidelines of the COMESA Investment Forum in Sharm el Sheikh, Egypt. The agreement will see both institutions partner to facilitate more Foreign Direct Investments (FDI) and exports within Africa. With a combined portfolio of over US$450 million, the partnership is expected to help boost intra-African trade.

Memorandums of Understanding With the Saudi Fund for Development

The Saudi Fund for Development (SFD) formalised its partnership with ATI in an MoU that was signed at ATI's headquarters in Nairobi by H.E. Eng. Yousef I. Albassam, Vice Chairman and Managing Director of SFD and George Otieno, ATI's Chief Executive Officer. The MoU aims to support and encourage trade financing in ATI's African member countries. Under the terms of the agreement both parties will provide a full range of their products to exporters and banks in Saudi Arabia and relevant African countries.

Insurance Workshops ▶

To increase capacity and awareness of Trade Credit and Political Risk Insurance products, the Underwriting team conducted a series of workshops in 2010 within the insurance, banking and media communities in Kenya, Malawi, Tanzania, Uganda and Zambia. The workshops are part of a broader marketing initiative to raise awareness about ATI's products within its member countries.

ATI's Senior Underwriter, Humphrey Mwangi, fields questions from reporters following a workshop in Blantyre, Malawi.

Introduction of ATI's New CEO to the London Insurance Market ▼

In November, the London insurance community came out in record numbers to meet ATI's new CEO and his team - Stewart Kinloch, Chief Underwriting Officer and Humphrey Mwangi, Sr. Underwriter. At a reception hosted by RFIB, around 80 insurance representatives from London's main insurance companies, Lloyds underwriters and brokers from other insurance organisations attended and solicited from the ATI team its support on a number of potential deals. The CEO went on to deliver a presentation on Inter-regional trade at the West Africa Trade and Commodity Finance conference during the London visit.

ATI Sponsors the Africa Down Under Mining Conference in Australia ▼

At this premier annual conference that attracts over 1,000 global mining executives and African Mining Ministers, Stewart Kinloch delivered a presentation on political risks together with experts from Gallagher London, Australia's Export Finance and Insurance Corporation and Anglo American.

Demand soars for ATI's Political Violence, Terrorism & Sabotage, Insurance and Reinsurance Products ▼

Since ATI first launched this product in Kenya following the country's post-election violence in 2008, it has proven to be one of ATI's most "in demand" products. In January, 2010, Kenyan insurer APA signed onto the Treaty in a reinsurance deal valued at US$434 million. After this deal, UAP Uganda became the first insurance company outside of Kenya to obtain this product, which continues to be a top earner for ATI.

At a press conference with UAP in Kampala, seated from left to right Allan Mafabi, ATI Uganda, Stewart Kinloch, ATI's Chief Underwriting Officer, and Mathew Koech, Managing Director of UAP Uganda.

2010 RESULTS & ACHIEVEMENTS

Key Performance Indicators

Category	2010 (US$ M)	2009 (US$ M)	2008 (US$ M)
Gross Written Premium (GWP)	4.8	3.6	1.9
Gross Exposure[2]	383.8	254.6	112.9
Net Exposure[3]	166.5	120.6	68.1
Net Underwriting Income	2.5	1.4	0.8

Policies Issued

Policies Issued	2010	2009	2008
Number of Policies Issued	88	58	26
Number of New Projects Supported	17	10	11
New Policies	43	39	23

Maximum Sum Insured (MSI) by Country

Country	2010 Gross	2009 Gross	2010 Net	2009 Net
Burundi	12,500,000	3,750,000	7,500,000	3,750,000
DRC	135,519,361	64,741,077	26,919,848	23,641,564
Kenya	45,009,375	31,863,353	35,115,142	22,446,437
Madagascar	3,201,526	1,659,784	3,201,526	1,659,784
Malawi	62,479,636	64,107,033	19,979,636	21,607,033
Tanzania	12,986,192	14,637,043	12,986,192	11,137,043
Rwanda	26,590,586	-	7,500,000	-
Uganda	40,340,972	25,728,532	23,122,713	8,228,531
Zambia	38,881,958	39,019,810	27,720,964	23,869,810
Others[4]	6,346,948	9,144,240	2,538,779	4,294,332
Total	383,856,554	254,650,872	166,584,800	120,634,534

[2]The gross amount of insurance underwritten

[3]The net amount of insurance underwritten

[4]Others refers to ATI's Short Term Whole Turnover Credit Risk Insurance business

Maximum Sum Insured (MSI) by Sector

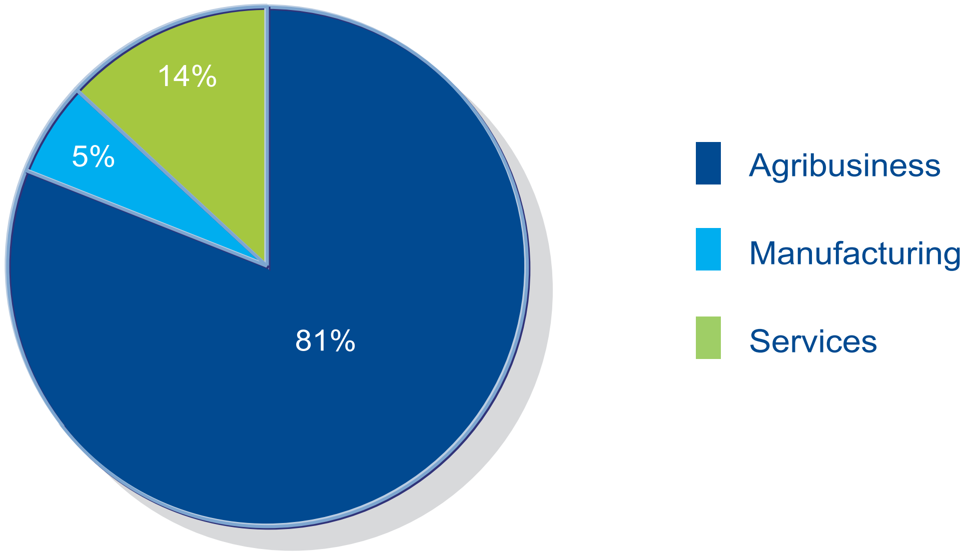
Sector	2010 Gross	2009 Gross	2010 Net	2009 Net
Agribusiness	5,127,388	5,961,060	2,050,955	2,384,424
Construction	22,296,454	17,095,591	22,296,454	17,095,591
Energy	65,599,357	82,981,767	14,588,363	24,481,767
ICT	43,165,770	29,137,244	38,165,770	29,137,244
Infrastructure	14,775,395	9,885,293	14,775,395	9,885,293
Manufacturing	14,142,942	10,336,243	13,334,369	9,356,563
Mining	129,999,514	59,811,956	18,750,000	16,062,443
Services	68,007,486	14,441,718	36,400,819	4,731,209
Tourism	20,742,248	25,000,000	6,222,675	7,500,000
Total	383,856,554	254,650,872	166,584,800	120,634,534

Maximum Sum Insured MSI by Class of Business

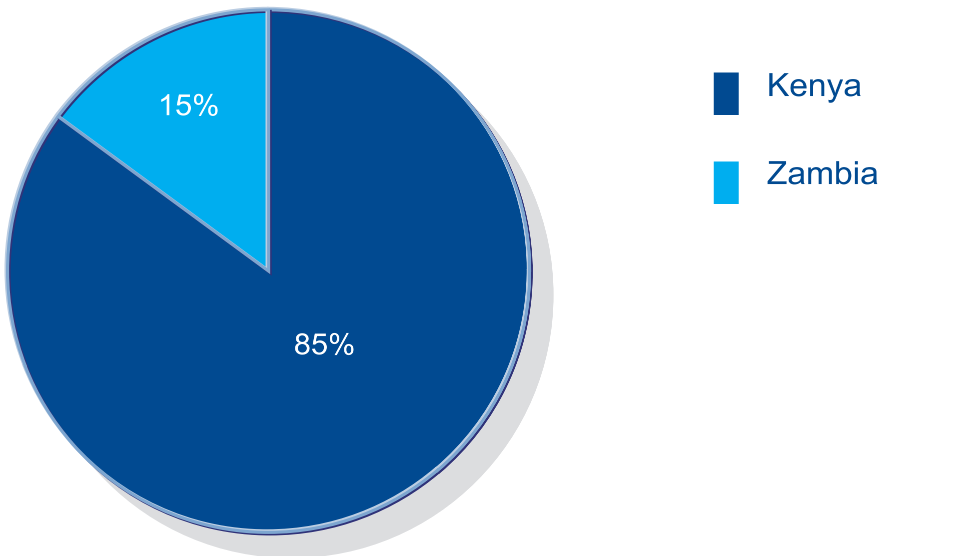
Class of Business	2010 Gross	2009 Gross	2010 Net	2009 Net
Investment Insurance	344,599,807	233,474,287	131,136,222	104,307,857
Trade Credit Insurance[5]	39,256,747	21,176,585	35,448,578	16,326,677
Total	383,856,554	254,650,872	166,584,800	120,634,534

[5] Figures refer to transaction value not Whole Turnover

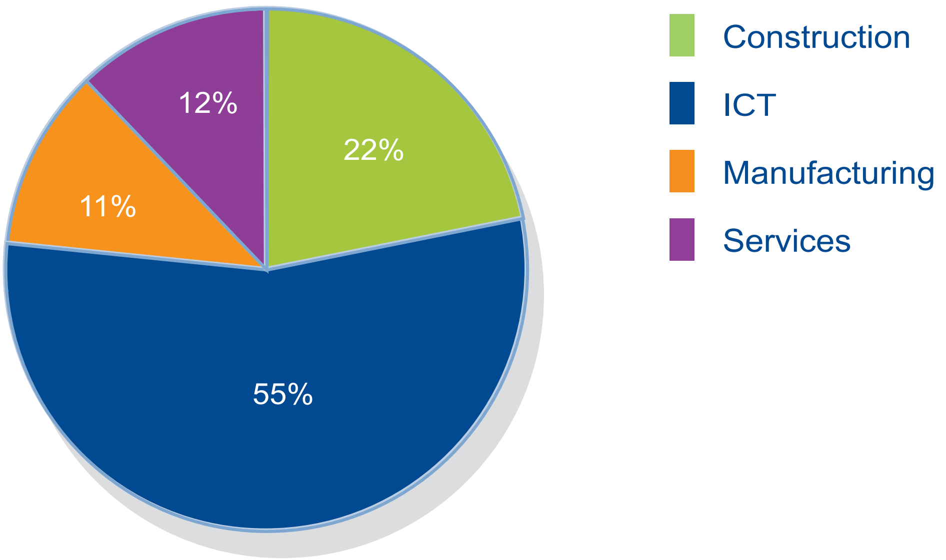
2010
Whole Turnover Credit Risk Insurance
Gross Exposure by Sector



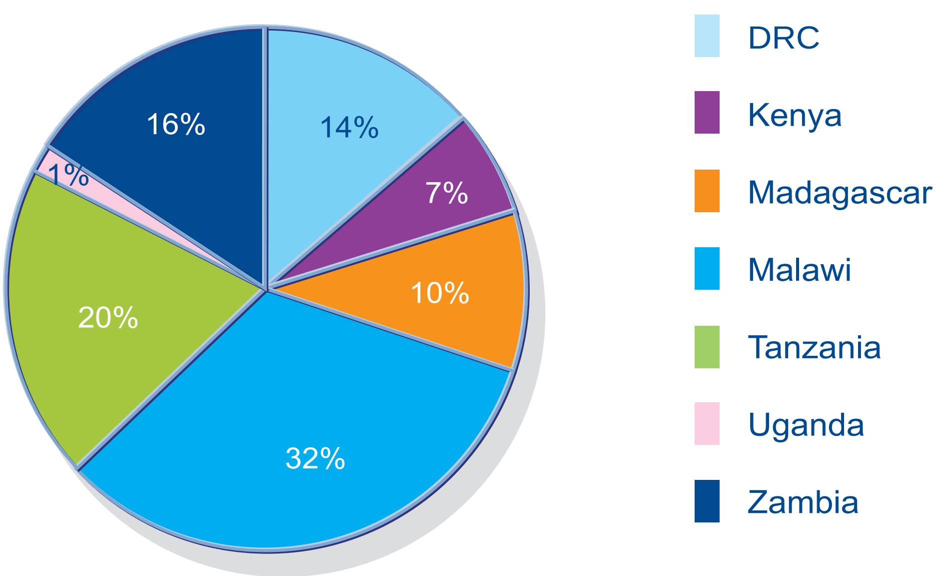
2010
Whole Turnover Credit Risk Insurance
Gross Exposure by Country of Exporter



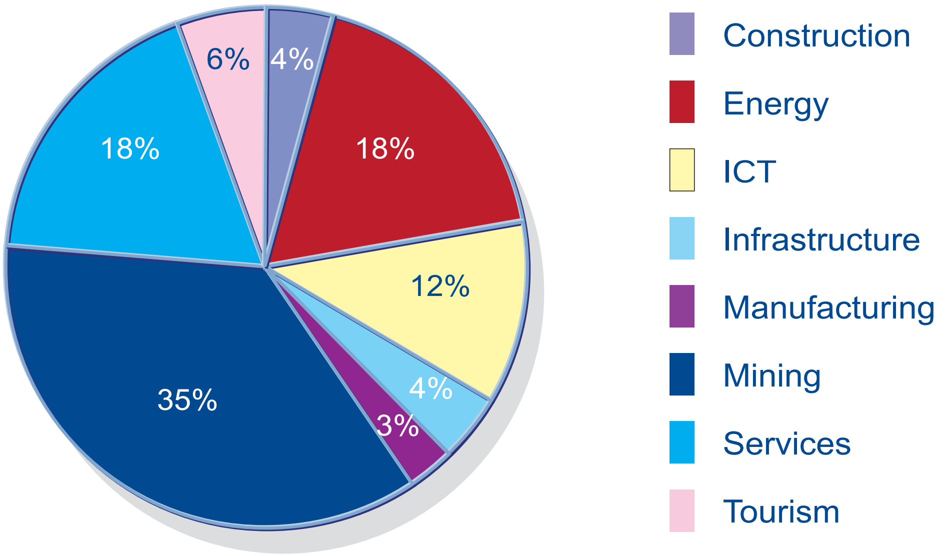
2010
Single Obligor Credit Risk Insurance
Gross Exposure by Sector



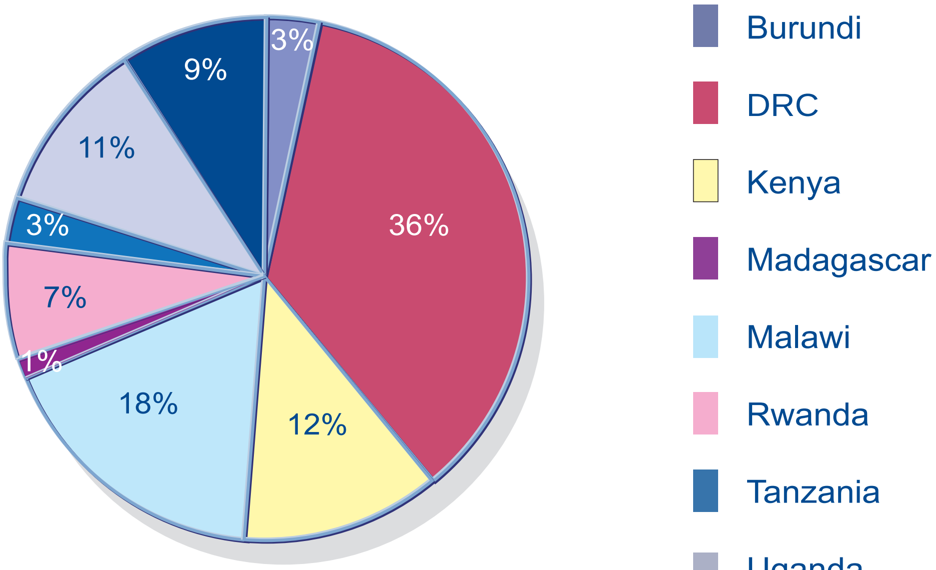
2010
Single Obligor Credit Risk Insurance
Gross Exposure by Country



2010
Political Risk Insurance
Gross Exposure by Sector



2010
Political Risk Insurance
Gross Exposure by Country



New Projects Supported in 2010[6]

Host Country	Project	Investor Country	Sector	Amount (US$ M)[7]
Burundi	Construction & operation of a telecommunications network	Botswana	ICT	12.5
DRC	Construction of a residential and commercial building complex	Various [8]	Construction	9.0
DRC	Development of a copper mine	Holland	Mining	160.0
Kenya	Coffee exports	Germany, Japan, South Korea & USA	Agriculture	4.3
Kenya	Residential housing	South Africa	Construction	10.8
Kenya	Supply of digital microwave radio equipment to a mobile telephone network	France	ICT	0.6
Kenya	Improvements to a regional water treatment plant and dam	Various [8]	Infrastructure	11.8
Kenya	Delivery of pharmaceutical drugs and medical supplies to a government agency	Kenya	Manufacturing	5.0
Kenya	Increasing the local insurance market capacity	Kenya	Services	3.5
Rwanda	Expansion of a cement plant	Kenya	Construction	56.0
Tanzania	Water supply improvement	Mauritius & Tanzania	Infrastructure	17.2
Uganda	Design and installation of a land information system	Various [8]	ICT	10.0
Uganda	Supply of digital microwave radio equipment to a mobile telephone company for expansion of their network	Japan	ICT	0.6
Uganda	Increasing the local insurance market capacity	Uganda	Services	11.0
Zambia	Supply of digital microwave radio equipment to a mobile telephone operator	Japan	ICT	5.7
Zambia	Production of a manufacturing plant	India	Manufacturing	7.0
Zambia	Production of a grain storage facility and wheat mill	South Africa	Agriculture	18.3

[6]Only new projects, not ongoing projects, are listed
[7]Project value or total investment insured
[8]Funding originates from a multilateral development source

Painting by
Jean Ayan

2010 PROJECTS[9]

BURUNDI

Sector: ICT

Project: Construction and operation of a telecommunications network

Insurance Type: Political Risk Insurance

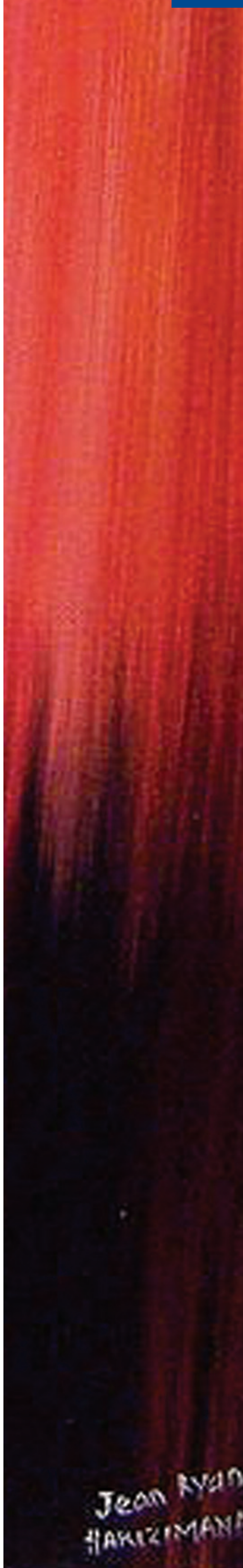
Risks Covered: Expropriation (including license and frequency cancellation); and transfer restriction

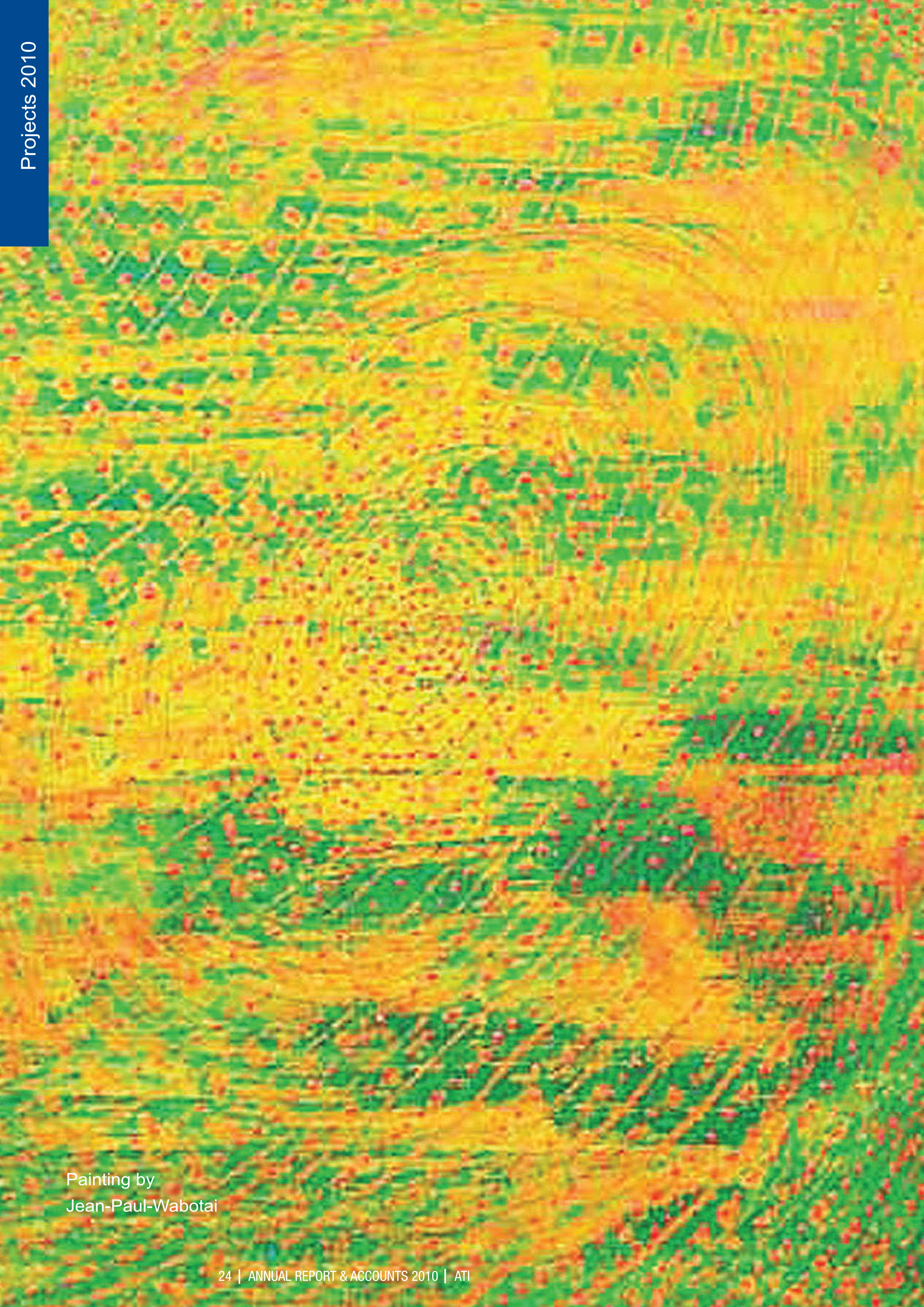
Equity Investment: US$12.5 million

An African telecommunications company wanted to protect its investment in Burundi. As a result, the company sought ATI insurance to protect its investment from expropriation by the host government and any arbitrary restriction on profit repatriation.

The company is expected to invest a total of US$68 million in Burundi by 2011. With a mobile phone penetration that barely skims the African average – 5.4% in Burundi compared to 34% across Africa - the company is banking on ATI's continued support to capitalise on this market potential.

[9]The list of 2010 projects includes new projects only. The list does not include projects covered under our client confidentiality clause.





Painting by
Jean-Paul-Wabotai

DEMOCRATIC REPUBLIC OF CONGO (DRC)

Project

Sector: Construction

Project: Construction of a residential and commercial building complex

Insurance Type: Comprehensive cover (Commercial and Political Risk Insurance)

Risks Covered: Non-payment by the borrower, a privately held Congolese company; resulting from its insolvency or protracted default; currency transfer restriction; expropriation; embargo; war and civil disturbance.

Project Value: US$9 million

A regional housing financier mandated to help expand housing capacity in Africa obtained ATI insurance to protect its lending against non-payment. There is a severe shortage of both residential and office space in the DRC's main commercial cities of Kinshasa and Lubumbashi. Once completed, this housing project will support the country's overall reconstruction efforts. This transaction is one of many policies that ATI has issued to the same financier covering projects in Burundi, DRC and Tanzania.

Project

Sector: Mining

Project: Development of a copper mine

Insurance Type: Political Risk Insurance

Risks Covered: Expropriation; damage or business interruption caused by war; civil disturbance or political violence; embargo; currency inconvertibility and transfer restriction; export license cancellation; forced abandonment; selective discrimination and mining agreement cancellation.

Project Loan: US$160 million

When an international investor in a copper mine obtained financing for the second phase of project development, its financiers sought ATI's political risk insurance to protect their loans against non-payment arising from any government-related action or inaction. The decision was based in part on the strength of ATI's relationship with the DRC government, which is also a shareholder in ATI. A syndicate of international insurers participated in the program with ATI, their main source of comfort being the preferred creditor status that ATI enjoys vis-à-vis its member states such as the DRC.

After undergoing the normal underwriting due diligence, which includes environmental clearance by an independent consultant, the project was approved, making it the largest single transaction in ATI's history. The total investment of the project, estimated at over US$400 million, is expected to create employment and improve the economic status of the entire region.

Painting by
Stephen Njenga

KENYA

Project

Sector: Agriculture

Project: Coffee exports

Insurance Type: Whole Turnover Trade Credit Insurance

Risks Covered: Non-payment due to insolvency, and delayed payment (protracted default)

Estimated Insurable Turnover: US$4.3 million

A Kenyan coffee exporter purchased ATI's insurance to protect their receivables from buyers in Germany, Japan, South Korea and the USA against delay and non-payment. Significantly, the exporter is using the ATI policy as collateral to access credit from their bank. The company, formed in 2005, specializes in sourcing green coffee from East Africa and shipping to international roasters for use in specialty blending.

This client receives the added benefit of being able to trade and negotiate prices directly with foreign buyers rather than facing the pricing uncertainty of auctions as is the practice of many local coffee exporters.

Project

Sector: Construction

Project: Residential housing

Insurance Type: Political Risk Insurance

Risks Covered: Embargo; expropriation; damage or business interruption due to war and civil disturbance; arbitral award default and currency transfer restriction.

Turnkey Contract Value: US$10.8 million

In an effort to meet the growing demand for housing in Nairobi, the government agency charged with housing development set a target of 30,000 units to be constructed by 2013.

As one of the projects in this scheme, 105 residential apartments in a Nairobi suburb, was awarded to a contractor with an international financial banker. The lender purchased ATI's Political Risk Insurance to alleviate potential risks that may impact on the project, which is targeted for completion by May 2011.

KENYA *continued*

Project

Sector: ICT

Project: Supply of digital microwave radio equipment to a mobile telephone network

Insurance Type: Comprehensive Non-payment Insurance

Risks Covered: Payment delay; non-payment due to insolvency; currency transfer restriction; expropriation; embargo; and physical damage or business interruption caused by war and civil disturbance.

Contract Value: US$600,000

In line with its growth strategy, this nation-wide telecommunications company solicited bids from manufacturers to upgrade Kenya's transmission capacity in the Western region. A global manufacturer of telecommunications equipment won the tender and sought ATI's insurance to protect the entire contract against non-payment.

The partnership with ATI and this client extends to insurance cover on similar deals in Malawi, Uganda and Zambia.

Project

Sector: Infrastructure

Project: Improvements to a regional water treatment plant and dam

Insurance Type: Political Risk Insurance

Risks Covered: Non-payment by a government agency

Project Value: US$11.8 million

When a Kenyan construction firm won a government tender to improve a water treatment plant and dam that supplies 20% of Nairobi's water, they took a moment to savour the victory. And then, they sought insurance protection against the possible risk of non-payment or protracted delays in payment by the regional water services board.

With insurance cover in place, the company could proceed with confidence. They also had the added satisfaction of working on a project that would eventually save the city an estimated US$130,000 a year through unclogging water intakes.

KENYA *continued*

Project

Sector: Manufacturing

Project: Delivery of pharmaceutical drugs and medical supplies to a government agency

Insurance Type: Political Risk Insurance

Risks Covered: Non-payment by a government agency

Project Value: US$5 million

A Kenyan manufacturer of pharmaceuticals relating to malaria and HIV/AIDS won a tender to distribute medical supplies to a government agency responsible for procurement, warehousing and distribution of medical supplies. The agency is tasked with delivering up to 45% of the drugs and health equipment to public health facilities across Kenya.

Before signing the contract, the manufacturer obtained ATI's insurance to protect them against non-payment. ATI's strong relationships with the Kenyan government, which is also a shareholder in ATI, offers clients added comfort against the government's defaulting on contractual obligations.

Project

Sector: Services

Project: Increasing the local insurance market capacity

Insurance Type: Reinsurance - Political Violence Excess of Loss Treaty

Risks Covered: Protects the insurer's local policy holders against damage to all property classes and business interruption caused by acts of political riots, strikes and/or civil commotion, associated malicious damage, insurrection, revolution or rebellion, and mutiny and/or coup d'état.

Maximum Sum Insured per Property: US$3.5 million

This Kenyan insurer with an East Africa presence became the third local insurer to sign onto ATI's Treaty. Under the program, the insurer targets a portfolio of SME and personal clients offering the coverage as an add-on to existing motor and fire policies. The treaty is expected to increase their competitiveness as well as help to streamline an over saturated market.

ATI first introduced treaty reinsurance for political violence in 2008 in response to widespread losses from property damage and business interruption during Kenya's post-election violence. As these risks are normally outright exclusions in general insurance policies, the ATI product aptly filled an important gap in the market. Besides working with local insurance companies, ATI has secured the support of Lloyd's of London underwriters, as well as Africa-Re and Zep–Re to make this cover available.

Painting by
Innocent Nkurunziza

RWANDA

Project

Sector: Construction

Project: Expansion of a cement plant

Insurance Type: Political Risk Insurance

Risks Covered: Non-payment due to transfer restriction; expropriation; damage or business interruption caused by war and civil disturbance; and embargo

Total Investment: US$56 million

Fueled by the demand of a booming construction industry, cement production is big business in East Africa. In Rwanda, a local cement producer supplying to the domestic market and neighbouring Burundi, Eastern Democratic Republic of Congo and Uganda, needed to expand production to meet the growing demand. To support this expansion, a regional bank provided a lending facility for a period of six years. Before the deal could be finalised, the Bank sought ATI insurance to protect its loan against non-payment arising from political risks.

With the loan in place, the cement producer is on the way to boosting production capacity from 100,000 to 600,000 tonnes per year. High tech additions also promise greater efficiencies that will see the plant eventually service expected regional demand of 1.1 million tonnes by 2020.

Painting by
David Muzunguno

TANZANIA

Project

Sector: Infrastructure

Project: Water supply improvement

Insurance Type: Political Risk Insurance

Risks Covered: Transfer restriction and non-payment or protracted default by government ministry

Total Project Value: US$17.2 million

Access to potable water remains a challenge to Tanzania's development goals. It is estimated that only 11% of households have to-the-door access to potable water while the balance of the population must travel from 15 to over 30 minutes to access water.

This project provides reliable and safe water supply to a township of over one million people located in Central Tanzania. ATI is providing insurance to an engineering firm to cover their contract against delays in payment and non-payment by the government ministry sponsoring the project in addition to the risk of currency transfer restriction.

Painting by
Eria Nsubuga

UGANDA

Project

Sector: ICT

Project: Design and installation of a land information system

Insurance Type: Political Risk Insurance

Risks Covered: Contract frustration and unfair calling

Contract Value: US$10 million

A French engineering company won a government tender to digitize land title registration and to secure land records in Uganda. The company sought ATI insurance against contract frustration and the unfair calling of bank guarantees they obtained as part of the project requirement.

Once completed, the project will help to promote transparency in land ownership procedures and subsequently support increased investments in the property sector.

Project

Sector: ICT

Project: Supply of digital microwave radio equipment to a mobile telephone company for expansion of their network

Insurance Type: Comprehensive Non-payment Insurance

Risks Covered: Payment delay; non-payment due to insolvency; currency transfer restriction; expropriation; embargo; and physical damage or business interruption caused by war and civil disturbance.

Contract Value: US$600,000

When one of the world's leading manufacturers and suppliers of telecommunications equipment signed a contract to supply to a multinational mobile operator in Uganda their next stop was ATI. With a comprehensive policy covering a variety of risks including payment delay and non-payment, the company proceeded with the deal.

The partnership with ATI and this global manufacturer extends to insurance cover on similar deals in Uganda, Kenya, Malawi and Zambia.

Project

Sector: Services

Project: Increasing the local insurance market capacity

Insurance Type: Reinsurance - Political Violence, Terrorism and Sabotage Excess of Loss Treaty

Risks Covered: Protects the insurer's local policy holders against damage to all property classes and business interruption caused by acts of terrorism, sabotage, political riots, strikes and/or civil commotion, associated malicious damage, insurrection, revolution or rebellion, and mutiny and/or coup d'état.

Total Value of Insurable Property: US$11.0 million

In Uganda, ATI is reinsuring a number of insurance companies in order to increase their capacity to extend new coverage to their clients against property damage caused by a range of politically-motivated acts of violence. This coverage is expected to help Ugandan insurers increase their competitiveness and insurance penetration - an important value added in a market where, five companies out of 20 control 60% of the market and the penetration rate is under 1%.

ATI first introduced this reinsurance product to the Kenyan market in 2008 after an insurance assessment of Kenya's post-election violence revealed a gap in local coverage that amounted to millions of dollars worth of uncovered damage. Together with partners Lloyd's of London, Africa Re and Zep Re, ATI is able to increase capacity in local markets in the region.

Painting by
Hannah Uzor

ZAMBIA

Project

Sector: Agriculture

Project: Construction of a grain storage facility and a wheat crushing mill

Insurance Type: Political Risk Insurance

Risks Covered: Arbitral award default; embargo, expropriation; currency transfer restriction; and physical damage or business interruption caused by war and civil disturbance

Project Value: US$18.3 million

Lack of accessible grain storage and milling facilities have placed many farmers in Zambia at a disadvantage. To avoid spoilage and without the proper milling equipment they've often had to sell their produce at a reduced rate. This project will help reduce post-harvest losses while allowing farmers to sell a more processed product at a higher rate. This project is expected to create 120 jobs and provide a steady flow of foreign capital through the lending facility that ATI is insuring.

Project

Sector: ICT

Project: Supply of digital microwave radio equipment to a mobile telephone operator

Insurance Type: Comprehensive Non-payment Insurance

Risks Covered: Payment delay; non-payment due to insolvency; currency transfer restriction; expropriation; embargo; and physical damage or business interruption caused by war and civil disturbance.

Contract Value: US$5.7 million

A global manufacturer of telecommunications equipment secured an order to supply equipment to a mobile telephone operator on credit terms in Zambia. To protect the order against possible payment-related issues, the manufacturer obtained ATI's comprehensive insurance cover.

The partnership with ATI and this manufacturer extends to insurance cover on similar deals in Malawi and Uganda. This is the fifth transaction between ATI and this client, underscoring the confidence they draw from ATI's insurance to further their expansion in Zambia.

Project

Sector: Manufacturing

Project: Production of a manufacturing plant

Insurance Type: Comprehensive Non-payment Insurance

Risks Covered: Non-payment or delay on a scheduled payment; expropriation; currency inconvertibility and transfer restriction; and physical damage or business interruption caused by war and civil disturbance

Loan Value: US$7 million

The lender, a local subsidiary of a reputable international banking group, fronted a manufacturing plant with a loan of US$7 million. The bank purchased ATI insurance to hedge their risks against default on the scheduled loan repayments.

Once completed, the plant is expected to supply consumer goods to the local market as well as the entire Central African region.

AFRICAN TRADE INSURANCE AGENCY

FINANCIAL STATEMENTS

31 DECEMBER 2010

TABLE OF CONTENTS

AGENCY INFORMATION

For The Year Ended 31 December, 2010

The present members of the Board of Directors are:

Name	Member Represented	Position	Alternate Director
Israel L. Kamuzora	- Tanzania	- Chairman	Basil A. Saprapasen
Sindiso Ngwenya	- Class 'D' Members	- Vice Chairman	Rajni Varia
Prime Nyamoya	- Burundi	- Director	Gérard Niyibigira
Eng. Abdulrazaq Adan Ali	- Kenya	- Director	Isaac Awuondo
Robert Bayigamba	- Rwanda	- Director	Joy Ntare (Appointed on 19 May, 2010)
Irene Kego Oloya	- Uganda	- Director	Michael Olupot Tukei
Gerome Kamwanga (Appointed on 19 May, 2010)	- Democratic Republic of Congo and Malawi	- Director	Chris Kapanga (Malawi)
Gerard van Brakel	- Class 'C' Members	- Director	Dr. Daniel Stausberg
Michael Creighton (Appointed on 19 May, 2010)	- Class 'D' Members	- Director	N/A

CHIEF EXECUTIVE OFFICER

Chief Executive Officer

Chief Executive Officer: George Otieno (Kenyan, effective date 12 July 2010)

Ag. Chief Executive Officer: Stewart Kinloch (British, until 12 July 2010)

ATI HEAD OFFICE

Kenya Re Towers, 5th Floor
Upperhill off Ragati Road
P. O. Box 10620-00100, NAIROBI
KENYA

ATI REPRESENTATIVE OFFICES

Uganda Office

Plot 43 Nakasero Road
P.O.Box 7683
KAMPALA
UGANDA

Zambia Office

Kwacha House Annex
Cairo Road
P.O. Box 31303
LUSAKA
ZAMBIA

Tanzania Office

Tanzania Private Sector Foundation
Private Sector House
Plot 1288, Mwaya Road, Masaki
Msasani Peninsula
P.O. Box 11313
DAR ES SALAAM
TANZANIA

AGENCY INFORMATION *continued*

For The Year Ended 31 December, 2010

BANKERS

Standard Chartered Bank Kenya Limited
Kenyatta Avenue Branch
P O Box 40310-00100, NAIROBI
KENYA

Citibank
Canary Wharf
London E14 5LB
UNITED KINGDOM

Citibank N.A
P.O Box 30711-00100, NAIROBI
KENYA

SECURITY TRUST ACCOUNT TRUSTEES

Nedbank Limited
Old Mutual Place
2 Lambeth Hill
London EC4V 4GG
UNITED KINGDOM

ING Bank
N.V. London Branch
60 London Wall
London EC2M 5TQ
UNITED KINGDOM

AUDITORS

Deloitte and Touche
Deloitte Place
Waiyaki Way, Muthangari
P O Box 40092-00100, NAIROBI
KENYA

LAWYERS

Anjawalla & Khanna Advocates
ALN House, Eldama Ravine Garden
Westlands
P.O Box 200-00606, NAIROBI
KENYA

Clyde & Co LLPING Bank
51 Eastcheap
London EC3M 1 JP
UNITED KINGDOM

REPORT OF THE DIRECTORS

For The Year Ended 31 December, 2010

The Directors submit their report and the audited financial statements for the year ended 31 December, 2010 which disclose the state of affairs of the African Trade Insurance Agency ("ATI" or the "Agency").

Establishment

ATI is a legal entity established under the Agreement establishing the African Trade Insurance Agency ("ATI Treaty") which came into force on the 20th day of January 2001, as amended on the 20th day of January, 2007 and which is registered with the Secretariat of the United Nations (under Certificate of Registration No. 49593) pursuant to the provisions of Article 102 of the Charter of the United Nations.

ATI's headquarters is located in Nairobi, Kenya. ATI has field offices in Kampala, Uganda, in Lusaka, Zambia and in Dar es Salam, Tanzania.

Principal activity

ATI has been established to facilitate, encourage and develop the provision of insurance (including co-insurance and re-insurance), guarantees and other financial instruments and services, for the purposes of promoting trade, investments and other productive activities in Africa, supplementary to those that may be offered by the public or private sector, or in co-operation with the public or private sector.

Results for the year

The results for the year are set out on page 50

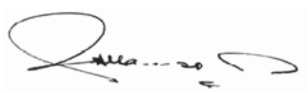
	US$
Income	3,591,364
Expenditure	(4,207,633)
Loss for the year added to retained earnings	(616,269)

Directors

The Directors and their Alternates who held office during the year are shown on page 40.

Auditors

The auditors, Deloitte & Touche, were appointed at the Annual General Meeting held on 19th May, 2010, for a period of three years. They have expressed their willingness to continue in office as auditors.



Israel L. Kamuzora

Chairman of the Board of Directors

Nairobi

18 March, 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

For The Year Ended 31 December, 2010

The ATI Treaty 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 Agency as at the end of the financial year and its operating results for that year. It also requires the directors to ensure that the Agency keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Agency. They are also responsible for safeguarding the assets of the Agency.

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the ATI Treaty and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the ATI Treaty. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Agency 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.

Nothing has come to the attention of the directors to indicate that the Agency will not remain a going concern for at least the next twelve months from the date of this statement.

Israel L. Kamuzora
Director

Sindiso Ngwenya
Director

George Otieno
Chief Executive Officer

18 March, 2011

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AFRICAN TRADE INSURANCE AGENCY ON THE SPECIAL ACCOUNT

For The Year Ended 31 December, 2010

Introduction

Under the following agreements between IDA and the Agency:

- Development Credit Agreement dated 8 June, 2001;
- The Agreement Amending the Development Credit Agreement dated 19 July, 2005; and
- The Agreement Providing for the Amendment and Restatement of the Development Credit Agreement dated 23 March 2007 (Amended Credit Agreement);

IDA granted the Agency a development credit amounting to Special Drawing Rights SDR7,200,000 (approximately US$10,000,000 before taking into account the effects of the movements in exchange rates as the Agency transacts primarily in US Dollars), to finance the Agency's operational costs. This amount includes: (a) an original amount of SDR3,900,000 (US$5,310,422); and (b) a supplemental amount of SDR3,300,000 (approximately US$5,000,000).

As dictated by the Amended Credit Agreement, the Agency opened and operates a Special Account for the purposes of receiving and accounting for the proceeds of the credit from IDA.

The activities of the Special Account include deposits and replenishments received from IDA as supported by Statements of Expenditure (SOE), payments substantiated by withdrawal applications, interest that may be earned from the balances and which belong to the borrower and the remaining balances at the end of the year.

Requests for additional draw downs of the credit advanced to the Agency are based on SOEs submitted to IDA by management for expenses incurred within the terms and conditions of the Amended Credit Agreement.

Management's Responsibilities

Management is responsible for ensuring that the activities of the Special Account are in compliance with IDA's procedures and the Amended Credit Agreement and for such internal controls as management determines are necessary to ensure that the activities of the special account are from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

We are required, as auditors of the Agency, to provide an opinion on the degree of compliance of the activities of the Special Account in accordance with IDA's procedures and the terms and conditions of the Amended Credit Agreement and to report on the balance of the Special Account as at the end of the year. We are also required to report on the accuracy and propriety of expenditures withdrawn under SOE procedures.

We conducted our work in accordance with International Standards on Auditing (ISAs). These standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the activities of the Special Account comply with IDA's procedures and the terms and conditions of the Amended Credit Agreement and on the balance in the Special Account as at 31 December, 2010.

An audit includes examining on a test basis, transactions relating to activities of the Special Account and evidence supporting the compliance of these activities with IDA's procedures and the terms and conditions of the Amended Credit Agreement.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AFRICAN TRADE INSURANCE AGENCY ON THE SPECIAL ACCOUNT *continued*

For The Year Ended 31 December, 2010

Audit Findings

During the year to 31 December, 2010, management submitted SOEs' requesting for additional draw downs of US$ 503,310 against the Amended Credit Agreement. These requests related to expenditures incurred in the financial periods ended 31 December, 2009 and 31 December, 2010. Expenses incurred for which the Agency requested reimbursement are categorised as follows:

- Consultants' Services / Training Costs;US$127,716
- Operating Costs; US$375,594

We reviewed, on a test basis, documentation supporting the expenses reimbursed. We sought evidence that:

- procurement of goods and consultancy services was done in accordance with the provisions of Article III of the Amended Credit Agreement; and
- expenditures incurred were appropriately and accurately supported by billing documents such as invoices
- only the eligible portion of expenditures incurred were included in the request for re-imbursement.

The balance in the Special Account as at 31 December, 2010 was nil (2009: nil). Disbursement of the additional draw downs for the expenses referred to above had been effected as at year end and the funds transferred to the Agency's operating bank accounts.

Opinion

In our opinion, the Special Account has been operated in all material respects in accordance with the terms of the Development Credit Agreement dated 8 June, 2001, the Agreement Amending the Development Credit Agreement dated 19 July, 2005 and the Agreement providing for the Amendment and Restatement of the Development Credit Agreement dated 23 March, 2007.

Deloitte & Touche

Certified Public Accountants
18 March 2011
Nairobi

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AFRICAN TRADE INSURANCE AGENCY ON THE SECURITY TRUST ACCOUNTS AND INCOME ACCOUNTS

For The Year Ended 31 December, 2010

Introduction

Under the various Development Credit Agreements and the Agreements Providing for the Amendment and Restatement of these Development Credits between the Agency and IDA and each of the African Member States participating in the Regional Trade Facilitation Project (RTFP), and the Participation Agreements and the Agreements Providing for the Amendment and Restatement of the Participation Agreements between the Agency and each of the African Member States, the Agency is required to open and maintain with a reputable commercial bank or banks (Security Trust Account Trustees), US dollar-denominated Security Trust Accounts and Income Accounts on behalf of each African Member State.

Pursuant to requests from the Agency on behalf of each African Member State, IDA disburses each African Member State's credit into their respective Security Trust Account. Interest earned by the funds deposited in the Security Trust Accounts is deposited in a separate Income Account for each African Member State and is made available for use by the Agency (except for Madagascar).

The funds in the Security Trust Accounts provide the Agency with the underwriting capital needed to underwrite political and commercial risk insurance, including co-insurance and re-insurance.

In line with the Agency's legal and capital restructuring programme, existing funds held in the Security Trust Accounts on behalf of countries that meet the requirements of the Agreements Providing for the Amendment and Restatement of the Development Credit Agreements between IDA and each African Member State have been or are to be fully exchanged for shares in the Agency's common equity capital.

Management's Responsibilities

Management is responsible for ensuring that the Security Trust Accounts and Income Accounts are operated in accordance with the following:

- The ATI Treaty;
- The Agreement Providing for the Amendment and Restatement of the Project Agreements (ATI/IDA Amended and Restated Project Agreement);
- The Agreement Providing for the Amendment and Restatement of the Development Credit Agreement between ATI and IDA (ATI/IDA Amended and Restated Development Credit Agreement);
- The Agreements Providing for the Amendment and Restatement of the Development Credit Agreements between IDA and each African Member State (IDA/African Member States' Amended and Restated Development Credit Agreements);
- The Agreements Providing for the Amendment and Restatement of the Participation Agreements between each African Member State and ATI (ATI/African Member States' Amended and Restated Participation Agreements);
- The Agreement to Amend and Partially Terminate the Security Trust Account Agreement between ATI, the Security Trust Account Trustees and the Insurers; and;
- The Agreement to Amend and Partially Terminate the Insurance Facility Agreement between ATI and the Insurers.

Management is also responsible for such internal control as they determine what is necessary to ensure that the activities of the Security Trust Accounts and Income Accounts are free from material misstatement, whether due to fraud or error.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AFRICAN TRADE INSURANCE AGENCY ON THE SECURITY TRUST ACCOUNTS AND INCOME ACCOUNTS *continued*

For The Year Ended 31 December, 2010

Auditor's Responsibilities

We are required, as auditors of the Agency, to provide an independent opinion on the degree of compliance of the operation of the Security Trust Accounts and Income Accounts with the terms of the following agreements, during the year ended 31 December, 2010:

- ATI Treaty;
- ATI/IDA Amended and Restated Project Agreement;
- ATI/IDA Amended and Restated Development Credit Agreement;
- IDA/African Member States' Amended and Restated Development Credit Agreements;
- ATI/African Member States' Amended and Restated Participation Agreements;
- The Agreement to Amend and Partially Terminate the Security Trust Account Agreement between ATI and Security Trust Account Trustees and the Insurers; and;
- The Agreement to Amend and Partially Terminate the Insurance Facility Agreement between ATI and the Insurers.

We conducted our work in accordance with ISA's. These standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance on the compliance of the operation of the Security Trust Accounts and Income Accounts with the agreements listed above.

Our audit included examining on a test basis, transactions relating to the operation of the Security Trust Accounts and Income Accounts during the period 1 January to 31 December, 2010.

Audit Findings

Under the nine IDA/African Member States Amended and Restated Development Credit Agreements, the total eligible credits available from IDA to African Member States amounted to SDR94,093,500 (US$144,906,813) as at 31 December, 2010.

In line with their respective Amended and Restated Development Credit Agreements, each African Member State that complies with the conditions precedent contained in their respective Amended and Restated Development Credit Agreements and have had their respective Amended and Restated Development Credit Agreements declared effective by IDA were to receive an additional disbursement into the ATI Bank Accounts necessary to increase their disbursed funds to 64% of the total available credit allocated to the relevant African Member State.

As at 31 December, 2010, the percentage of total available credits allocated to each participating country that had already been disbursed is as follows:

- Madagascar; 100%
- Burundi, the Democratic Republic of Congo, Kenya, Malawi, Rwanda, Tanzania, Uganda and Zambia; 64%.

The balances in the Security Trust accounts as at 31 December, 2010 represented the following:

- Madagascar US$900,000 relating to the amount held pending completion of the legal and capital restructuring by Madagascar after which the amount in the Security Trust account will be transferred to ATI account;

  During 2010, an amount of US$3,750,000 relating to Burundi committed funds was transferred from the Security Trust Account to ATI bank account upon renewal of the relevant policy as the collateral previously held in the Security Trust Accounts was no longer required.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AFRICAN TRADE INSURANCE AGENCY ON THE SECURITY TRUST ACCOUNTS AND INCOME ACCOUNTS *continued*

For The Year Ended 31 December, 2010

Opinion

In our opinion, the Security Trust Accounts and Income Accounts have been operated in accordance with the terms of the ATI Treaty, the ATI/IDA Amended and Restated Project Agreement, the ATI/IDA Amended and Restated Development Credit Agreement, the IDA/African Member States' Amended and Restated Development Credit Agreements, the ATI/African Member States' Amended and Restated Participation Agreements, the Agreement to Amend and Partially Terminate the Security Trust Account Agreement between the African Trade Insurance Agency and Security Trust Account Trustees and the Insurers, and the Agreement to Amend and Partially Terminate the Insurance Facility Agreement between ATI and the Insurers.

Deloitte & Touche

Certified Public Accountants (Kenya)

18 March 2011

Nairobi

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AFRICAN TRADE INSURANCE AGENCY ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2010

For The Year Ended 31 December, 2010

Introduction

We have audited the accompanying financial statements of the African Trade Insurance Agency set out on pages 50 to 82 which comprise the Agency's statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the ATI Treaty and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal controls relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of financial affairs of the Agency as at 31 December 2010 and of the Agency's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

Certified Public Accountants (Kenya)

18 March 2011

Nairobi

STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 31 December, 2010

	Notes	2010 US$	2009 US$
INCOME			
Gross Written Premiums		4,772,302	3,614,707
Net Earned Premiums	5	2,362,966	1,238,223
Commission Income	6	321,692	258,579
Investment Income	7	610,601	1,569,239
Other Operating Income	8	296,105	374,040
TOTAL INCOME		3,591,364	3,440,081
EXPENSES			
Claims Incurred			
- Gross		32,924	6,143
- Reinsurers' Share		(19,782)	(3,686)
Net Claims Incurred	9	13,142	2,457
Acquisition Costs	19	117,371	51,567
Administrative Expenses	10	4,023,853	3,898,567
Foreign Exchange Loss	11	(28,381)	58,702
Finance Costs	12	81,648	73,152
TOTAL EXPENSES		4,207,633	4,084,445
a) LOSS FOR THE YEAR		(616,269)	(644,364)
b) OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS/INCOME FOR THE YEAR		(616,269)	(644,364)

STATEMENT OF FINANCIAL POSITION

As at 31 December, 2010

	Notes	2010 US$	2009 US$
ASSETS			
Cash and Bank Balances		6,357,080	5,827,587
ATI Bank Accounts	13	95,622,725	91,872,725
Security Trust Accounts	13	900,000	4,650,000
Insurance Balances Receivable	14	1,305,844	1,194,679
Reinsurance Balances Receivable	15	102,366	136,687
Other Receivables	16	431,686	532,660
Reinsurer's Share of the Claims Reserve	17	73,972	54,556
Reinsurer's Share of Unearned Premium	18	1,070,986	998,325
Deferred Acquisition Costs	19	67,543	19,877
Vehicles and Equipment	20	254,699	266,108
Intangible Assets	21	18,135	28,232
		106,205,036	105,581,436
LIABILITIES			
Insurance Balances Payable	14	757,487	745,434
Reinsurance Balances Payable	15	466,877	212,694
Other Payables	22	416,846	461,365
Claims Reserve	17	83,796	57,014
Unearned Premiums	23	2,055,518	1,980,974
Unearned Ceding Commissions	24	113,213	117,569
Unearned Grant Income	25	417,872	-
IDA - Development Credit	26	10,399,703	9,896,393
		14,711,312	13,471,443
SHAREHOLDERS' EQUITY			
Share Capital	27	96,100,000	96,100,000
Share Premium Account	27	441,062	441,062
Underwriting Capital	28	900,000	900,000
General Reserve		-	250,000
Retained Earnings - (Deficit)		(5,947,338)	(5,581,069)
		91,493,724	92,109,993
		106,205,036	105,581,436

The financial statements on pages 50 to 82 were approved by the Board of Directors on 18 March, 2010 and were signed on its behalf by:

Israel L. Kamuzora
Director

Sindiso Ngwenya
Director

George Otieno
Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December, 2010

	Notes	Share Capital US$	Share Premium Account US$	General Reserve US$	Underwriting Capital US$	Retained Earnings US$	Total US$
At 1 January, 2009		86,000,000	441,062	250,000	900,000	(4,936,705)	82,654,357
Total Comprehensive loss for the year		-	-	-	-	(644,364)	(644,364)
Transactions with Owners							
Capital Disbursement	27	10,100,000	-	-	-	-	10,100,000
At 31 December, 2009		96,100,000	441,062	250,000	900,000	(5,581,069)	92,109,993
At 1 January, 2010		96,100,000	441,062	250,000	900,000	(5,581,069)	92,109,993
Transfer to Retained Earnings*				(250,000)		250,000	-
Total Comprehensive Loss		-	-	-	-	(616,269)	(616,269)
At 31 December, 2010		96,100,000	441,062	-	900,000	(5,947,338)	91,493,724

*The general reserve of US$250,000 was an appropration of the retained earnings that was set up to cover possible expenses arising out of future claims. These amounts have been reclassified back to the retained earnings in the current year.

STATEMENT OF CASH FLOWS

As at 31 December, 2010

	Notes	2010 US$	2009 US$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Cash Generated From/(Used In) Operating Activities	29(a)	143,782	(163,044)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Motor Vehicles and Equipment	20	(112,689)	(223,421)
Purchase of Intangible Assets	21	(6,607)	(22,430)
Proceeds from Disposal of Equipment		1,697	6,454
Net Cash Used in Investing Activities		(117,599)	(239,397)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from IDA Development Credit	26	503,310	2,030,133
Share Capital issued	27	-	10,100,000
Disbursed funds to common equity capital	27	3,750,000	1,932,828
Net Cash From Financing Activities		4,253,310	14,062,961
INCREASE IN CASH AND CASH EQUIVALENTS		4,279,493	13,660,520
CASH AND CASH EQUIVALENTS AT 1 JANUARY		97,700,312	84,039,792
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	29(b)	101,979,805	97,700,312

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December, 2010

1. ACCOUNTING POLICIES

(a) Basis of Preparation

The Agency's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The principal accounting policies applied in the preparation of the financial statements remain unchanged from the previous year. The financial statements are prepared under the historical cost basis of accounting, except where otherwise stated in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. Actual results could differ from these estimates. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

(b) Adoption of new and revised International Financial Reporting Standards (IFRSs)

(i) New standards and amendments to published standards effective for the year ended 2010:

	Effective for annual periods beginning on or after
Amendments and revised standards	
IFRS 1, First-time adoption of International Financial Reporting Standards - revised and restructured	1 July 2009
IFRS 1, First-time adoption of International Financial Reporting Standards - amendments relating to oil and gas assets and determining whether an arrangement contains a lease	1 January 2010
IFRS 2, Share-based payment - amendments relating to group cash-settled share-based payment transactions	1 January 2010
IFRS 3 (Revised 2008), Business Combinations - comprehensive revision on applying the acquisition method	1 July 2009
IAS 27, Consolidated and Separate Financial Statements; IAS 28, Investments in Associates; and IAS 31, Interests in Joint Ventures - consequential amendments arising from amendments to IFRS 3	1 July 2009
IAS 39, Financial Instruments: Recognition and Measurement - amendments for eligible hedged items	1 July 2009
Various improvements resulting from April 2009 and May 2010 Annual Improvements to IFRSs	1 July 2009 and 1 January 2010
New interpretations	
IFRIC 17, Distributions of Non-cash Assets to Owners	1 July 2009
IFRIC 18, Transfers of Assets from Customers	Transfers received on or after 1 July 2009

1. ACCOUNTING POLICIES *Continued*

(b) Adoption of new and revised International Financial Reporting Standards (IFRSs) (Continued)

(ii) New and amended interpretations in issue but not yet effective in the year ended 31 December 2010 :

	Effective for annual periods beginning on or after
Amendments and revised standards	
IFRS 1, First-time Adoption of International Financial Reporting Standards - limited exemption from comparative IFRS 7 disclosures for first-time adopters	1 July 2010
IFRS 1, First-time Adoption of International Financial Reporting Standards - replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs'; and additional exemption for entities ceasing to suffer from severe hyperinflation.	1 July 2011
IFRS 7, Financial Instruments: Disclosures - amendments enhancing disclosures about transfers of financial assets	1 January 2011
IFRS 9, Financial Instruments - Classification and Measurement	1 January 2013
IAS 12, Income Taxes - limited scope amendment (recovery of underlying assets)	1 January 2012
IAS 24, Related Party Disclosures - revised definition of related parties	1 January 2011
Various improvements resulting from May 2010 Annual Improvements to IFRSs	1 July 2010 and 1 January 2011
IAS 32, Financial Instruments: Presentation - amendments relating to classification of rights issues	1 February 2010
New interpretation	
IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

(c) Impact of new and amended standards and interpretations on the financial statements for the year ended 31 December 2010 and future annual periods

Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2009)

The amendments to IAS 1 clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or noncurrent.

Amendments to IAS 7 Statement of Cash Flows (as part of Improvements to IFRSs issued in 2009)

The amendments to IAS 7 specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December, 2010

1. ACCOUNTING POLICIES *Continued*

(c) Impact of new and amended standards and interpretations on the financial statements for the year ended 31 December 2010 and future annual periods

Amendments to IFRS 7 Financial Instruments: Disclosures (as part of Improvements to IFRSs issued in 2010)

The amendments to IFRS 7 clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans

Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)

The amendments to IAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

(d) Functional Currency and Translation of Foreign Currencies

The financial statements are presented in US Dollars (US$), which is the Agency's functional and presentation currency. Transactions originating in US$ are recognised in the financial statements at the original US$ amounts.Transactions expressed in Special Drawing Rights (SDR) are converted into US$ at the cross rate of SDR and US$ at the rates ruling at the dates of the transactions.

Transactions in foreign currencies other than US$ are converted into US$ at the spot rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than in US$ are translated into US$ at the rates of exchange ruling at the statement of financial position date. Gains and losses on exchange are charged or credited to the income statement in the year in which they arise.

(e) Insurance Contracts

(i) An insurance contract represents a contract of protection against loss in which the insurer undertakes to reimburse the policy holder in the event of a specified contingency or peril. Under its insurance policies, ATI will reimburse the insured party to which the insurance contract has been assigned, for losses up to a certain percentage of the amount covered and under certain conditions. Insurance contracts also include contracts where the Agency reinsures itself, i.e. cedes risk to public or private insurers; and provides reinsurance, i.e. accepts risks from primary insurers.

As an investment and credit insurer, insurance contracts issued by the Agency can largely be classified under:

- Investment insurance/reinsurance covering risks inherent to cross border investment projects and trade transactions (foreign direct investment, loans, project finance, commodities, mobile assets, etc.); and
- credit insurance/reinsurance that provides protection against non-payment by private and non-private obligors.

Some of the insurance contracts issued by the Agency are of a long term nature and span multiple financial

reporting periods.

(ii) Recognition and Measurement

I. Premium Income

Gross Written Premiums (GWPs) comprise premiums on direct insurance and reinsurance contracts assumed during the year, covering a twelve month period from the effective date irrespective of whether the period relates in whole or in part to a later accounting period and each twelve month period on the anniversary date unless the policy is renewed for a shorter period. The GWPs are initially recorded as unearned premiums. The earned portion of premiums written is recognised as revenue. Premiums are recognised as earned in accordance with a constant periodic return calculated on the expected contingent risk. Premiums are disclosed gross of premiums ceded to reinsurers and commissions paid to intermediaries.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December, 2010

1. ACCOUNTING POLICIES *Continued*

Premiums ceded follow the same approach as for direct insurance contracts and are recognised as a reduction to GWPs over the indemnity period, based on the pattern of risks underwritten. Commissions on reinsurance ceded and commissions paid to intermediaries are deferred and amortised over the terms of the contracts of insurance to which the contracts of reinsurance relate.

II. Unearned Premium

The provision for unearned premiums comprises the proportion of GWP which is estimated to be earned in subsequen financial periods, computed separately for each contract of insurance using a constant periodic return calculated on the expected contingent risk.

III. Unearned Commissions

Commission income deriving from premium ceded are deferred and amortised over the terms of the policies to which they relate. Unearned commission income represents the proportion of the income which corresponds to the unearned premiums.

IV. Deferred Acquisition Costs

Brokerage fees incurred in the acquisition of new and renewal business are deferred and amortised over the terms of the policies to which they relate. Deferred acquisition costs represent the proportion of acquisition costs incurred which corresponds to the unearned premiums.

V. Claims Incurred and Reserving

Claims incurred are comprised of claims paid, movements in the reserve for notified claims and reserves for contracts where a claimable event has occurred but not reported (IBNR) or not enough information reported (IBNER).

Reserves for claims are established based on the Agency's best estimate of notified claims, IBNR, and IBNER on its insured and reinsured obligations. The Agency records a provision for claims as and when in the Agency's opinion, a loss is probable and the amount of the loss is reasonably estimable. The estimates for claims are periodically reviewed. Changes in the estimates are reflected in the financial statements for the period in which the adjustments are made and are disclosed separately, where material.

The Agency believes that the reserves are adequate to cover the ultimate cost of all claims. However, these reserves are necessarily based on estimates, and there can be no assurance that the ultimate liability will not exceed such estimates.

For the purpose of the presentation of the financial statements, reserves for claims are presented on a gross basis and not net of reinsurance. Therefore, the Agency's claims reserve is shown as gross on the liability side of the statement of financial position, while establishing a reinsurance asset (called "reinsurer's share of claims reserve") on the asset side.

VI. Salvage

After the occurrence of a cause of claim or payment of indemnity, the insured, at the request of the Agency, remains obligated to take all reasonable steps, including legal proceedings, in order to obtain recoveries from whatever source. Any salvage collected by the insured or the Agency shall be shared in proportion to their respective interests. Estimates of salvage are included as an allowance in the measurement of the reserve for claims.

VII. Reinsurance Contracts

Contracts entered into by the Agency with reinsurers under which the Agency is compensated for losses on one or more contracts issued that meet the classification requirements for insurance contracts are classified as reinsurance contracts. Insurance contracts entered into by the Agency under which the contract holder is another insurer (inwards reinsurance), are included with insurance contracts.

1. ACCOUNTING POLICIES *Continued*

The benefits to which the Agency is entitled under its reinsurance contracts are recognised as reinsurance assets. These assets consist of reinsurers' share of unearned premium, short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Agency assesses its reinsurance assets for impairment on a regular basis. If there is objective evidence that the reinsurance asset is impaired, that is inability of the reinsurer to meet the obligation the Agency reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement.

VIII. Receivables and Payables Related to Insurance

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance policy holders.

If there is objective evidence that the insurance receivable is impaired, the Agency reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement.

Gross written premiums are recognised based on insurance contract periods that start within a financial reporting period. A contract period refers to an identifiable period (that is part of the insurance policy term) during which ATI continues to provide cover in exchange for premiums paid by the policyholder. Contract periods are normally annual, semi-annual, quarterly or monthly.

(f) Other Income Recognition

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

Grants are recognised as income at the same time as the expenses related to or reimbursable under the grant are paid or accrued.

(g) Cash and Cash Equivalents

For purposes of the cash flow statement, cash and cash equivalents include short term liquid investments that are readily convertible into known amounts of cash and with an original maturity period of twelve months or less from the date of investment.

(h) Taxation

In accordance with the ATI Treaty, the Agency and its assets are not subject to any direct or indirect taxation by its Member States.

(i) Motor Vehicles, Equipment and Depreciation

Motor vehicles and equipment are stated as acquisition cost less accumulated depreciation. Acquisition cost includes the direct purchase price and incidental costs such as freight, insurance and installation costs. 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 Agency and the cost of the item can be measured reliably. All other costs, repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Motor Vehicles	25%
Computers and Related Equipment	33 1/3%
Other Office Equipment	20%
Furniture and Fittings	20%

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December, 2010

1. ACCOUNTING POLICIES *Continued*

Items of lasting value with an initial acquisition cost of less than US$300 are capitalised but fully depreciated in the year of purchase.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the assets and are included in other income for gains and administration expenses for losses. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

(j) Intangible Assets

Intangible assets comprise the cost of acquired computer software programmes.

Expenditure on acquired computer software programmes is capitalised and amortised using the straight-line method at an annual rate of 33 1/3%.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred and are capitalised only when they increase the future economic benefits embodied in the specific asset(s) to which they relate. Software development costs recognised as assets are amortised using the straight-line method at an annual rate of 33 1/3%.

(k) Financial Instruments

Recognition

Regular purchases and sales of financial assets are recognised on the trade date, which is the date on which the Agency commits to purchase or sell the asset.

Measurement

Financial instruments are initially measured at fair value plus transaction costs.

The subsequent measurement of the various elements of financial instruments held by the Agency as at 31 December, 2010 is outlined below:

Receivables

Insurance receivables are measured at amortised cost. Trade receivables are stated at their nominal value, as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise 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 repayable within three months from the date of disbursement.

Financial Liabilities

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or ‘other financial liabilities’. Financial liabilities are initially measured at fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expired.

Other financial liabilities

Other financial liabilities, include borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Offset

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when the Agency has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1. ACCOUNTING POLICIES *Continued*

(l) Impairment of Assets

Property, equipment and intangible assets are reviewed at each reporting date. Where there is an indication that an asset may be impaired the Agency makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For receivables, the Agency establishes a provision for impairment when there is objective evidence that the Agency will not be able to collect all of the amounts due according to the original terms of the relevant receivables.

Impairment losses are recognised in the profit or loss in the period in which the losses arise.

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently stated at amortised cost.

(n) Employee Benefits

(i) Retirement Benefit Obligations

The Agency operates a Contributory Staff Gratuity scheme where an employee can either elect to maintain a pension/ gratuity instrument designated by him/her or join the Agency's Staff Gratuity Investment Scheme. The assets of these schemes are held and administered independently of the Agency's assets.

All schemes are fully funded by contributions from both the Agency and the employees, with the Agency's monthly contribution to the schemes being limited to a maximum of 14% of the employees' basic salary. The Agency has no legal or constructive obligations to pay further contributions to the schemes.

The Agency's obligations to the schemes are charged to the profit or loss as they fall due.

(ii) Other Entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the statement of financial position is recognised as an expense accrual.

(o) Provisions

Provisions are recognised when the Agency has a present, legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.

Where the Agency expects a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

The area that management views as most critical with respect to the application of estimates and assumptions is the establishment of its claims reserves. The claims reserves are based on contract-specific parameters. A detailed summary of the claims reserve policy can be found in Note 1 (d).

3. RISK MANAGEMENT

The Agency's activities expose it to a variety of economic and business risks, as well as the political and credit risks of its insured customers inherent in its underwriting of these insurances. The Agency developed an enterprise-wide ability to recognise, analyse, measure, mitigate and manage the key risks it faces.

The Agency's uses the Enterprise Risk Management Framework ("ERM") in compliance with the COSO ERM Framework model and has become the basis of the Agency's risk management activities, incorporating robust risk governance and policy, defined risk tolerances, clear ERM roles, disciplined risk assessment and risk mitigation decision processes, and regular reporting of key risk indicators.

In addition to managing the key risks identified within the Agency-wide Risk Management Framework, ATI's overall risk management programme has been seeking to minimise potential adverse effects on the Agency's financial performance through the use of underwriting risk limits, the effective use of reinsurance, credit policies governing the assumption of counter-party risk, and defined criteria for the approval and use of intermediaries and reinsurers. Investment guidelines in accordance with best market practice are in place to manage counter party, type and tenor of investment and liquidity risk, and seek to maximise returns while ensuring that the investment capital is not at risk of loss or depletion.

(a) Insurance Risk

The insurance policies underwritten by the Agency involve the possibility of insured events occurring and the resulting uncertainty of the amount and timing of insurance claims. The Agency recognises that adequate control of insurance risk is paramount and central to the integrity of its operation as a credit and investment insurer. In this context, the Agency has established underwriting management frameworks and processes designed to effectively identify, measure, control, mitigate, share and monitor risks inherent in its underwriting activities, which include the following:

- Country ratings;
- Use of portfolio risk analysis;
- Prudent credit risk assessment and underwriting on individual insured buyers or obligors;
- Comprehensive technical and contract risk assessment of political risks; and
- Purchase of reinsurance.

In order to prevent excessive risk concentration, the Agency sets exposure limits by product, country, project, industry/ sector and obligor.The following table discloses the concentration of contingent liabilities by class of business, country and sector, having regard to the maximum sums insured included in the terms of issued policies still in force as at 31 December of each year.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December, 2010

3. RISK MANAGEMENT *Continued*

Concentration of Contingent Liabilities

Maximum Sum Insured by Class of Business	Gross 2010 US$	Gross 2009 US$	Net 2010 US$	Net 2009 US$
Investment Insurance	344,599,807	233,474,287	131,136,222	104,307,857
Credit Insurance	39,256,747	21,176,585	35,448,578	16,326,677
Total	383,856,554	254,650,872	166,584,800	120,634,534
Maximum Sum Insured by Country				
Burundi	12,500,000	3,750,000	7,500,000	3,750,000
DRC	135,519,361	64,741,077	26,919,848	23,641,564
Kenya	45,009,375	31,863,353	35,115,142	22,446,437
Madagascar	3,201,526	1,659,784	3,201,526	1,659,784
Malawi	62,479,636	64,107,033	19,979,636	21,607,033
Tanzania	12,986,192	14,637,043	12,986,192	11,137,043
Rwanda	26,590,586	-	7,500,000	-
Uganda	40,340,972	25,728,532	23,122,713	8,228,531
Zambia	38,881,958	39,019,810	27,720,964	23,869,810
Others*	6,346,948	9,144,240	2,538,779	4,294,332
Total	383,856,554	254,650,872	166,584,800	120,634,534

* Others, refers to the Short Term-WTO business. The geographical allocation of the aggregate credit limits approved by the Agency for the insureds' buyers is shown in the next page.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December, 2010

3. RISK MANAGEMENT *Continued*

Credit Limits by Country	2010 US$	2009 US$
Austria	30,000	30,000
Belgium	-	199,000
France	15,000	72,000
Germany	343,000	310,000
Hong Kong	28,000	28,000
Italy	19,000	61,000
Japan	715,000	75,000
Kenya	1,323,000	6,342,000
Korea (South)	640,000	-
Mozambique	-	50,000
Netherlands	773,000	828,000
New Zealand	40,000	25,000
Norway		80,000
Qatar	16,000	-
South Africa	165,000	690,000
Sweden	20,000	28,000
Switzerland	-	55,000
Tanzania	-	970,000
UAE (Dubai)	23,000	-
Uganda	-	275,000
UK	3,213,000	8,082,000
USA	100,000	320,000
Total Credit Limits	7,463,000	18,520,000
Adjustments for multi-country exposures	(1,116,052)	(9,375,760)
Total Gross Exposure	6,346,948	9,144,240

3. RISK MANAGEMENT *Continued*

Maximum Sum Insured by Sector	Gross 2010 US$	Gross 2009 US$	Net 2010 US$	Net 2009 US$
Agribusiness	5,127,388	5,961,060	2,050,955	2,384,424
Construction	22,296,454	17,095,591	22,296,454	17,095,591
Energy	65,599,357	82,981,767	14,588,363	24,481,767
ICT	43,165,770	29,137,244	38,165,770	29,137,244
Infrastructure	14,775,395	9,885,293	14,775,395	9,885,293
Manufacturing	14,142,942	10,336,243	13,334,369	9,356,563
Mining	129,999,514	59,811,956	18,750,000	16,062,443
Services	68,007,486	14,441,718	36,400,819	4,731,209
Tourism	20,742,248	25,000,000	6,222,675	7,500,000
Total	383,856,554	254,650,872	166,584,800	120,634,534

The maximum amount of contingent liability of the Agency to issue insurance policies outstanding at 31 December, 2010 totalled US$383,856,554 (31 December, 2009 - US$254,650,872). The maximum amount of contingent liability is the Agency's maximum exposure to loss from potential insurance claims.

(b) Financial Risk

The Agency is exposed to financial and market volatility impacting the value of its financial assets, financial liabilities, reinsurance assets, insurance liabilities and interest rates. The financial risks that the Agency is exposed to include; market risks, (foreign currency risk and interest rate risk on investments), credit risk and liquidity risk. The management of these risks is based upon policies approved by the Board of Directors.

(i) Market Risk

Foreign Currency Risk:

The Agency's functional and reporting currency is the US$. Foreign currency risk (relative to the US$) arises from the Agency's commercial transactions, assets and liabilities and net investments in foreign operations that are conducted or recognised in other currencies, in particular the Euro, Pound Sterling and Kenya Shilling. The Agency maintains the majority of its assets, and carries out the majority of its transactions, in US$ to minimise exposure to currency risk. In addition, it holds bank balances in relevant foreign currencies to manage currency exposures arising from liabilities denominated in foreign currencies. At 31 December, 2010, 6% and 12% of the Agency's assets and liabilities respectively were denominated in currencies other than the US$ and therefore foreign exchange risk is not expected to have a material impact on net income.

Cash Flow Interest Rate Risk:

The Agency's interest bearing financial liability is a long term loan from the International Development Association (IDA) and a bank overdraft. The interest rate on the long term loan is fixed and therefore the Agency is not exposed to cash flow rate interest.

(ii) Credit Risk

The Agency has exposure to the credit risk that the counterparties will be unable to pay amounts in full when due to the Agency. Key credit risks arise from receivables arising out of policies of insurance, receivables arising out of contracts of reinsurance, and other receivables.

3. RISK MANAGEMENT *Continued*

Credit risk also arises from the Agency's cash and cash equivalents held with financial institutions. Financial institutions are required to have the following minimum ratings:

Standard & Poor's - Senior Unsecured Issuer Rating: A; Short-term Issuer Rating: A, or their substantive equivalent by other reputable rating agencies.

The Agency manages the level of credit risk by placing limits on its exposure to a single counterparty. Such limits are subject to regular review. The Agency also has mechanisms to monitor changes in the risk of default by individual counterparties.

Reinsurance is used to manage the Agency's insurance risk. Reinsurance does not, however, discharge the Agency's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Agency remains liable for the full payment of that claim to the policyholder. The financial strength of reinsurers is assessed through regular reviews, including the Agency's own analysis of a reinsurer's financial strength, its public credit rating from a recognized international credit rating agency. All reinsurers with whom the Agency has reinsurance contracts are required to have minimum credit ratings of at least:

Moody's, Standard & Poor's or Fitch	A
or	
A.M. Best	A-

The Agency's exposure to credit risk as at 31 December is as follows:

	2010 US$	2009 US$
Maximum exposure to credit risk		
Cash and Bank Balances	6,357,080	5,827,587
ATI Bank Accounts	95,622,725	91,872,725
Security Trust Accounts	900,000	4,650,000
Total	102,879,805	102,350,312

No collateral is held for any of the above assets. All receivables are current and within the agreed terms of payment and none have had their terms renegotiated.

(iii) Liquidity Risk

Liquidity risk is the risk that the Agency is unable to meet its financial obligations as they fall due.

The Agency is exposed to calls on its available cash for expected losses under claims settlement, as well as for normal operating expenses, and it maintains immediately available cash resources to meet all of these needs.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December, 2010

3. RISK MANAGEMENT *Continued*

The table below presents the undiscounted cash flows payable by the Agency under financial liabilities by remaining contractual maturities as at the statement of financial date, as well as the contractual maturity of the Agency's assets:

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
As at 31 December, 2009	US$	US$	US$	US$	US$	US$
Liabilities						
Insurance Balances Payable	224,934	520,500	-	-	-	745,434
Reinsurance Balances Payable	99,236	86,045	27,413	-	-	212,694
Other Payables and Accrued Expenses	105,349	101,423	254,593	-	-	461,365
Claims Reserve	-	6,143	-	50,871	-	57,014
IDA - Development Credit	-	-	1,123,012	907,121	7,866,260	9,896,393
Total	429,519	714,111	1,405,018	957,992	7,866,260	11,372,900
Assets						
Cash and Cash Equivalents	964,922	571,612	4,291,053	-	-	5,827,587
ATI Bank Accounts	-	100,000	11,932,828	79,839,897	-	91,872,725
Security Trust Accounts	-	-	-	4,650,000	-	4,650,000
Insurance Balances Receivable	964,650	32,203	197,826	-	-	1,194,679
Reinsurance Balances Receivable	105,506	3,740	27,441	-	-	136,687
Reinsurer's Share of the Claims Reserve	-	3,685	-	50,871	-	54,556
Total	2,035,078	711,240	16,449,148	84,540,768	-	103,736,234

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
As at 31 December, 2010	US$	US$	US$	US$	US$	US$
Liabilities						
Insurance Balances Payable	716,580	38,547	2,360	-	-	757,487
Reinsurance Balances Payable	435,346	31,531	-	-	-	466,877
Other Payables and Accrued Expenses	66,743	27,552	194,768	127,783	-	416,846
Claims Reserve	32,925	-	-	50,871	-	83,796
Unearned Grant Income	-	-	417,872	-	-	417,872
IDA - Development Credit	-	-	348,183	2,185,260	7,866,260	10,399,703
Total	1,251,594	97,630	963,183	2,363,914	7,866,260	12,542,581
Assets						
Cash and Cash Equivalents	1,523,815	-	4,833,265	-	-	6,357,080
ATI Bank Accounts	-	-	-	95,622,725	-	95,622,725
Security Trust Accounts	-	-	-	900,000	-	900,000
Insurance Balances Receivable	221,294	1,084,550	-	-	-	1,305,844
Reinsurance Balances Receivable	-	102,366	-	-	-	102,366
Reinsurers's Share of the Claims Reserve	19,782	-	-	54,190	-	73,972
Total	1,764,891	1,186,916	4,833,265	96,576,915	-	104,361,987

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December, 2010

4. CAPITAL MANAGEMENT

The capital structure of the Agency consists of issued share capital, reserves, underwriting capital and retained earnings.

The table below sets out the capital that is managed by the Agency:

	2010 US$	2009 US$
Share Capital	96,100,000	96,100,000
Share Premium Account	441,062	441,062
Underwriting Capital	900,000	900,000
Retained Earnings	(5,949,930)	(5,331,069)
Total	91,491,132	92,109,993

Prior to 2007 the Agency's capital structure comprised of;

(a) An open-ended capital stock based on an initial authorised capital stock of US$4,000,000 divided into 40 shares with a par value of US$100,000 each, available for subscription by members.

(b) Underwriting capital provided through a security structure in which the existing African Member States borrowed funds (IDA credits) in SDR from IDA. This security structure was governed through Development Credit Agreements (DCA) signed between IDA and the African Member States, and the Participation Agreements (PA) signed between the Agency and each of the African Member States. The total credits available from IDA amounted to SDR94,093,500 (US$144,906,813).

The two future disbursements are considered to be contingent committed capital.

Required Capital is calculated using the following formula:

(i) 43% of ATI's net exposure, less the amount of any outstanding cash collateralised policies then in force; plus

(ii) 4% of the amount of reinsurance purchased by ATI; plus

(iii) the amount of any outstanding cash collateral.

At 31 December, 2010, the disbursement of 64% of each Member State's IDA commitment as described in (i) above had been completed for Burundi, DRC, Kenya, Malawi, Rwanda, Tanzania, Uganda and Zambia. The funds for Madagascar had been disbursed in full before the legal and capital restructuring. Only Madagascar's conversion still remains to be declared effective by IDA, having signed its Amended and Restated Development Credit Agreement with IDA on 25 September, 2008 and the Amended and Restated Participation Agreement with ATI on 12 January, 2009.

4. CAPITAL MANAGEMENT Continued

The status of the Agency's capital before and after the various actual and forecast disbursements, and the associated conversion of the existing underwriting capital into common equity capital is shown below:

Member Country	Total initially Disbursed*	Total Disbursd as at 31/12/10	64% of the Credit	82% of the Credit	100% of the Credit
	US$	US$	US$	US$	US$
Burundi	9,583,456	9,583,456	9,583,456	13,512,223	16,478,321
DR Congo	2,636,007	7,036,530	7,036,530	10,111,837	13,077,935
Kenya	12,500,000	17,373,090	17,373,090	22,087,110	25,053,208
Madagascar	900,000	900,000	900,000	900,000	900,000
Malawi	3,750,000	10,692,384	10,692,384	14,399,281	17,365,378
Rwanda	1,875,000	5,437,686	5,437,686	8,682,689	11,648,787
Tanzania	7,500,000	10,403,216	10,403,216	14,399,281	17,365,378
Uganda	5,000,000	14,232,452	14,232,452	18,243,194	21,209,293
Zambia	7,500,000	10,382,248	10,382,248	14,399,281	17,365,378
	51,244,463	86,041,062	86,041,062	116,734,897	140,463,680
Initial Capital Stock	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Total Capital Stock	52,544,463	87,341,062	87,341,062	118,034,897	141,763,680

The movement in capital is shown below:

	2010 US$	2009 US$
Share capital	96,100,000	96,100,000
Retained earnings	(5,947,337)	(5,331,069)
Equity	90,152,663	90,768,931
Total borrowings		
IDA- Development Credit	10,399,703	9,896,393
Less: bank balance	(101,979,805)	(97,700,312)
Net debt	(91,580,102)	(87,803,919)

The Agency was not geared as at 31 December 2010 and 2009.

*Total Funds disbursed before declaration of effectiveness of the Amended DCAs.

The amounts shown above in US$ in relation to the two future disbursements bringing the total amounts disbursed to 82% and 100% respectively (excepting Madagascar which is already 100% disbursed) are subject to variation based on the actual foreign exchange rate between SDR and US$ that will be applicable on the actual date of each future disbursement.

4. CAPITAL MANAGEMENT *Continued*

The Agency's committed contingent capital at 31 December, 2010 is US$53,089,880 (31 December 2009, US$53,089,880). This amount is subject to variation based on the actual foreign exchange rate between SDR and US$ that will be applicable on the actual date of each future disbursement.

In managing the capital of the Agency, the objective of the management is to have sufficient capital to sustain expected and uncertain losses associated with claims and to support the ongoing business. The level of the Agency's capital adequacy is measured through Required Capital calculated as described above.

The table below sets out the current level of required capital and the Agency's exposure to potential losses arising out of claims:

	2010 US$	2009 US$
Gross Exposure	383,856,544	254,650,872
Net Exposure	166,584,790	120,634,534
Required Capital	80,322,334	59,371,003
Shareholder's Equity	91,491,132	92,109,993

5. PREMIUM FROM UNDERWRITING OPERATIONS

	2010 US$	2009 US$
Gross Written Premium Generated in the Year		
- Political Risk	4,226,967	3,066,192
- Credit Risk	545,335	548,515
Total	4,772,302	3,614,707
Change in Gross Unearned Premiums	(74,544)	(962,325)
Gross Earned Premiums	4,697,758	2,652,382
Reinsurance Premiums Ceded		
- Political Risk	(2,315,101)	(1,705,592)
- Credit Risk	(92,352)	(166,147)
Total	(2,407,453)	(1,871,739)
Change in Reinsurers Share for Unearned Premiums	72,661	457,578
Reinsurance premiums ceded for the year	(2,334,792)	(1,414,161)
Net Earned Premium	2,362,966	1,238,223
Arising from		
- Political Risk	1,918,455	1,022,675
- Credit Risk	444,511	215,548
Total	2,362,966	1,238,223

6. COMMISSION INCOME

	2010 US$	2009 US$
Commission Income Generated in the Year	304,138	315,769
Change in Provision for Unearned Commissions	17,554	(57,190)
Earned Commission Charged to Income	321,692	258,579

7. INVESTMENT INCOME

	2010 US$	2009 US$
Interest on Call and Fixed Deposit Accounts	610,601	1,569,239

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December, 2010

8. OTHER OPERATING INCOME

	2010 US$	2009 US$
Grant*	315,243	330,041
Gain on Disposal of Equipment	1,070	4,623
Credit Limit Charges	(29,096)	26,202
Miscellaneous	8,883	13,174
Total	296,105	374,040

*The grant relates to funding provided by donors for the establishment and operating expenses of underwriting field offices in ATI's African Member States. The field offices that have been opened to date are Uganda (supported by funding from the Private Sector Foundation Uganda - PSFU), Tanzania (supported by funding from the Tanzania Private Sector Foundation - TPSF) and Zambia (supported by funding from European Union - EU and USAID). Each grant is administered based on the terms and conditions of each donor.

9. CLAIMS INCURRED

The analysis of the claims incurred are shown below;

	2010 US$	2009 US$
Gross Claims Reported and Determined	-	-
Provision for Claims	32,924	6,143
Release of Provisions for Claims	-	-
Total Gross Claims	32,924	6,143
Reinsurance Recoveries	(19,782)	(3,686)
Net Claims Incurred	13,142	2,457

10. ADMINISTRATIVE EXPENSES

	2010 US$	2009 US$
Administrative Expenses comprise the following:		
Personnel Costs	2,169,334	2,088,193
Defined Gratuity Contribution	226,130	215,220
General Administration Costs	468,364	551,554
Consultancy Fees	138,935	140,307
Depreciation on Equipment	123,471	98,113
Travel Costs	240,142	189,159
Recruitment Expenses	85,467	142,011
Annual General Meeting	209,718	64,836
Board Expenses	126,169	172,652
Marketing Costs	219,419	220,482
Amortisation on Intangible Assets	16,704	16,040
Total	4,023,853	3,898,567

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December, 2010

11. FOREIGN EXCHANGE (GAIN)/LOSS

	2010 US$	2009 US$
Foreign exchange (Gains)/Losses other than on cash and cash equivalents	(28,381)	58,702

12. FINANCE COSTS

	2010 US$	2009 US$
IDA Service Charges	81,648	67,958
Bank Overdraft Interest	-	1,625
Exchange Losses on Cash and Cash Equivalents	-	3,569
	81,648	73,152

13. SECURITY TRUST ACCOUNTS AND ATI BANK ACCOUNTS

In accordance with the original Development Credit Agreements (DCA) between IDA and the African Member States, and the original Participation Agreements (PA) between the Agency and each of the African Member States, the Security Trust Accounts were used to hold the proceeds of the credit withdrawn by the Agency and used solely for purposes of the Insurance Facility and the provision of Insurance Contracts. Following the completion of the legal and capital restructuring of the Agency and the declaration of the effectiveness of the Amended and Restated DCAs for the relevant African Member States the proceeds of the credits have been converted into common equity capital of the Agency, with the exception of Madagascar (see below). Existing and future withdrawn amounts under the credits have been switched from the Security Trust Accounts or disbursed directly by IDA to the ATI Bank Accounts. See Notes 26 and 27. The effective average interest rates for ING Bank in the current year 0.4% (2009: 0.6%) while for NedBank the effective average interest rates in the current year was 0.7% (2009: 2.1%)

The balance in the Security Trust Account represents disbursed funds for Madagascar whose amended DCA has not yet been declared effective and funds being held as cash collateral for a remaining policy issued under the previous capital structure. The funds will be released and transferred to the ATI Bank Accounts upon the expiry of the policy or an earlier agreement with the insured to waive the cash collateral.

The amounts necessary to bring the aggregate amount of funds withdrawn to 64% of each of the African Member State's credits have been disbursed.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December, 2010

13. SECURITY TRUST ACCOUNTS AND ATI BANK ACCOUNTS *Continued*

Shown below is the status of the Security Trust and ATI Bank Accounts as at 31 December, 2010

Security Trust Accounts	2010 US$	2009 US$
Burundi	-	3,750,000
Madagascar	900,000	900,000
Total Security Trust Accounts	900,000	4,650,000
ATI Bank Accounts African Member State		
Burundi	9,583,456	5,833,456
DRC	7,036,530	7,036,530
Kenya	17,373,090	17,373,090
Malawi	10,692,384	10,692,384
Rwanda	5,437,686	5,437,686
Tanzania	10,403,213	10,403,213
Uganda	14,232,452	14,232,452
Zambia	10,382,248	10,382,248
Africa-Re Corporation	100,000	100,000
Atradius (Gerling Credit Emerging Markets SA)	100,000	100,000
COMESA	100,000	100,000
PTA Bank Limited	100,000	100,000
PTA Re-Insurance Company	100,000	100,000
SACE SpA	10,000,000	10,000,000
Initial capital contribution	381,663	381,663
Total ATI Bank Accounts	95,622,725	91,872,725

14. INSURANCE BALANCES

	2010 US$	2009 US$
Receivables - Premiums Due from Policy Holders	1,305,844	1,194,679
Payables - Premium Deposits	757,487	745,434

15. REINSURANCE BALANCES

	2010 US$	2009 US$
Receivables - Premium and Ceding Commissions Due from Reinsurers	102,366	136,687
Payables - Ceded Premiums Due to Reinsurers	466,877	212,694

16. OTHER RECEIVABLES AND PREPAYMENTS

	2010 US$	2009 US$
Prepayments	194,374	259,764
Deposits	25,116	26,416
Staff Receivables	25,674	52,409
Grant Reimbursements	186,522	181,578
Other Receivables	-	12,493
	431,686	532,660

17. CLAIMS RESERVE

(a) Claims Reserve	2010 US$	2009 US$
Claims Reserve as at 1 January	57,014	50,871
Claims Paid	(5,531)	-
Provisions for Claims Incurred But Not Enough Reported (IBNER)	32,924	6,143
Release of Pending Claims Provisions	(611)	-
Claims Reserve as at 31 December	83,796	57,014

(b) Reinsurer's Share of Claims Reserve	2010 US$	2009 US$
Reinsurer's Share of Claims Reserve as at 1 January	54,556	50,870
Reinsurance Recoveries	19,782	3,686
Reinsurer's Share of release of Claims Provisions	(366)	-
Reinsurer's Share of Claims Reserve as at 31 December	73,972	54,556

18. REINSURANCE SHARE OF UNEARNED PREMIUM

	2010 US$	2009 US$
Reinsurer's Share of Unearned Premium as at 1 January	998,325	540,747
Ceded Premium during the Year	2,407,453	1,871,739
Reinsurance premiums ceded for the year	(2,334,792)	(1,414,161)
Reinsurer's Share of Unearned Premium as at 31 December	1,070,986	998,325

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December, 2010

19. DEFFERED ACQUISITION COSTS

	2010 US$	2009 US$
Deferred Acquisition Costs as at 1 January	19,877	22,010
Annual Acquisition Costs arising out of policies written during the year	165,037	49,434
Charge to income during the Year	(117,371)	(51,567)
Deferred Acquisition Costs as at 31 December	67,543	19,877

20. VEHICLES AND EQUIPMENT

As at 31 December, 2009 Cost	Motor vehicles US$	Computers & office equipment US$	Furniture & fittings US$	Total US$
As at 1 January, 2009	83,188	278,627	415,290	777,105
Additions	85,934	86,495	50,992	223,421
Disposals	(33,700)	(22,411)	-	(56,111)
As at 31 December, 2009	135,422	342,711	466,282	944,415
Depreciation				
As at 1 January, 2009	41,631	183,518	410,015	635,164
Charge for the Year	32,065	58,673	7,375	98,113
Eliminated on Disposals	(33,700)	(21,270)	-	(54,970)
As at 31 December, 2009	39,996	220,921	417,390	678,307

As at 31 December, 2010 Cost	Motor vehicles US$	Computers & office equipment US$	Furniture & fittings US$	Total US$
As at 1 January, 2010	135,422	342,711	466,282	944,415
Adjustment-Small Value	-	2,197	(2,197)	-
	135,422	344,908	464,085	944,415
Additions	-	53,005	59,684	112,689
Disposals	-	(5,227)	(610)	(5,837)
As at 31 December, 2010	135,422	392,686	523,159	1,051,267
Depreciation				
As at 1 January, 2010	39,996	220,921	417,390	678,307
Adjustment-Small Value	-	2,197	(2,197)	-
	39,996	223,118	415,193	678,307
Charge for the Year	33,855	67,101	22,515	123,471
Eliminated on Disposals	-	(4,600)	(610)	(5,210)
As at 31 December, 2010	73,851	285,619	437,098	796,568
Net Book Value				
As at 31 December, 2009	95,426	121,790	48,892	266,108
As at 31 December, 2010	61,571	107,067	86,061	254,699

Vehicles and equipment acquired at a cost of US$614,584 was fully depreciated as at 31 December, 2010; (2009 - US$543,368)

21. INTANGIBLE ASSETS

	2010 US$	2009 US$
Cost		
As at 1 January	102,792	80,362
Additions	6,607	22,430
As at 31 December	109,399	102,792
Amortisation		
As at 1 January	74,,560	57,830
Charge for the Year	16,704	16,040
Adjustments	-	690
As at 31 December	91,264	74,560
Net Book Value as at 31 December	18,135	28,232

Intangible assets represent the cost of acquired computer software programmes. Software acquired at a cost of US$62,954 was fully depreciated as at 31 December, 2010: (2009 - US$55,558)

22. OTHER PAYABLES AND ACCRUED EXPENSES

	2010 US$	2009 US$
Accrued Expenses	149,468	182,846
Personnel Pension Payable	217,430	233,447
Non trade Accounts Payable	24,698	21,713
IDA Commitment and Service Charges	25,250	23,359
Total	416,846	461,365

23. UNEARNED PREMIUM

	2010 US$	2009 US$
Unearned Premiums as at 1 January	1,980,974	1,018,649
Gross Written Premium Generated in the Year	4,772,302	3,614,707
Gross Earned Premium for the Year	(4,697,758)	(2,652,382)
Unearned Premiums as at 31 December	2,055,518	1,980,974

24. UNEARNED CEDING COMMISSIONS

	2010 US$	2009 US$
Unearned Commission as at 1 January	117,569	57,056
Commission Income Generated in the Year	304,138	315,769
Change in Provisions for Unearned Commissions	(308,494)	(255,256)
Unearned Commission as at 31 December	113,213	117,569

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December, 2010

25. UNEARNED GRANT INCOME		
	2010 US$	2009 US$
Unearned Grant Income as at 1 January	-	70,300
FAPA Funds Received	450,000	-
Expenditure Incurred	(32,128)	(70,300)
Unearned Grant Income as at 31 December	417,872	-

26. IDA - DEVELOPMENT CREDIT		
	2010 US$	2009 US$
As at 1 January	9,896,393	7,866,260
Disbursements	503,310	2,030,133
As at 31 December	10,399,703	9,896,393
Current Obligation	106,208	-
Long Term Obligation	10,293,495	9,896,393
As at 31 December	10,399,703	9,896,393

Under the Development Credit Agreement (DCA) between IDA and the Agency dated 8 June, 2001, the Agreement Amending the Development Credit Agreement dated 19 July, 2005, and the Agreement providing for the Amendment and Restatement of the Development Credit Agreement dated 23 March, 2007, IDA granted to the Agency a development credit amounting to SDR7,200,000 (approximately US$10,000,000) to finance ATI's operational costs. This amount includes: (a) an original Credit of SDR3,900,000 (US$5,310,422); and (b) a supplemental Credit of SDR3,300,000 (approximately US$5,000,000). Of these amounts, SDR7,160,736 (US$10,399,703) had been disbursed as at 31 December, 2010. In 2009 - SDR6,829,029 (US$9,896,393) had been disbursed. These amounts have been fully exhausted as at January 2011.

The principal amount is repayable in semi-annual instalments over a 25 year period, effective with respect to: (a) the original credit, from 15 September, 2011 to 15 March, 2036; and (b) the supplemental credit, from 15 September, 2015 to 15 March, 2040.

Under the DCA and the amendments thereto, the Agency is required to pay IDA a commitment charge on the principal amount of the credit not withdrawn from time to time at a rate not exceeding ½% per annum. The rate from 1 January, 2010 to 31 December, 2010 was 0%. The Agency is also required to pay IDA a service charge at the rate of ¾% per annum on the principal amount of the credit withdrawn and outstanding from time to time.

Both the commitment charge and service charge are payable to IDA semi-annually on 15 March and 15 September of each year.

27. SHARE CAPITAL

Authorized Capital Stock:

In accordance with the ATI Treaty, the Agency has an open-ended capital stock based on an initial authorised nominal capital stock of US$1,000,000,000 divided into 10,000 shares with a par value of US$100,000 each, which are available for subscription by members.

Each fully paid up share held by a Member shall carry one vote at any ordinary or extraordinary General Meeting. All decisions of any ordinary and extraordinary General Meeting shall be by way of simple majority of the r epresentatives of the Members present and voting save as expressly provided by the ATI Treaty.

The status of the issued and fully paid up share capital at 31 December, 2010 is shown below:

Member	2010 Number of shares	2010 Paid up capital US$	2009 Number of shares	2009 Paid up capital US$
Burundi	96	9,600,000	96	9,600,000
DRC	71	7,100,000	71	7,100,000
Kenya	174	17,400,000	174	17,400,000
Madagascar	1	100,000	1	100,000
Malawi	107	10,700,000	107	10,700,000
Rwanda	55	5,500,000	55	5,500,000
Tanzania	105	10,500,000	105	10,500,000
Uganda	143	14,300,000	143	14,300,000
Zambia	104	10,400,000	104	10,400,000
	856	85,600,000	856	85,600,000
COMESA	1	100,000	1	100,000
Atradius (Gerling Credit Emerging Markets SA)	1	100,000	1	100,000
PTA Re-Insurance Company	1	100,000	1	100,000
PTA Bank Limited	1	100,000	1	100,000
Africa-Re Corporation	1	100,000	1	100,000
SACE SpA	100	10,000,000	100	10,000,000
	105	10,500,000	105	10,500,000
Total	961	96,100,000	961	96,000,000

Share premium account

In accordance with the ATI Treaty, shares issued to African Member States may be issued by way of instalments of whole shares, the total par value of such shares comprising each such instalment. Burundi, DRC, Kenya, Madagascar, Malawi, Rwanda, Tanzania, Uganda and Zambia having been allotted shares in accordance with this requirement may have an outstanding balance of capital funds, which is insufficient to pay the par value of one full share, and is shown as share premium in the balance sheet.

As each future disbursement occurs these amounts held in the share premium account are added to the amount of the future disbursement(s) to establish the number and amount of each instalment of fully paid shares to be issued, with any surplus balance being carried forward in the share premium account. The balance of the share premium account at 31 December, 2010 is set out on the next page:

27. SHARE CAPITAL *Continued*

Member State	Paid up Capital 2010 US$	Nominal Value of Shares Allotted 2010 US$	Share Premium 2010 US$	Paid up Capital 2009 US$	Nominal Value of Shares Allotted 2009 US$	Share Premium 2009 US$
Burundi	9,683,456	9,600,000	83,456	9,683,456	9,600,000	83,456
DRC	7,136,530	7,100,000	36,530	7,136,530	7,100,000	36,530
Kenya	17,473,090	17,400,000	73,090	17,473,090	17,400,000	73,090
Madagascar	100,000	100,000	-	100,000	100,000	-
Malawi	10,792,384	10,700,000	92,384	10,792,384	10,700,000	92,384
Rwanda	5,537,686	5,500,000	37,686	5,537,686	5,500,000	37,686
Tanzania	10,503,216	10,500,000	3,216	10,503,216	10,500,000	3,216
Uganda	14,332,452	14,300,000	32,452	14,332,452	14,300,000	32,452
Zambia	10,482,248	10,400,000	82,248	10,482,248	10,400,000	82,248
Total	86,041,062	85,600,000	441,062	86,041,062	85,600,000	441,062

28. UNDERWRITING CAPITAL

The Agency's underwriting capital was provided through a security structure in which the existing African Member States borrowed funds (IDA credits) in SDR from the International Development Association ("IDA"). This security structure was governed through the Development Credit Agreements (DCA) signed between IDA and the various African Member States, and the Participation Agreements (PA) signed between the Agency and each of the African Member States. The total eligible credit available from IDA amounted to SDR94,093,500 (US$144,906,813). Of this amount, a total of SDR38,023,417 (US$58,557,203) had been disbursed to the Security Trust Accounts (managed by the Agency) prior to each Amended and Restated DCA for each African Member State having been declared effective by IDA.

Under the legal and capital restructuring of the Agency the existing underwriting capital is to be converted into pooled common equity capital and all future disbursements under each African Member State's Amended and Restated DCA will be used to subscribe for common equity capital in the Agency. The capital restructuring is phased-in by disbursing the amounts of each African Member State's IDA commitment in 3 tranches (all of which, including existing disbursements, are used to subscribe for common equity capital). See Notes 13 and 26.

At 31 December, 2010, the Amended and Restated DCA for Burundi, DRC, Kenya, Malawi, Rwanda, Tanzania, Uganda and Zambia had been declared effective by IDA, the amounts necessary to bring the aggregate amount of funds withdrawn to 64% of the total credits disbursed and the amounts of the credits already disbursed converted into common equity capital. The balance of the underwriting capacity at year end therefore represents disbursed funds for Madagascar whose Amended and Restated DCA has not yet been declared effective by IDA.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December, 2010

29. NOTES TO THE STATEMENT OF CASH FLOWS

	2010 US$	2009 US$
(a) Net Cash generated from (used in) Operating Activities		
Loss for the year	(616,269)	(644,364)
Adjustments to Reconcile the Net Income (Loss) to Net Cash Used in Operations:		
Depreciation (note 20)	123,471	98,113
Amortisation Charge (note 21)	16,704	16,040
(Gain) on Disposal of Equipment	(1,070)	(4,623)
Changes in:		
Reinsurer's Share Unearned Premium (note 18)	(72,661)	(457,578)
Insurance Receivables (note 14)	(111,165)	(420,897)
Reinsurance Receivables (note 15)	34,321	(80,126)
Reinsurer's Share of the Claims Reserve (note 17)	(19,416)	(3,685)
Deferred Acquisition Costs (note 19)	(47,666)	2,133
Other Receivables and Prepayments (note 16)	100,974	(121,736)
Claims Reserve (note 17)	26,782	6,143
Unearned Premium (note 23)	74,544	962,325
Unearned Ceding Commissions (note 24)	(4,356)	60,513
Unearned Grant Income (note 25)	417,872	(70,300)
Insurance Payables (note 14)	12,053	578,067
Reinsurance Payables (note 15)	254,183	(232,918)
Other Payables and Accrued Expenses (note 22)	(44,519)	149,849
Net Cash (Used in)/From Operating Activities	143,782	(163,044)
(b) Analysis of Cash and Cash Equivalents as at 31 December		
Cash and Bank Balances	6,357,080	5,827,587
ATI Bank Accounts*	95,622,725	91,872,725
Total	101,979,805	97,700,312

*Relates to the amounts that have been disbursed in exchange for common shares in the Agency's equity following the Amended and Restated DCA having been declared effective by IDA for each relevant African Member State as well as the capital disbursement by "Other Members". See notes 13 and 27. The accounts are maintained and separately disclosed from the Agency's other bank accounts for the purposes of demonstrating the progress of the Legal and Capital restructuring and will cease to be disclosed separately in future once the Legal and Capital restructuring is completed as soon as the Amended and Restated DCA for Madagascar has been declared effective by IDA.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December, 2010

30. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

	2010 US$	2009 US$
(i) Key Management Compensation	731,557	773,766
(ii) Directors' Remuneration		
Fees for Services as Directors	37,500	40,000

31. CONTINGENT LIABILITIES

Legal notice number 89, dated 4th June, 2001, issued by the Government of Kenya to the African Trade Insurance Agency, states that staff salaries, emoluments, indemnities and pensions in relation to their service to the Agency are exempt from taxation. In the Agency's interpretation of this notice, this exemption extends to Kenyan staff of the Agency.

32. CONTINGENT ASSET

As at 31st December 2010, The Agency achieved the US$80 million mark of capital requirement calculated in accordance with the formula for Required Capital. This was a precursor for the application of the second disbursement of 18% of each member state's IDA commitment. The impact is an increment to the asset base by US$26 million and increment to the capital base of the same value. The Agency expects to receive these disbursments during the first quarter of 2011.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December, 2010

APENDIX 1

	2010 US$	2009 US$
Gross Written Premium Generated in the Year		
- Political Risk	4,226,967	3,066,192
- Credit Risk	545,335	548,515
Total	4,772,302	3,614,707
Change in Gross Unearned Premiums	(74,544)	(962,325)
Gross Earned Premiums	4,697,758	2,652,382
Reinsurance Premiums Ceded		
- Political Risk	(2,315,101)	(1,705,592)
- Credit Risk	(92,352)	(166,147)
Total	(2,407,453)	(1,871,739)
Change in Reinsurers Share of Unearned Premiums	72,661	457,578
Reinsurance premiums ceded for the year	(2,334,792)	(1,414,161)
Net Earned Premium	2,362,966	1,238,223
Commission Income	321,692	258,579
Gross Claim Incurred	(32,924)	(6,143)
Reinsurers Share of Claim	19,782	3,686
Net Claim Incurred	(13,142)	(2,457)
Acquisition Cost	(117,371)	(51,567)
Credit Limit Income	11,653	-
Credit Limit Charges	(35,535)	-
Net Credit Limit Charges	(23,882)	-
Net Underwriting Income	2,530,263	1,442,778
Other Operating Income & Grant	319,987	374,040
	2,850,250	1,816,818
Administrative Expenses	(4,023,853)	(3,898,567)
OPERATING INCOME/ (LOSS)	(1,173,603)	(2,081,749)
Investment Income	610,601	1,569,239
Finance Cost	(81,648)	(73,152)
Foreign Exchange (Gain)/Losses	28,381	(58,702)
NET INCOME/(LOSS)	(616,269)	(644,364)

ATI'S PRODUCTS

Political Risk Insurance to support Trade & Investments

Also referred to as Investment insurance, this insurance protects exporters, importers and investors against government action, inaction, or interference that would result in financial loss. These risks could include expropriation of your investment, license revocation, forced abandonment, currency restriction (inability to transfer or convert currency), embargo, or losses resulting from war or civil disturbance.

With this product, ATI extends insurance cover against non-payment by both sovereign and sub-sovereign entities. ATI can insure against political risks for tenors of up to 10 years with 100% coverage.

Trade Credit Risk Insurance to Support Domestic & Export Trade

Also referred to as Export Credit Insurance or Credit Risk insurance, this product protects against non-payment or payment default by debtors. If you are a manufacturer or trader, the policy can cover your domestic and international debtors. A political risk extension may also be added to this policy.

ATI also provides insurance cover on pre-shipment costs. This may be desirable if goods are being produced with a non-standard configuration for a specific client. ATI can insure against credit risks for tenors of up to 10 years with 90% coverage.

Comprehensive Non-payment Insurance

This insurance offers a combination of both political and credit risk protection to lenders as well as suppliers of goods and services.

Terrorism and Sabotage

ATI provides insurance protection against the perils (risks) of terrorism and sabotage (T & S) including political violence.

Reinsurance

ATI provides treaty protection to insurance companies operating in or supporting business into or out of our African member states. This cover is currently available to policies covering war, civil war, terrorism & sabotage and credit risks.

CURRENT MEMBERS

Membership to ATI is open to all African Union member states, non-African states, private corporations and other regional and international institutions.

Current African Member States

- Benin*
- Burundi
- Côte d'Ivoire **
- Democratic Republic of Congo
- Djibouti **
- Eritrea **
- Gabon**
- Ghana **
- Kenya
- Liberia **
- Madagascar
- Malawi
- Rwanda
- Sudan**
- Tanzania
- Togo **
- Uganda
- Zambia
- Zimbabwe**

* A signatory to the ATI Treaty, pending ratification and completion of full membership

** Accepted into membership pending signature and ratification of the ATI Treaty

Other Members

- African Reinsurance Corporation (Africa Re)
- Atradius (Gerling Credit Emerging Markets SA)
- The Common Market of Eastern and Southern Africa (COMESA)
- The Eastern and Southern African Trade and Development Bank (PTA Bank)
- The PTA Re Insurance Company (Zep Re)
- SACE

GLOSSARY OF KEY INSURANCE TERMS[10]

Broker (Agent)
The party via which an application for insurance is presented from prospective insured to the insurer.

Buyer (Debtor)
The business entity to which an insured sells its goods or services.

Claim
An application by the insured for indemnification of a loss under the policy.

Commercial Risk
The risk of a deterioration in the financial situation or creditworthiness of a private buyer, resulting in payment default by or the insolvency of the buyer, not caused by circumstances or occurrences defined as political risk.

Comprehensive Cover
1. Insurance of the entire sales turnover of the insured (opp. Single risk cover);
2. Insurance for both commercial and political risks.

Conversion and Transfer Risk
1. The risk of revocation by the buyer's government of the buyer's pre-existing legal right to make payment in an invoiced currency that is different from the currency of the buyer country, at any rate of exchange;
2. Political risk resulting from an event outside the insured's country preventing or delaying the transfer of funds paid by the debtor to a local bank.

Credit Limit
The maximum exposure specifically approved or otherwise authorised by the insurer in respect of an insured buyer.

Default (Payment default)
Failure of the buyer to meet their contractual (payment) obligations. A default is an event that can lead to a loss for the credit insurer, such as bankruptcy, or any other failure to pay of the buyer which is covered under the insured's policy.

Embargo
This is an event or any sanction imposed by the United Nations Security Council or by a group of countries against one of ATI's member states that prevents the performance of financed trade contracts and that leads to defaults.

Excess of Loss (XL, XoL)
Insurance, cover or indemnification in excess of an amount of first loss to be borne by the insured.

Exchange Risk
Fluctuation in the buyer's currency against another currency, which may affect the buyer's financial ability to pay its obligations.

Export Credit Insurance (Trade Credit Insurance)
Insurance of credit risk related to the sale of goods to buyers in another country.

Exposure
Total amount underwritten by the insurer as cover on a buyer, country or under a policy or all policies.

Expropriation
This is one or a series of government actions or inactions that may include confiscation of supplied goods or interference with possession or import licenses leading to the company's inability to meet scheduled payments under contract or the company's inability to function.

Gross Written Premium
The total premium written and assumed by an insurer before deductions/commissions paid or received from reinsurers.

Indemnification
Compensation for a loss.

GLOSSARY OF KEY INSURANCE TERMS *continued*

Insolvency

A judicial or administrative procedure whereby the assets and affairs of the buyer are made subject to control or supervision by the court or a person or body appointed by the court or by law, for the purpose of reorganisation or liquidation of the buyer or of the rescheduling, settlement or suspension of payment of its debts.

Insured (Policy holder, Client, Named insured, Primary insured)

Party that purchases the insurance policy and assumes responsibilities and obligations under the policy.

Non Binding Indication (NBI, Quotation non-binding)

An insurer's written offer of policy terms and conditions, subject to change by the insurer.

Non Payment Risk

The risk that a buyer will default on its obligation to pay an invoice.

Political Risk (Country Risk)

1. The risk that a government buyer or country prevents the fulfillment of a transaction or fails to meet payment obligations in time. The risk that is beyond the scope of an individual buyer or falls outside the individual buyer's responsibility;

2. The risk that a country prevents the performance of a transaction;

3. The risk that a country remains in default to transfer to the country of the insured the moneys paid by buyers domiciled in that country.

Premium

Amount paid by an insured client to the insurer in return for risk coverage.

Protracted Default

Failure by a buyer to pay the contractual debt within a pre-defined period calculated from the due date of the debt.

Reinsurance

Commonly known as insurance for insurance companies. This is a risk sharing operation, where the insurer obtains insurance from a third party (the reinsurer) for part of the risks that it has guaranteed, and in turn cedes part of the premium received. ATI offers this cover for political risks including expropriation, currency inconvertibility and non-transfer, embargo, arbitral award default, war and civil disturbance and terrorism & sabotage.

Single Buyer Cover (Single debtor, Single risk cover)

Insurance cover for all sales to one debtor or for single contract with one debtor (as opposed to whole turnover and key buyer).

Underwriter

Person charged with underwriting and administering all political and credit risk insurance and reinsurance policies issued by ATI.

War and Civil Disturbance

Risks covered under this heading include war or civil unrest, political violence and sabotage causing damage to goods, property or disruption to a company's operations for a prolonged period that leads to its inability to meet contractual obligations.

Whole Turnover Policy

A credit insurance policy that covers the insured's total credit sales (as opposed to Key buyer cover and Single risk cover).

[10]Some definitions are borrowed from the ICISA (International Credit Insurance & Surety Association) *Catalogue of Credit Insurance Terminology*

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