SELECTED ABBREVIATIONS

AfDB	African Development Bank
AGOA	African Growth & Opportunity Act
AIO	African Insurance Organisation
ATI	African Trade Insurance Agency
ACA	Agence pour l'Assurance du Commerce en Afrique
AGM	Annual General Meeting
CEO	Chief Executive Officer
COMESA	Common Market for Eastern and Southern Africa
CRI	Credit Risk Insurance
DCA	Development Credit Agreement
DRC	Democratic Republic of Congo
EAC	East African Community
ECA	Export Credit Agency
ECOWAS	Economic Community of West African States
ERM	Enterprise Risk Management Framework
EU	European Union
FAPA	Fund for African Private Sector Assistance
FIPA	Foreign Investment Protectioan Act
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GWP	Gross Written Premium

ICT	Information & Communication Technology
IDA	International Development Association
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
ISA	International Standards on Auditing
KSH	Kenya Shilling
MIGA	Multilateral Investment Guarantee Agency
MSI	Maximum Sum Insured
MW	Megawatt
NUI	Net Underwriting Income
OECD	Organisation for Economic Co-operation and Development
OPIC	Overseas Private Investment Corporation
PA	Participation Agreement
PRI	Political Risk Insurance
SDR	Special Drawing Rights
SME	Small and Medium Sized Enterprises
T & S	Terrorism & Sabotage
UK	United Kingdom
UN	United Nations
USA	United States of America
WTO (CRI)	Whole Turnover Credit Risk Insurance

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MESSAGE FROM THE CHAIRMAN OF THE ANNUAL GENERAL MEETING

2009 was an eventful year for Africa. As some countries, led by the Asian region, began to emerge from the financial crisis, Africa proved its resilience by remaining in many ways relatively unscathed and recovering faster than many had expected.

Reflecting this positive trend, several of ATI's member countries posted GDP growth rates that were amongst the highest globally. For example, Malawi's economy registered a growth rate of 7.7%. Tanzania, Uganda and Zambia reached 5%, 6.3% and 5% respectively and the entire African continent recorded an average growth rate of 2.8% - well above the global average of 1-2 % growth.

As a shield against future global economic instability, the continent placed renewed priority on strengthening regional integration, diversifying their economies and investing in infrastructure to spur inter-African trade.

In 2009, as prospects in global export markets remained limited, Africa began looking inward for methods to increase domestic demand and inter-African trade. The signing of the Common Market Protocol and the creation of a fully-fledged Customs Union ushered in a new era in the East African Community (EAC), where duty-free trading of all goods across the region is becoming the norm.

Another regional body, the Common Market for Eastern and Southern Africa (COMESA) also established a Customs Union in June, 2009. COMESA, is advancing integration at a rapid rate. Trade amongst its 19 member countries has seen a five fold increase to $15.2 billion over the past eight years.

Outside the East Africa region, similar trends are emerging with regional bodies such as the Economic Community of West African States (ECOWAS) and the Southern African Development Community (SADC) stepping up their efforts at cooperation. In the case of SADC, a proposed union under the Tripartite Agreement with the EAC and COMESA will produce a free trade area that will cover more than 527 million people with an estimated combined gross domestic product of $624 billion. This represents a huge market place for value added goods that will require insurance products to protect against trade and investment risks.

Similarly, the Common Investment Market envisioned by ECOWAS would create a single market for the movement of people, capital and services within a trading block comprised of 290 million people. This is where ATI can play a critical role in advancing the regional economic integration process within its member states.

Individual countries across Africa are also showing their commitment to creating climates that make it easier for the private sector to function. Investment in infrastructure has been targeted by many countries as a key component. This strategy will help to improve road networks, energy generation and water resources with the ultimate aim of helping Africa to successfully compete with other global regions for foreign direct investments.

The legacy of the financial crisis is potentially likely to leave behind a continent that is more resourceful, resilient and economically sound. In this scenario, trade and increased investment will be the cornerstone of sustainability in Africa. This is where ATI, a home grown institution, can continue to facilitate access to finance and bring more business to the continent.

With a renewed "long-term stable 'A' rating" in 2009 by Standard & Poor's, ATI is well-positioned to continue attracting international financial partners that can support Africa's future economic growth.

The Honorable Amos Kimunya,
E.G.H, M.P., Minister for Trade, Kenya

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

ATI fuels African growth

The story that unfolded in 2009 was dynamic, thrilling and at times full of anticipation. In my first year as Chairperson, I was fortunate to preside over a number of exciting new developments that saw ATI continue on a course of expansion and product innovation, enabling it to provide greater support to member countries during the global financial crisis.

ATI's story however, cannot be fully told without looking at the increasingly important role of inter-African trade and investment in the continent's recovery. In the first half of the year, falling commodity prices and reduced markets for African goods in traditional export markets threatened to dampen the continent's growth prospects. In a move to recover export earnings, countries are investing in initiatives that will enable a freer flow of trade and investment that will ultimately create fertile domestic and regional markets for African goods.

Despite the untimely mid-year departure of Peter Jones, the Chief Executive Officer (CEO), who was instrumental in placing ATI on a stable growth path the Agency has since been capably managed by Stewart Kinloch, who took over the reigns as Acting CEO pending a recruitment process.

Renewed and new partnerships, product innovation and business growth fill in the remaining chapters of ATI's remarkable year. The World Bank, for instance, has renewed its commitment to provide financial support to prospective African member countries alongside the African Development Bank, which will take on a co-financing role.

African Small-to-Medium sized Enterprises (SMEs) are expected to reap the benefits of partnerships established with reputable international institutions in 2009. The Overseas Private Investment Corporation (OPIC), with whom ATI signed an enhanced Memorandum of Understanding (MOU), will provide a viable financing option to African SMEs trading with America.

In addition, SACE, the Italian ECA, which joined ATI last year as a shareholder with a $10 million capital injection, has committed to creating opportunities for Italian investors and African companies, while helping to build an export market in Italy for African goods.

Regional partners like the African Development Bank (AfDB) also played a significant role in ATI's growth with a grant of $1 million to assist with the ongoing objective of increasing ATI's internal capacity. The grant comes from the Fund for African Private Sector Assistance (FAPA), a joint initiative between the African Development Bank and the Japanese government.

The concluding chapter in ATI's 2009 story speaks to its financial resilience as Standard & Poor's renewed the Agency's "long-term stable 'A' rating" in 2009. This, coupled with impressive growth and continued innovation, reflects to some extent, the world's readiness to invest in Africa and Africa's willingness to invest in itself.

Israel Kamuzora,
Chairman of the Board of Directors

BOARD OF DIRECTORS

Standing from left to right:

Dr. James S. Mulungushi - Director, Zambia & Malawi

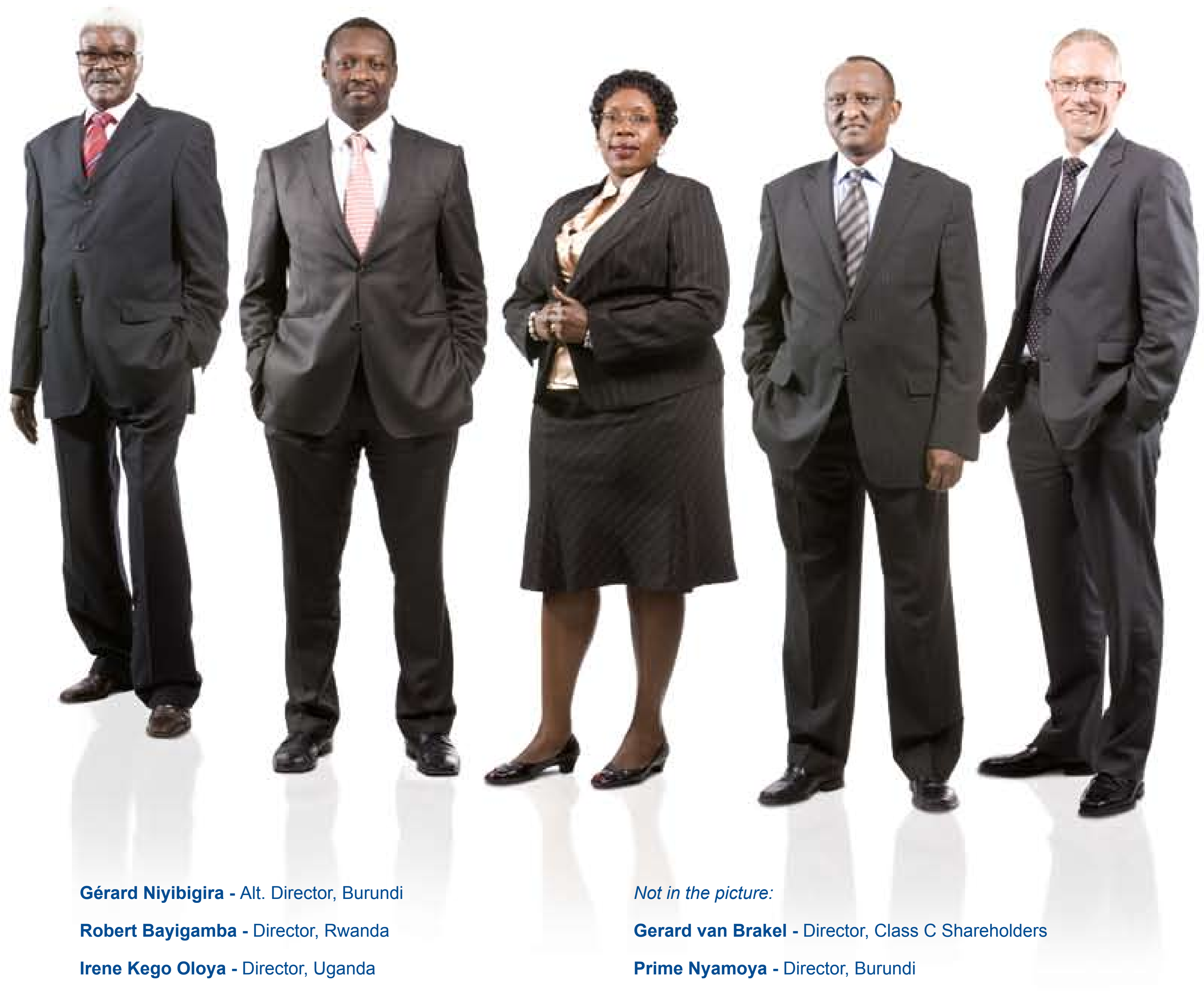
Sherri Archondo - The World Bank (Observer)

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

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

Purohit Bharghav - African Development Bank (Observer)

BOARD OF DIRECTORS



Gérard Niyibigira - Alt. Director, Burundi

Robert Bayigamba - Director, Rwanda

Irene Kego Oloya - Director, Uganda

Eng. Abdulrazaq Ali - Director, Kenya

Michael Creighton - SACE (Observer)

Not in the picture:

Gerard van Brakel - Director, Class C Shareholders

Prime Nyamoya - Director, Burundi

Basil Saprapasen - Alternate Director, Tanzania

Rajni Varia - Alternate Director, Class D Shareholders

Isaac Awuondo - Alternate Director, Kenya

François Ngarambe - Alternate Director, Rwanda

Michael Olupot Tukei - Alternate Director, Uganda

Chris Kapanga - Alternate Director, Malawi

Dr. **Daniel Strausberg -** Alternate Director, Class C Shareholders

MEETING THE DEMAND OF COUNTRIES EMERGING FROM THE GLOBAL CRISIS

Interview with Stewart Kinloch, Acting Chief Executive Officer (CEO)

"I would also like the Agency to continue its expansion plans into Western Africa through a regional strategy that would see the countries of the Economic Community of West African States, for example, join into membership of ATI as one regional block."

Mr. Kinloch, an international banking and trade credit insurance veteran took over the helm of ATI in the middle of 2009. Mr. Kinloch, who joined ATI as the Chief Underwriting Officer in August 2008, has continued the steady leadership path provided by his predecessor, Peter Jones. After only five-months in the top seat, he has helped ATI achieve several milestones - the renewal of its Standard & Poor's 'A' rating, an 88% increase in Gross Written Premium (GWP) over 2008 and an increase of 123% in the number of policies written in 2009. In an interview with the Acting Chief Executive, he reveals the key elements behind ATI's growth.

When you took over the position of Acting CEO, what goals did you set for yourself and the organisation?

I was very fortunate to have worked with my predecessor, Peter Jones, a respected person within the international insurance industry. Many of our current goals were borne from his vision for the organisation. Personally, I would consider my mission accomplished if our 26-member team continues to be self-motivated and inspired by ATI's achievements, which they have all helped to realise.

The organisational benchmarks include ensuring that ATI continues to decentralise into local markets - a local presence in markets such as the Democratic Republic of Congo (DRC), Rwanda and Tanzania will help us to deliver tailor-made products. This expansion will compliment our existing local offices in Uganda and Zambia. I would also like the Agency to continue with its expansion plans into Western Africa through a regional strategy that would see the countries of ECOWAS, for example, join into membership of ATI as, ideally, one regional block.

There is also great scope to grow our range of products particularly on the Credit Risk Insurance (CRI) side of the balance sheet.

According to many experts, the global economic recovery began in 2009. From your vantage point, can you confirm this to be the case for Africa?

A key sign of Africa's recovery has been investors increasing willingness to fund longer- term and capital - intensive infrastructure projects, such as roads, energy and water projects. This, along with agriculture, are key sectors for Africa's growth. By some estimates, the continent will need $80 billion worth of investments in infrastructure over the next 15 years to catch up with other developing regions such as Asia and Latin America.

ATI's results also support investors' resurgent appetite within the agriculture and infrastructure sectors. In 2009, telecommunications, agriculture and energy projects accounted for a majority of the projects we supported.

In 2008, investors appeared to have become more risk averse. As a result foreign direct investment in Africa in 2009 is expected to be half of pre-global financial crisis levels by an estimated $26.7 billion. That's a big loss for Africa. But the good news is that this loss has been replaced with increasing opportunities and investments from within the continent. Fueled by a push toward rapid regional integration, I believe that Africa is building a more self-sustainable and realistic economic model for future growth.

ATI achieved a second consecutive year of phenomenal growth in the midst of global declines. To what do you attribute this success?

We are fortunate to have great staff. I think this has been one of ATI's strengths. For many years, we have been figuratively "punching above our weight" with a small team of just slightly over 20 staff. Though we are planning to expand with a number of new hires, we will continue to rely on a relatively lean and efficient staff base to achieve our objectives.

The other important factor underpinning our growth is a combination of unexpected circumstances and effort. We have invested in a comprehensive marketing drive that has led to more awareness of our products. Coupled with a global financial climate that could not have been predicted, companies within Africa as well as foreign investors have heard about our products and they are increasingly recognising the need for them.

The Agency's three-year strategic plan sets as a goal, supporting annual exports from and within Africa of US$1 billion by 2012. How does ATI plan to achieve this?

Our growth strategy to date has proven quite successful. We envision doing more of the same, and in addition to this, bringing our products closer to our clients while streamlining our underwriting processes. Decentralisation, expansion, increased marketing initiatives and enhanced underwriting systems will help ATI to achieve its three-year objectives.

Expansion is a particularly important aspect of our growth strategy. In respect to membership we are hoping to attract new members from across the continent such as Angola, Benin, Cameroon, Côte d'Ivoire, Gabon, Nigeria, Senegal and Zimbabwe. This will strengthen our vision of becoming "Africa's ECA". Internationally we also plan to continue targeting OECD and other countries primarily through their ECAs.

"Internationally we also plan to continue targeting OECD and other countries primarily through their Export Credit Agencies."

What are your projections for 2010?

With a little luck and a lot of sweat, ATI will continue on the same growth trajectory. We believe that the agriculture and infrastructure sectors - led by energy, telecommunications, roads and water - will continue to see great interest from investors.

We hope to remain a viable insurance option for these projects in addition to other business activities that will support our ultimate goal - to attract foreign direct investments into Africa while facilitating trade within the continent and beyond.

PEOPLE LED GROWTH

ATI boasts an international staff comprised mainly of African nationals. One hundred percent of the staff is based in Africa with the majority working in ATI's Nairobi headquarters. In the niche market of political and credit risk insurance, ATI continues to attract talented individuals from backgrounds as varied as law, banking, accounting and economics - all working to support ATI's vision to transform Africa into a prime trade and investment destination.

PEOPLE LED GROWTH

An interview with Pizzaro Lukhanda, ATI's Resident Underwriter responsible for Zambia and Malawi

Pizzaro Lukhanda, a Chartered Insurer with a track record in banking, represents the young talent that ATI has been fortunate to attract and nurture. In an interview, Mr. Lukhanda, a Malawian national who joined ATI in 2009, sheds light on his ambitions for building business in the Zambia and Malawi markets.

What overall objectives have you set for yourself in this position?

My overall objective in this position is to make ATI a household name within the business community and prospective investors in both Zambia and Malawi. When I leave ATI, I want to be remembered as someone who put everything into his role in trying to help foster economic growth and development in these two countries.

What are the main challenges you face in your job?

Compared to General Insurance which is well understood by the majority of the insuring public, less is known about Credit Insurance. Underwriting Credit Risks relies heavily on availability of information on the buyers for which cover is sought. The main challenge is non-availability of credit information largely on buyers located in Africa.

> "Underwriting Credit Risks relies heavily on availability of information on the buyers for which cover is sought. The main challenge is non-availability of credit information largely on buyers located in Africa."

The situation is exacerbated by the fact that most of these buyers are reluctant to provide information when approached by Credit Risk Insurers. The client will expect the policy to be in place as soon as possible while the underwriter does not have information on the buyers needed to base an underwriting decision. This is a challenge in managing clients' expectations. It is for this reason that client education is paramount to achieving success in this arena - it is ultimately my responsibility to educate my insurance and banking colleagues, who are also prospective clients.

What were some of the major trends in 2009 in both the Zambian and Malawi markets in terms of ATI's business?

Zambia:
In 2009, ATI facilitated about $93million worth of trade and investment transactions in the energy, Information Communication Technology (ICT), trade and transportation sectors.

The global economic recovery is expected to result in increased prices and demand for Zambian horticultural products, which experienced a massive downturn in 2008. ATI will definitely position itself to leverage on this.

Malawi:
In 2009, ATI facilitated projects and trade finance for transactions worth close to $71 million in the Energy and ICT sectors. As in other sectors, the booming ICT sector in Malawi has been facing constraints relating to remittance of capital equipment supply and debt proceeds. ATI has been active in this area by offering Political Risk Insurance to facilitate equipment supply transactions.

ATI also supported Malawi's efforts to increase fuel supplies in the midst of their fuel crisis. In 2009, we insured a credit facility created by PTA Bank to assist Petroleum Importers Limited (PIL) – the country's primary source of petroleum imports -- to import refined petroleum products, needed to fuel Malawi's economy.

"ATI will seek to provide products to facilitate Foreign Direct Investments in these sectors. We will also strive to support trade credit risk insurance for exports, especially in the horticultural industry, which faced challenges during the credit crunch and is now recovering."

What is ATI's strategy in 2010 in both these markets - are you targeting specific sectors and what amount of business are you planning to close?

Zambia:
Against projected booms in mining, agriculture, manufacturing and construction, ATI will seek to provide products to facilitate foreign direct investments in these sectors. We will also strive to support Credit Risk Insurance (CRI) for exports, especially in the horticultural industry, which faced challenges during the credit crunch and is now recovering.

To achieve these objectives, we will enhance existing contacts and identify new networks from which new business could be generated. We also anticipate the completion of the Host Country Agreement, which will put in place a legal framework for a fully-operational ATI presence in Zambia.

Malawi:
Against the background of a growing economy faced with a number of challenges in attracting Foreign Direct Investments and local businesses facing hurdles competing globally on favourable terms with companies from other countries, ATI will work to bring the benefits of its investment and trade credit products to more investors and traders.

In addition to increasing awareness and identifying new networks, we plan to work closely with the relevant investment and export promotion organisations in Malawi to support oil and fertiliser imports, and exports such as tobacco.

A YEAR OF RENEWAL
2009 RESULTS & ACHIEVEMENTS

Key Performance Indicators

Category	2009 (US$ M)	2008 (US$ M)	2007 (US$ M)
Gross Written Premium (GWP)	3.6	1.9	1.0
Gross Exposure[1]	254.6	112.9	69.8
Net Exposure[2]	120.6	68.1	36.6
Net Underwriting Income	1.4	0.8	0.2

Policies Issued

Policies Issued	2009	2008	2007
Number of Policies Issued	58	26	17
Number of Projects Supported[3]	10	11	7
New Policies	39	23	5

Projects Supported in Fiscal 2009[3]

Host Country	Project	Investor Country	Sector	Amount (US$M)[4]
DRC[5]	Housing	DRC	Construction	1.8
DRC	Capital Contributions to Shares	DRC	Mining	40.3
DRC	Housing	DRC	Construction	1.3
DRC	Housing	DRC	Construction	4.7
Kenya	Supply & Installation of Digital Microwave Radios	Japan	ICT[6]	2.7
Kenya	Water Supply Infrastructure	Kenya	Infrastructure	19.9
Kenya	Export of Fresh Produce	Kenya	Agribusiness	0.4
Kenya	Export of Flowers	Kenya	Agribusiness	1.6
Kenya	Export of Horticultural Products	Kenya	Agribusiness	3.6
Kenya	Export of Edible Oils	Kenya	Agribusiness	1.2
Kenya	Supply of Equipment	Kenya	ICT	0.6

Projects Supported in Fiscal 2009 *continued*

Host Country	Project	Investor Country	Sector	Amount [4](US$M)
Kenya	Export of Carpets	Kenya	Services	0.1
Kenya	Export of Flowers	Kenya	Agribusiness	1.8
Kenya	Export of Fresh Produce	Kenya	Agribusiness	4.6
Kenya	Export of Fresh Produce	Kenya	Agribusiness	0.7
Kenya	Export of Fresh Produce	Kenya	Agribusiness	0.8
Kenya	Export of Chemicals	Kenya	Manufacturing	15.7
Kenya	Terrorism & Sabotage Reinsurance	Kenya	Services	25.4
Kenya	Terrorism & Sabotage (Excess of Loss Treaty)	Kenya	Services	1.2
Kenya	Terrorism & Sabotage Reinsurance	Kenya	Services	31.2
Kenya	Terrorism & Sabotage	Kenya	Services	21.5
Kenya	Terrorism & Sabotage	Kenya	Services	14.2
Kenya	Terrorism & Sabotage	Kenya	Services	4.9
Kenya	Terrorism & Sabotage	Kenya	Services	25.0
Kenya	Terrorism & Sabotage	Tanzania	Services	12.2
Kenya	Terrorism & Sabotage	Kenya	Services	327.4
Kenya	Terrorism & Sabotage	Kenya	Services	65.3
Kenya	Terrorism & Sabotage	Kenya	Services	7.3
Kenya	Terrorism & Sabotage	Kenya	Services	13.4
Kenya	Terrorism & Sabotage	Kenya	Services	39.3
Madagascar	Supply and Installation of Telecommunications Equipment	Japan	ICT	1.8
Malawi	Supply of Petroleum Products	Malawi	Energy	50.0
Malawi	Supply and Service Contract	China	ICT	14.1
Malawi	Supply Contract of GSM Network	China	ICT	1.6
Malawi	Supply of GSM Handsets	China	ICT	1.7
Malawi	Supply and Installation of Telecommunications Equipment	Japan	ICT	5.6
Rwanda	Terrorism & Sabotage	Rwanda	Services	20.0
Uganda	Supply and Installation of Digital Microwave Equipment	Japan	ICT	0.8

Projects Supported in Fiscal 2009 *continued*

Host Country	Project	Investor Country	Sector	Amount [4](US$M)
Uganda	Terrorism & Sabotage	Uganda	Services	42.9
Uganda	Terrorism & Sabotage	Uganda	Services	38.0
Uganda	Terrorism & Sabotage	Uganda	Services	20.7
Tanzania	Tariff Equalisation Facility	Canada	Energy	11.0
Various	Export of Fresh Vegetables	Zambia	Agribusiness	5.2
Various	Export of Horticultural Products	Kenya	Agribusiness	2.4
Various	Freight Services	Kenya	Services	3.9
Various	Terrorism & Sabotage Reinsurance	Kenya	Services	25.0
Zambia	Financing	Zambia	Energy	65.0
Zambia	Supply of Equipment	Zambia	Manufacturing	1.0
Zambia	Mining Transportation Services	Zambia	Mining	20.0
Zambia	Supply and Installation of Telecommunications Equipment	Japan	ICT	5.6
Zambia	Supply & Installation of Digital Microwave Radios	Japan	ICT	5.6

[1]The gross amount of insurance underwritten
[2]The net amount of insurance underwritten
[3]Projects exclude those receiving political violence, terrorism & sabotage insurance cover
[4]Transaction value of project
[5]Democratic Republic of Congo
[6]Information & Communication Technology

Maximum Sum Insured (MSI) by Country

Country	2009 Gross	2008 Gross	2009 Net	2008 Net
Burundi	3,750,000	3,750,000	3,750,000	3,750,000
DRC	64,741,077	21,671,913	23,641,564	13,921,913
Kenya	31,863,353	37,766,836	22,446,437	25,161,490
Madagascar	1,659,784	-	1,659,784	-
Malawi	64,107,033	120,000	21,607,033	120,000
Rwanda[7]				
Tanzania	14,637,043	3,637,043	11,137,043	3,637,043
Uganda	25,728,532	25,000,000	8,228,531	7,500,000
Zambia	39,019,810	9,447,720	23,869,810	9,447,720
Others[8]	9,144,240	11,599,759	4,294,332	4,639,904
Total	254,650,872	112,993,271	120,634,534	68,178,070

[7]Two projects in the construction and the manufacturing sectors valued at $32 million are expected to close in Q-1 2010.

[8]Others, refers to the Short Term-WTO CRI business.

MSI by Sector

Sector	2009 Gross	2008 Gross	2009 Net	2008 Net
Energy	82,981,767	5,000,000	24,481,767	7,500,000
Mining	59,811,956	14,044,943	16,062,443	8,044,943
ICT	29,137,244	19,800,418	29,137,244	8,580,353
Tourism	25,000,000	25,000,000	7,500,000	5,014,233
Construction	17,095,591	8,951,627	17,095,591	5,000,000
Services	14,441,718	14,773,622	4,731,209	8,951,627
Manufacturing	10,336,243	10,370,318	9,356,563	3,218,279
Infrastructure	9,885,293	7,006,647	9,885,293	14,861,988
Agribusiness	5,961,060	8,045,696	2,384,424	7,006,647
Total	254,650,872	112,993,271	120,634,534	68,178,070

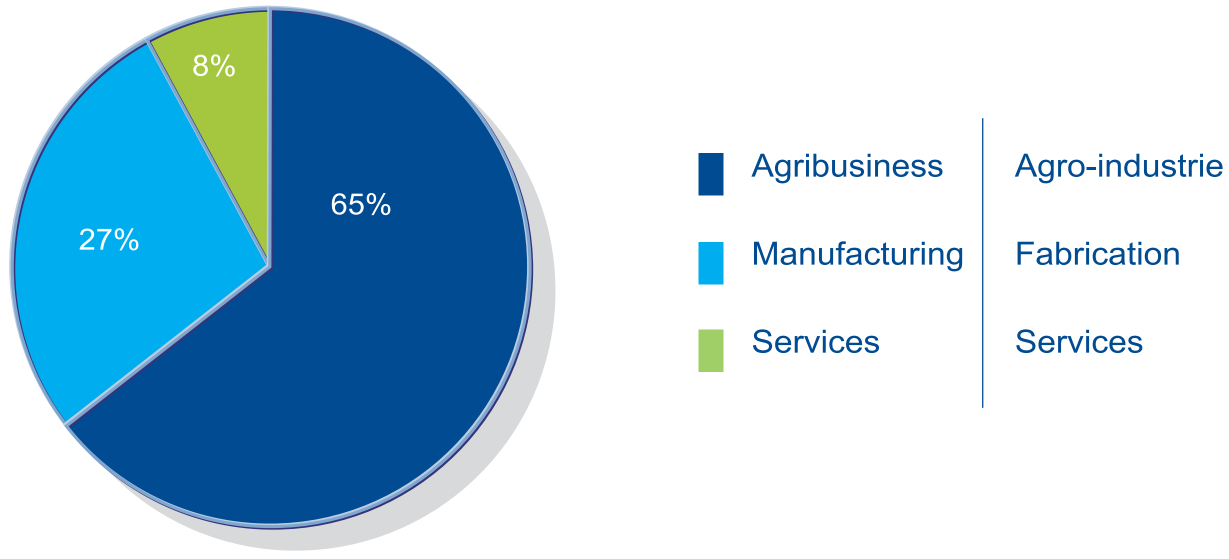
MSI by Class of Business

Class of Business	2009 Gross	2008 Gross	2009 Net	2008 Net
	US$	US$	US$	US$
Investment Insurance	233,474,287	95,893,512	104,307,857	59,788,166
Credit Insurance[9]	21,176,585	17,099,759	16,326,677	8,389,904
Total	254,650,872	112,993,271	120,634,534	68,178,070

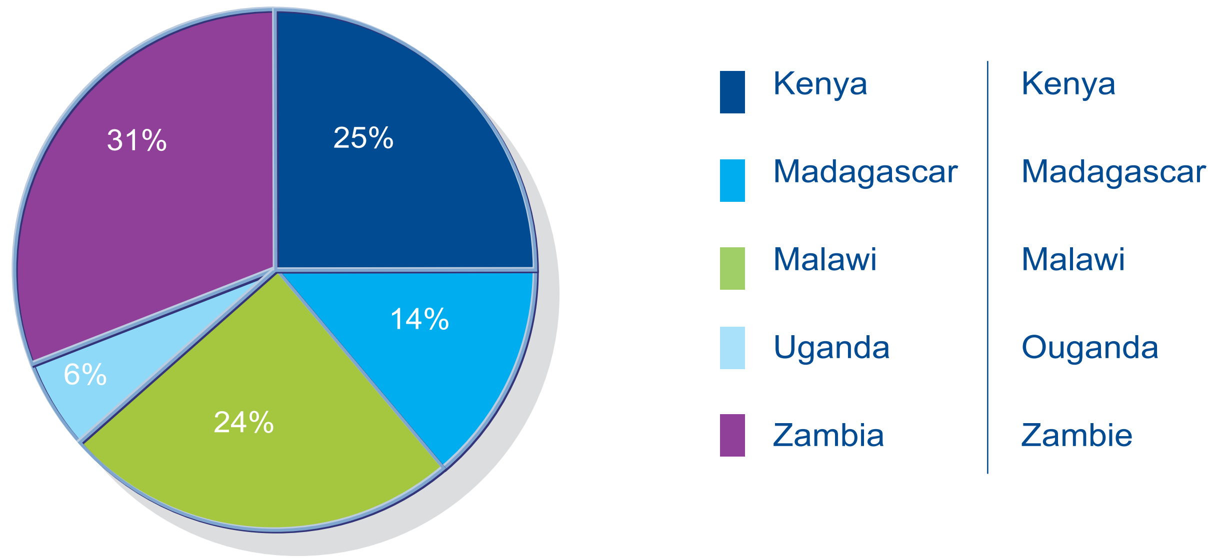
[9]Figures refer to transaction value not whole turnover.

Messages from ATI

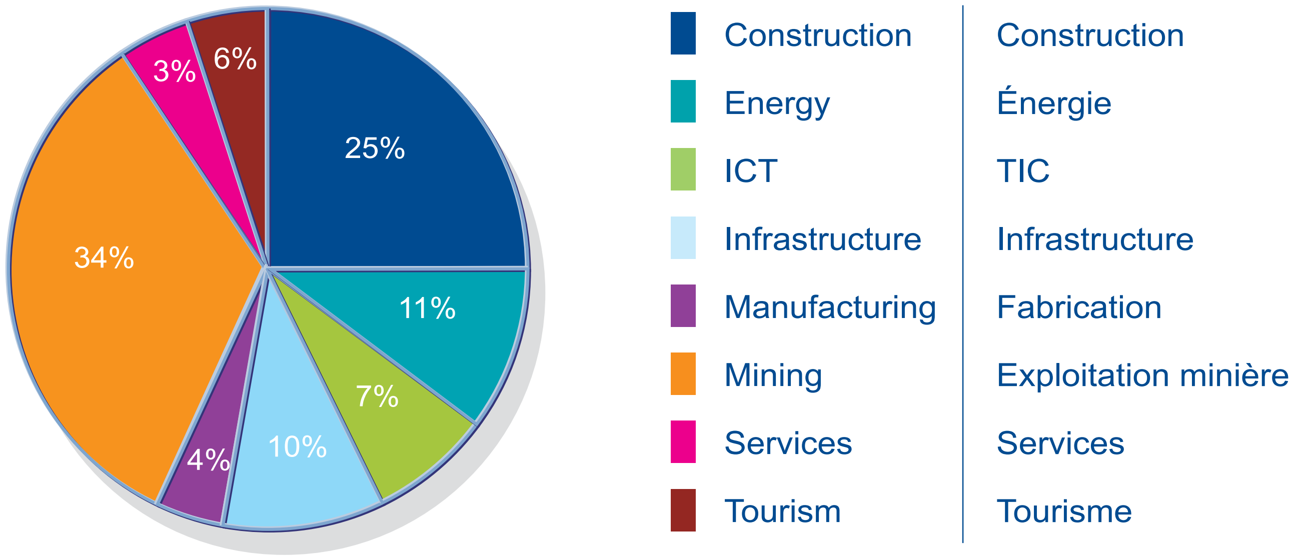
2009
Whole Turnover Credit Risk Insurance Gross Exposure by Sector



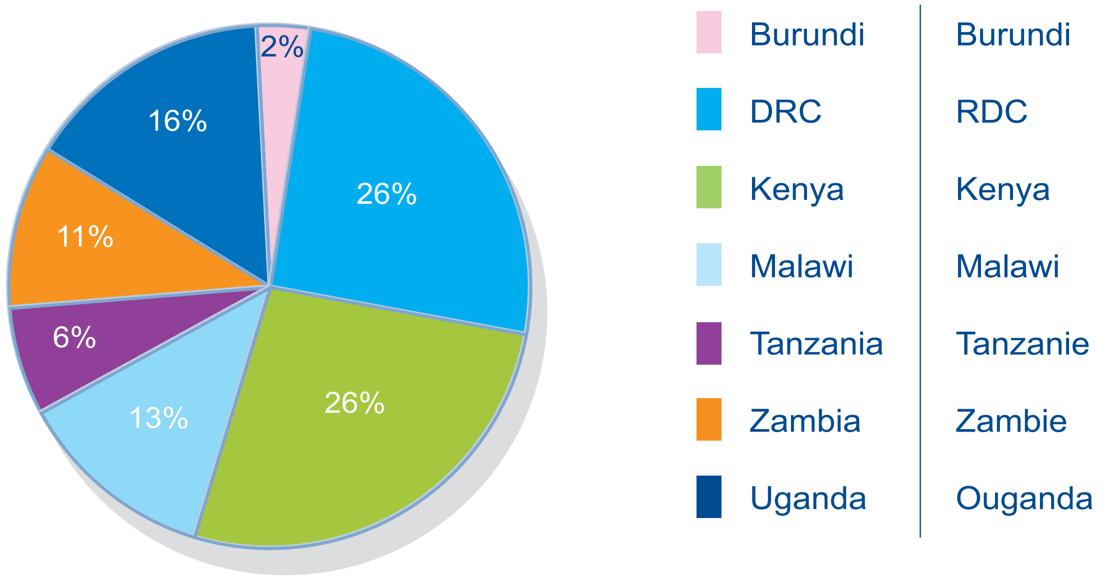
2009
Single Obligor Credit Risk Insurance Gross Exposure by Country



2009
Political Risk Insurance Gross Exposure by Sector



2009
Political Risk Insurance Gross Exposure by Country



MEMBERSHIP

Three new members joined ATI in 2009, SACE (the Italian ECA), Africa Reinsurance and Ghana (expected to complete the membership process in 2010). AfDB was granted Observer status on ATI's Board. African countries that have expressed a strong interest to become members of ATI include Angola, Benin, Cameroon, Côte d'Ivoire, Gabon, Nigeria, Senegal and Zimbabwe. ATI is also actively pursuing non-African country members.

Membership in ATI is open to all African states, non-African states, ECAs, international development financial institutions, regional economic organisations and private corporations with the ability and commitment to support African trade and investments.

The status of the issued and fully paid up share capital at 31 December, 2009 is shown below:

Member	2009 Number Of Shares	2009 Paid Up Capital	2008 Number Of Shares	2008 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
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	-	-
SACE SpA	100	10,000,000	-	-
	105	10,500,000	4	400,000
Total	961	96,100,000	860	86,000,000

PARTNERSHIPS

John Moran, Acting Chief of Staff of OPIC and Stewart Kinloch, Acting CEO of ATI.

A Strengthened MOU with America's OPIC

In August, on the sidelines of the African Growth and Opportunity Act (AGOA) conference in Nairobi, ATI signed a renewed and strengthened MOU with OPIC - the American ECA. Under this agreement OPIC will extend financing to SMEs that meet their requirements while both organisations may also reinsure each other on specific projects. A staff exchange program is an added benefit that may see both institutions increase their capacity and exposure to their respective markets.

Madame Domina Buzingo, AfDB Resident Representative in Kenya, His Excellency Shigeo Iwatani Ambassador to Japan in Kenya and Stewart Kinloch, Acting CEO of ATI.

AfDB Awards ATI a $1 million Grant and Receives Observer Status on ATI's Board

The partnership between ATI and AfDB gained momentum in 2009. The Bank awarded ATI with a $1 million technical assistance grant under the Fund for African Private Sector Assistance - a fund that is supported by the Japanese government. The two-year grant will fund a paperless underwriting system expected to reduce the administrative time spent processing policies and claims by 50%. It will also fund improvements to ATI's human resources and ICT functions. In 2009, ATI's Board also granted the Bank observer status on its Board of Directors.

ATI joins the African Insurance Organisation

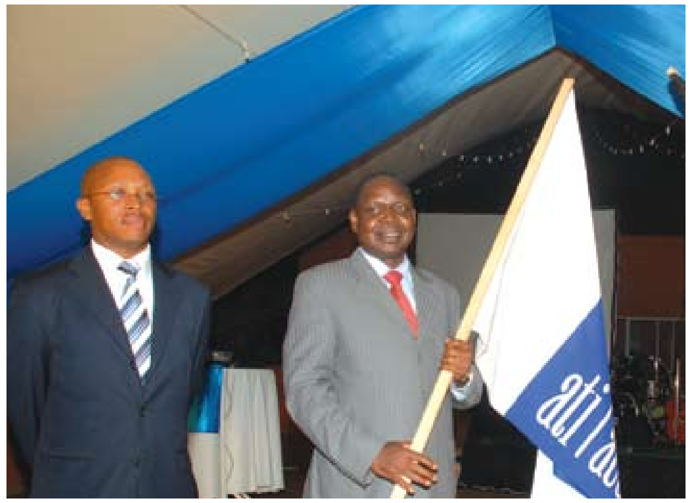
The African Insurance Organisation's (AIO) mandate is to promote inter-African co-operation and the development of a healthy insurance and re-insurance industry in Africa. Partnership with AIO will support ATI's developmental mandate to increase knowledge and resource capacity within the African insurance industry through access to AIO's membership base of key insurance industry corporations and professionals across Africa.

DECENTRALISATION

An Office Launch in Uganda

In May, ATI returned to Kampala, the city where ATI was launched by African Ministers 8 years ago. This time, the occasion was the launch of ATI's office in Uganda. The event attracted some 200 representatives from Uganda's insurance and banking industry in addition to existing and past ATI clients. The Uganda office is hosted by the Private Sector Federation of Uganda and is headed by Allan Mafabi, ATI's Resident Underwriter.

ATI has been able to open local offices thanks to generous supports of the European Commission, USAID, the Private Sector Foundation of Uganda.



Allan Mafabi, ATI's Resident Underwriter for Uganda with The Honourable Fred Jachan Omach, Minister of State, Ministry of Finance, Planning and Economic Development for Uganda.

INNOVATION

Jubilee Insurance Signs onto ATI's Political Violence, Terrorism & Sabotage Reinsurance Treaty

In 2009 Jubilee became the second insurer to sign onto the Political Violence, Terrorism & Sabotage reinsurance treaty. Under the reinsurance deal which protects assets valued at $373 million, Jubilee is able to extend insurance to clients in East Africa that will protect them against damage to property caused either by terrorism and sabotage or by politically-motivated violence. This programme was launched in 2008 with UAP Insurance as a solution to the uninsured property damaged during the post-election violence in Kenya.

Patrick Tumbo Nyamemba, General Manager and Principal Officer of Jubilee Insurance and Stewart Kinloch, Acting CEO of ATI.

Port in the Democratic Republic of Congo

2009 PROJECTS[10]

DEMOCRATIC REPUBLIC OF CONGO (DRC)

Projects

Sector: Construction
Project: Housing
Insurance Policy: Political Risk Insurance
Risks Covered: Transfer restriction; expropriation; war, civil disturbance or civil commotion; and embargo
Maximum Sum Insured: $1.8 million

An African-based housing construction company required insurance to cover an investment from a European financial institution. This project, supported by the Ministry of Urban Development and Housing, increases the housing capacity in Kinsasha with a three block housing complex that will service dozens of families.

Sector: Mining
Project: Copper Mining
Insurance Type: Political Risk Insurance
Risks Covered: Expropriation; transfer restriction and inconvertibility and war, civil disturbance or civil commotion
Maximum Sum Insured: US$40.3 million

The DRC's copper belt has the potential to generate significant tax and foreign exchange earnings, provide jobs and help to improve basic infrastructure.
The DRC, in a move to rebuild its economy, solicited the help of global partners to develop its vast mineral resources. This US$593 million project, located in the
copper belt of Central Africa, is potentially one of the largest and lowest cost cobalt producer generating 35,000tpa of copper and 7,000tpa of cobalt

[10] The list of 2009 projects only includes new projects. It does not include renewed or Terrorism & Sabotage/Political Violence reinsurance projects.

Projects 2009

Nairobi Skyline - Kenya

KENYA

Projects

Sector: Agriculture

Project: Exports of Fresh Produce

Insurance Type: Credit Risk Insurance

Risks Covered: Insolvency and protracted default

Maximum Sum Insured: $55,000

A Kenyan agri-foods exporter obtained ATI's insurance to protect against non-payment of their United Kingdom-based buyers.

The agriculture industry is Kenya's top foreign exchange earner, replacing the recession-impacted sectors of tourism and remittances. The global economic downturn has impacted negatively on this sector as exporters face increasing risks of non-payment by their foreign buyers due to a drop-off in global demand and an increasing level of insolvencies. This project supports the survival of a vital sector that contributes 60% of the country's total earnings and employs 75% of the population.

Sector: Agriculture

Project: Packaging and Export of Fresh Produce

Insurance Type: Credit Risk Insurance

Risks Covered: Insolvency and protracted default

Maximum Sum Insured: $60,000

A Kenyan agri-foods exporter obtained ATI's insurance to protect against non-payment of their buyers in the United Kingdom and Switzerland. The company procures its produce from small-scale farmers in the country's rural regions, contributing to a source of employment and income for millions of Kenyans who derive their living from the agricultural sector.

Sector: Agriculture

Project: Exports of Fresh Produce

Insurance Type: Credit Risk Insurance

Risks Covered: Insolvency and protracted default

Maximum Sum Insured: $50,000

A Kenyan agri-foods exporter specialising in exports of premium fresh quality produce to European markets obtained ATI's insurance to protect against non-payment of their buyers in the United Kingdom and France.

Sector: Infrastructure

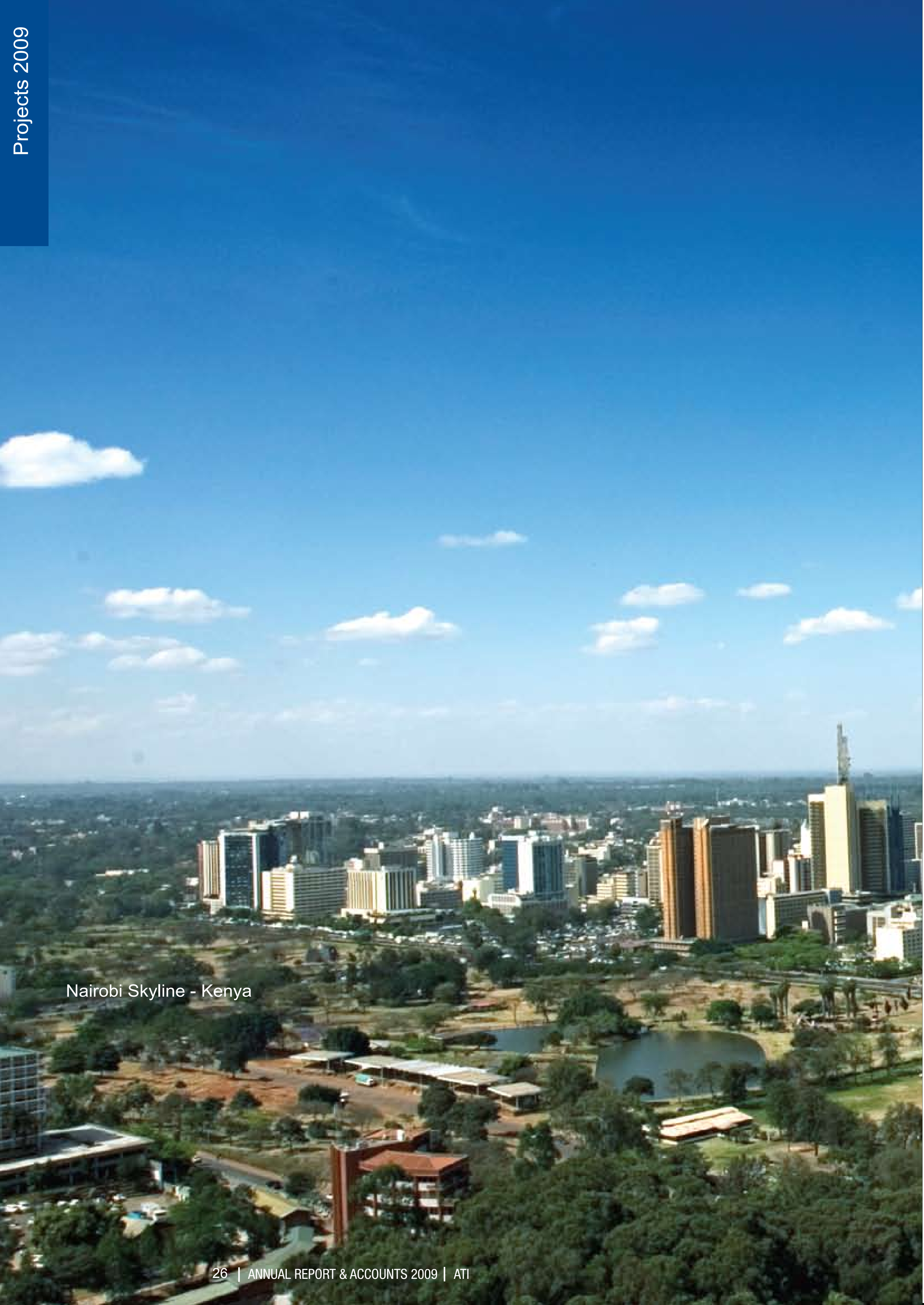
Project: Water Supply Infrastructure

Insurance Type: Political Risk Insurance

Risks Covered: Payment default by a sovereign obligor

Maximum Sum Insured: $2.8 million

A leading African construction and engineering company obtained ATI insurance cover to protect against non-payment by a government agency for the full contract period. The government agency, a local water services board, contracted the company to construct water supply infrastructure in the Western region.



Nairobi Skyline - Kenya

KENYA *continued*

The project provides a boost to the government's Millennium Development Goal of halving the number of people who do not have access to safe drinking water by 2015. To reach the target of 80% access, the government is financing projects like this in underserved populations in various parts of the country.

Sector: Manufacturing
Project: Supply of Manufactured Carpets
Insurance Type: Credit Risk Insurance
Risks Covered: Insolvency and payment delay
Maximum Sum Insured: $135,000

After receiving an order for custom made carpets from a leading operator in the Kenyan tourism sector, a South African carpet manufacturer purchased ATI's insurance to protect against non-payment.
This project supports the recovery of Kenya's tourism industry which saw a near 35% reduction in tourism following the 2007 post-election violence. With a country-branding and tourism initiative in place, Kenya is set to hit its 2012 targets to attract three million visitors (one million above its record-breaking pre-crisis levels) and raising tourism earnings to $2.6 billion annually.

Sector: Telecommunications
Project: Supply and Installation of Telecommunication Equipment
Insurance Type: Comprehensive Non-payment Insurance
Risks Covered: Insolvency; payment delay; transfer restriction; expropriation, war and civil disturbance and embargo
Maximum Sum Insured: $2.1 million

This transaction falls under a Supply Agreement between two global companies, one a manufacturer of telecommunications equipment while the other provides mobile telephone services. ATI is insuring receivables from the supply and installation of network connectivity equipment and related accessories in several African countries.
The Democratic Republic of Congo, Kenya and Tanzania account for more than half of the mobile telephone market in the East and Central African region, among the fastest growing regions on the continent. The number of subscribers in Kenya is projected to grow by 87% in the next five years, ensuring that Kenya remains an attractive market for investors.

Sector: Telecommunications
Project: Supply and Installation of Renewable Energy Equipment
Insurance Type: Credit Risk Insurance
Risks Covered: Insolvency and protracted default
Maximum Sum Insured: $576,000

A Kenyan company providing innovative clean energy solutions to mobile phone operators in East and Central Africa obtained ATI cover to protect against the failure by a local telecommunications company to pay for goods received on credit due to insolvency or persistent non-payment (protracted default).

The technology supports the mobile network company's expansion into areas not serviced by the national electricity grid. With one of the fastest growing mobile phone markets in Africa, this project benefits Kenya's rural communities, who will have increased access to a vital source of communication. The country will also benefit by reducing reliance on an environmentally unfriendly source of diesel power.


Crowds of people near a market and buildings

MADAGASCAR

Sector: Telecommunications

Project: Supply and Installation of Telecommunication Equipment

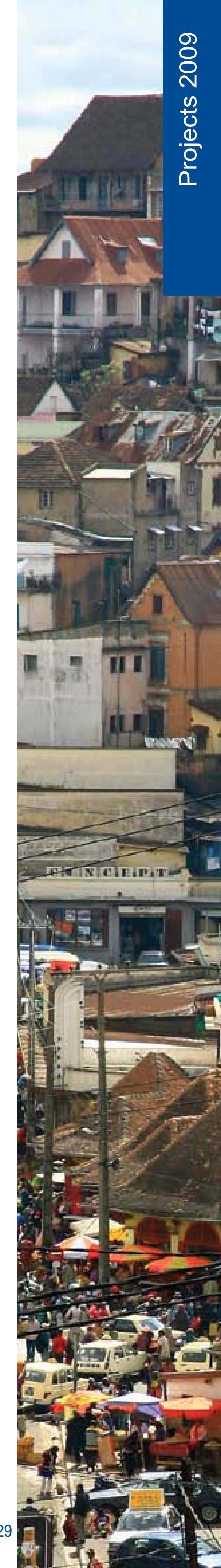
Insurance Type: Comprehensive Non-payment Insurance

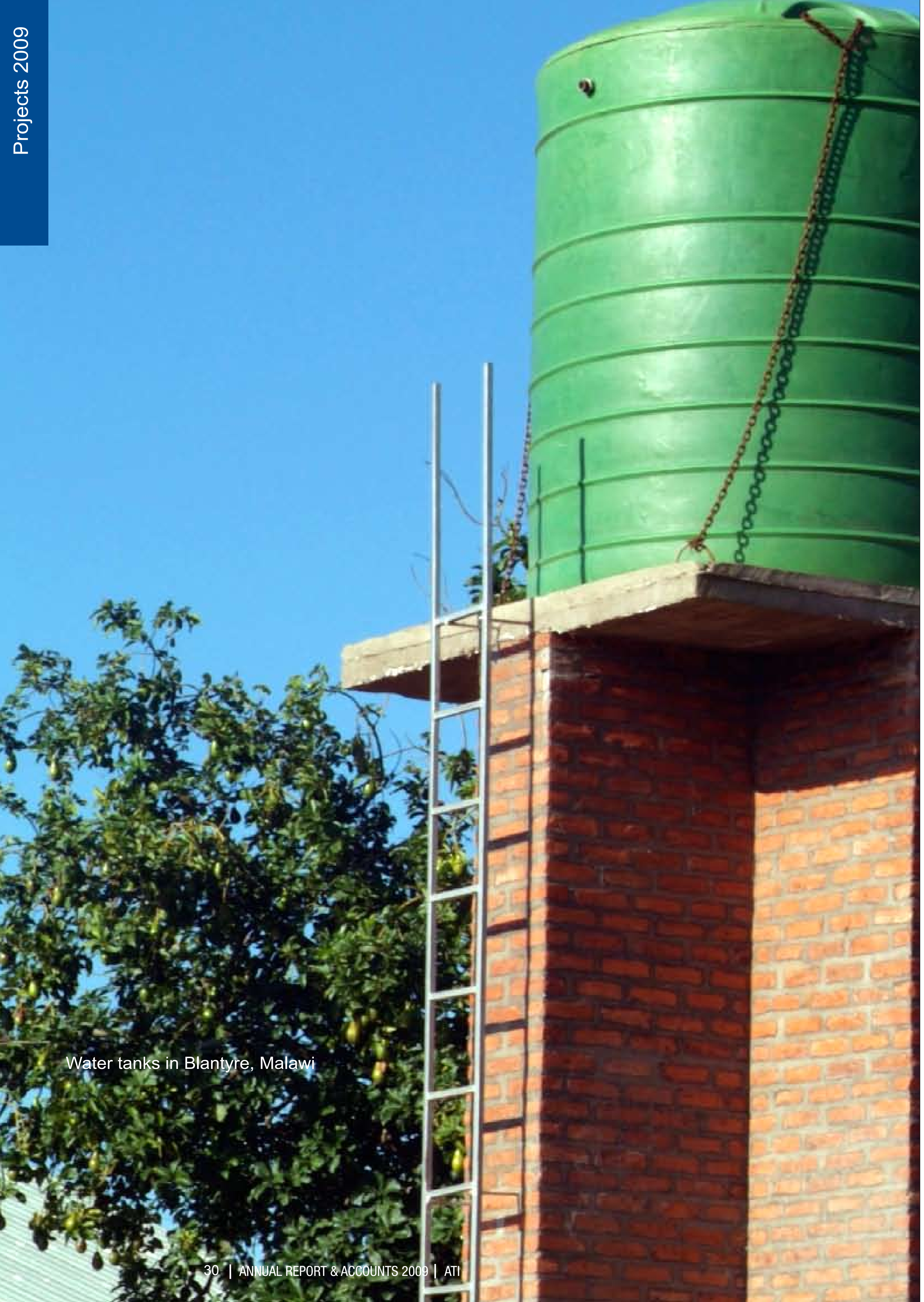
Risks Covered: Insolvency; payment delay; transfer restriction; expropriation; war and civil disturbance and embargo

Maximum Sum Insured: $1.6 million

This transaction falls under a Supply Agreement between two global companies, one a manufacturer of telecommunications equipment while the other provides mobile telephone services. ATI is insuring receivables from the supply and installation of network connectivity equipment and related accessories in several African countries.

Madagascar has three main mobile operators with Orange Madagascar commanding a 58% majority of the market. Socio-political challenges, low penetration rates and low gross domestic product are expected to dampen the telecommunications growth rate in the near to mid term forecast. The ATI funded project supports the industry's push for deeper penetration and broader access across Madagascar in preparation for a post-civil conflict period that will see increased domestic spending.





Water tanks in Blantyre, Malawi

MALAWI

Projects

Sector: Energy

Project: Credit Finance Facility for Petroleum Imports

Insurance Type: Political Risk Insurance

Risks Covered: Lack of foreign currency or restriction of its movement in and out of the risk country

Maximum Sum Insured: $50 million

A regional development bank set up a short-term credit finance facility to support Malawi's petroleum imports industry. The facility provides the Malawi-based importer with access to foreign currency while ATI's insurance protects the bank against payment default by the importer in the event they are unable to convert local currency into the foreign currency of the loan.

Weak tobacco harvests have tended to decrease the country's foreign currency holdings resulting in some payment delays and defaults. With this initiative, ATI is assisting Malawi to overcome an obstacle to economic development while the country works to diversify sources of foreign currency.

Sector: Services

Project: Supply of Commercial Vehicles, Bicycles, Equipment and Steel

Insurance Type: Political Risk Insurance

Risks Covered: Currency inconvertibility and non-transfer

Maximum Sum Insured: $500,000

An international steel and auto maker purchased ATI's cover as a solution to the foreign currency constraints in the country. The foreign currency shortage prevented its local subsidiary from converting or transferring local currency needed to meet their supplier's payment deadlines for imported goods.

The transaction facilitates importation of essential equipment used to drive economic activity in the construction industry and the movement of goods across the country.

Sector: Telecommunications

Project: Supply and Installation of Telecommunication Equipment

Insurance Type: Comprehensive Non-payment Insurance

Risks Covered: Insolvency; payment delay; transfer restriction; expropriation; war and civil disturbance and embargo

Maximum Sum Insured: $2.7 million

This transaction falls under a Supply Agreement between two global companies, one a manufacturer of telecommunications equipment while the other provides mobile telephone services. ATI is insuring receivables from the supply and installation of network connectivity equipment and related accessories in several African countries.

The telecommunications market in Malawi has undergone a mini revolution with the privatisation of the national company, MTL, and the introduction of wireless broadband networks and mobile data services. The current mobile telephone penetration is one of the lowest in Africa at 14%. Growth opportunity combined with the government's commitment should ensure that this sector remains a bright spot contributing to Malawi's economic development.

Water tanks in Blantyre, Malawi

MALAWI continued

Sector: Telecommunications

Project: Design, Supply and Installation of Telecommunication Equipment

Insurance Type: Comprehensive Non-payment Insurance

Risks Covered: Insolvency; payment delay; transfer restriction; expropriation; war and civil disturbance and embargo

Maximum Sum Insured: $7.5 million

This transaction is part of a Supplier Framework Agreement in which ATI is providing insurance to protect the credit sale and delivery of equipment for an international telecommunications company. The project will help to increase efficiency and decrease telecommunications costs. It will also create employment opportunities through the construction of network sites which have been outsourced to Malawian construction firms.

A unique aspect of this deal is the client's use of insurance. They are using the insurance to cover both their risks and receivables - their insured receivables are then used to secure bank financing. The existing credit shortage in African markets has resulted in a surge in demand from companies interested in using ATI's insurance products for their receivables financing.

Sector: Telecommunications

Project: Design, Supply and Installation of Telecommunication Equipment

Insurance Type: Political Risk Insurance

Risks Covered: Lack of foreign currency or restriction of its movement in and out of the risk country

Maximum Sum Insured: $1.6 million

This transaction is part of a Supplier Framework Agreement in which ATI is providing insurance to protect the credit sale and delivery of equipment for an international telecommunications company. Under this transaction, ATI is protecting the client's post-delivery shipments against any government-related action or inaction that would prevent them from either converting the local currency into US dollars or transferring US dollars outside of Malawi.

Sector: Telecommunications

Project: Design, Supply and Installation of Telecommunication Equipment

Insurance Type: Political Risk Insurance

Risks Covered: Lack of foreign currency or restriction of its movement in and out of the risk country

Maximum Sum Insured: $1.7 million

This transaction is part of a Supplier Framework Agreement in which ATI is providing insurance to protect the credit sale and delivery of equipment for an international telecommunications company. Under this transaction, ATI is protecting the client's supply of GSM handsets against any government-related action or inaction that would prevent them from either converting the local currency into US dollars or transferring US dollars outside of Malawi.

Telecommunications sector in Bujumbura, Burundi

BURUNDI

Projects

In 2010, ATI is expected to close a deal in the telecommunications sector valued at $12.5 million, in addition to pipeline projects in the agriculture sector.

Building construction in Kigali, Rwanda

RWANDA

Projects

As of 31 December, 2009, two transactions were nearing completion in the construction and manufacturing sectors valued at over $32 million.

Harbour in Dar-es-Salaam, Tanzania

TANZANIA

Projects

Sector: Energy

Project: Rural Electrification

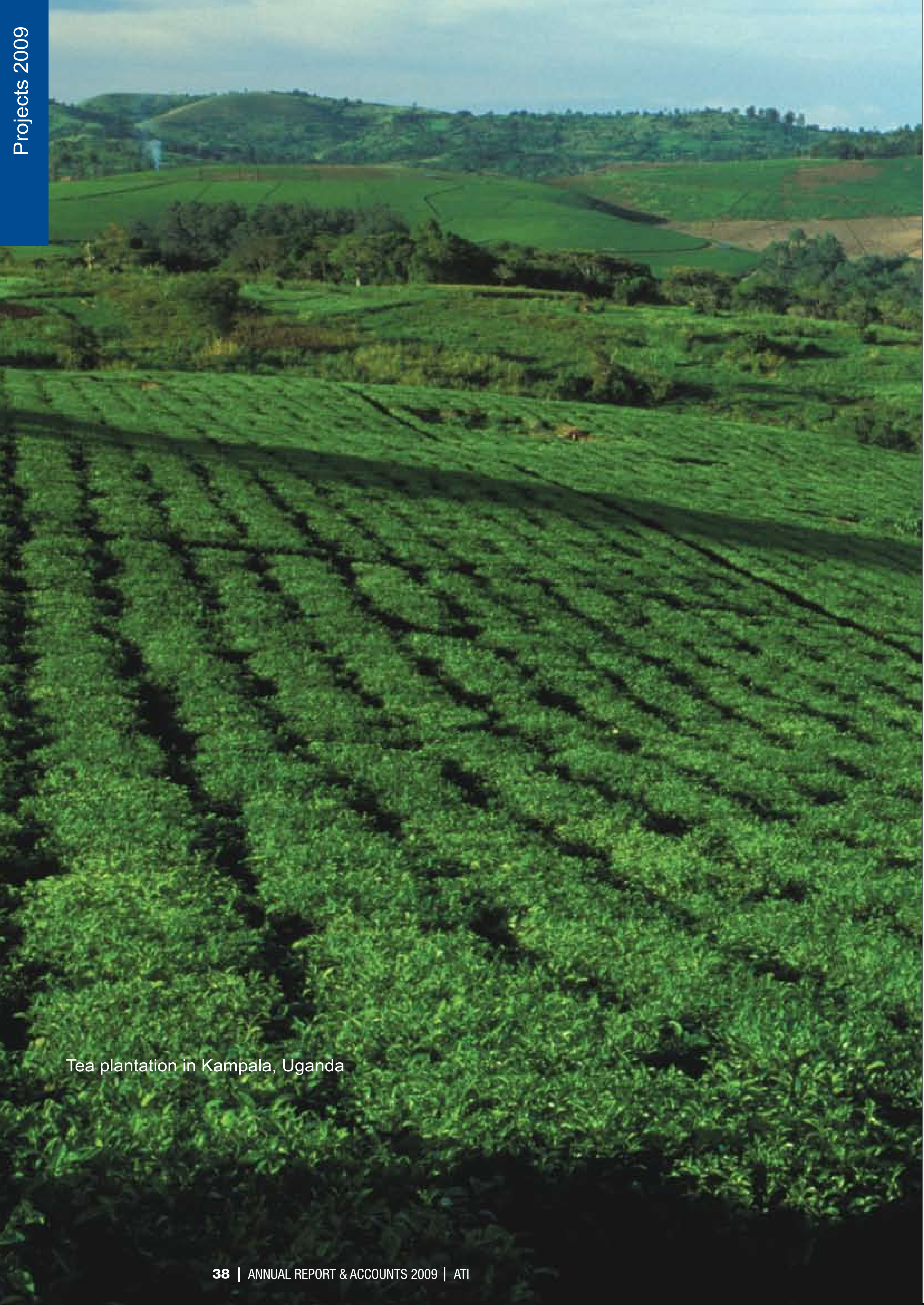
Insurance Type: Political Risk Insurance

Risks Covered: Payment default by a sovereign obligor

Maximum Sum Insured: $11 million

An international energy company obtained ATI cover to protect them against non-payment by the government. ATI issued the company with a guarantee to reimburse any shortfall in tariff-based revenues for three years.

The project will convert standard national gas to electricity - a more environmentally friendly alternative to the traditional hydro and diesel powered energy sources in the under-serviced South East region of the country. The project will also finance infrastructure, including the construction of a 27 kilometre pipeline and a gas-fired power plant that will transmit electricity to rural communities for the first time.



Tea plantation in Kampala, Uganda

UGANDA

Projects

Sector: Telecommunications

Project: Supply and Installation of Telecommunication Equipment

Insurance Type: Comprehensive Non-payment Insurance

Risks Covered: Insolvency; payment delay; transfer restriction; expropriation; war and civil disturbance and embargo

Maximum Sum Insured: $728,000

This transaction falls under a Supply Agreement between two global companies, one a manufacturer of telecommunications equipment while the other provides mobile telephone services. ATI is insuring receivables from the supply and installation of network connectivity equipment and related accessories in several African countries.

With 10 million mobile phone subscribers out of a population of 30 million, the Ugandan market is one of several African countries poised to take off.

Minerals in Zambia

ZAMBIA

Projects

Sector: Energy

Project: Electricity Generation

Insurance Type: Political Risk Insurance

Risks Covered: Failure of a sub-sovereign borrower to repay a loan

Maximum Sum Insured: $20 million

An international bank with operations in Africa obtained ATI insurance to cover their investment in a hydroelectric project, which supplies about 98% of Zambia's electricity. The project helps fill a gap in the country's energy requirements, where only 20% of the population has access to electricity.

Sector: Mining

Project: Transportation of fuel

Insurance Type: Comprehensive Non-payment Insurance

Risks Covered: Insolvency; payment delay; transfer restriction; expropriation; war and civil disturbance and embargo

Maximum Sum Insured: $6.4 million

A multilateral financial institution mandated to finance intra-African and international trade, approached ATI for insurance cover against non-payment by their borrower, a transport specialist within the mining industry.

Mining revenues contribute a sizeable portion of Zambia's GDP. Within the mining region, infrastructure, in particular road transport, has hampered the industry's productivity. This project will provide mining companies with access to reliable transportation of their supplies.

Sector: Telecommunications

Project: Supply and Installation of Telecommunication Equipment

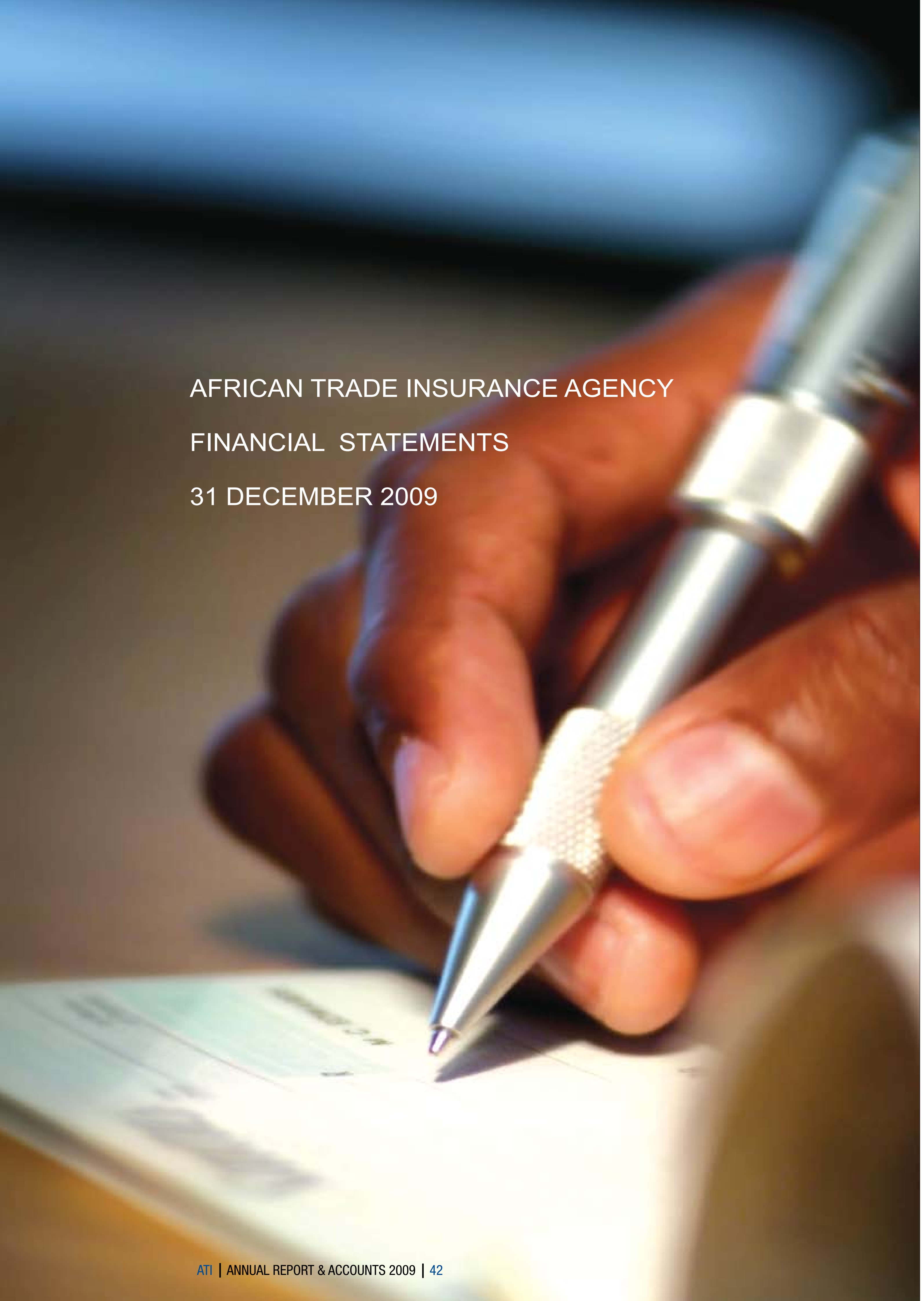
Insurance Type: Comprehensive Non-payment Insurance

Risks Covered: Insolvency; payment delay; transfer restriction; expropriation; war and civil disturbance and embargo

Maximum Sum Insured: $3.7 million

This transaction falls under a Supply Agreement between two global companies, one a manufacturer of telecommunications equipment while the other provides mobile telephone services. ATI is insuring receivables from the supply and installation of network connectivity equipment and related accessories in several African countries.

The Zambian telecommunications market remains competitive with an independently regulated telecoms sector, three competing mobile networks and a national operator, which the government is privatising. The Zambian market, with a below average penetration of mobile telephony of 29% is one of several growth markets within the East and Southern Africa region.



AFRICAN TRADE INSURANCE AGENCY

FINANCIAL STATEMENTS

31 DECEMBER 2009

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AGENCY INFORMATION

For The Year Ended 31 December, 2009

The present members of the Board of Directors are:			
Name	Member Represented	Position	Alternate Director
Israel L. Kamuzora	- Tanzania	- Chairman	Basil Saprapasen
Sindiso Ngwenya	- Class ‘D’ Members	- Vice Chairman	Rajni Varia (Appointed on 19 May, 2009)
Prime Nyamoya (Appointed on 19 May, 2009)	- Burundi	- Director	Gérard Niyibigira
Eng Abdulrazaq Adan Ali (Co opted on 27 November, 2009) (Dr. (Eng) Cyrus Njiru retired on 27 November, 2009)	- Kenya	- Director	Isaac Awuondo
Robert Bayigamba	- Rwanda	- Director	François Ngarambe
Irene Kego Oloya (Appointed on 28 July, 2009)	- Uganda	- Director	Michael Olupot Tukei
Dr. James S. Mulungushi	- Zambia	- Director	Chris Kapanga (Malawi)
Gerard van Brakel (Appointed on 19 May, 2009)	- Class ‘C’ Members	- Director	Dr. Daniel Stausberg (Appointed on 19 May, 2009)

CHIEF EXECUTIVE OFFICER

Ag. Chief Executive Officer

Stewart Kinloch (British)
Peter M. Jones (British - Retired on 31 July, 2009)

ATI HEADQUARTERS

Kenya Re Towers, 5th Floor
Capital Hill Road, Upper Hill
P O Box 10620 00100 - NAIROBI
KENYA

ATI REPRESENTATIVE OFFICES

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

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

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

AGENCY INFORMATION *continued*

For The Year Ended 31 December, 2009

BANKERS

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

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

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

PricewaterhouseCoopers
The Rahimtulla Tower
Upper Hill Road
P O Box 43963
00100 - NAIROBI
KENYA

REPORT OF THE DIRECTORS

For The Year Ended 31 December, 2009

The Directors submit their report and the audited financial statements for the year ended 31 December, 2009 which show 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 and in Lusaka, Zambia.

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 54

	US$
Income	3,440,081
Expenditure	(4,084,445)
Net Loss	(644,364)

The net loss for the year has been added to retained earnings.

Directors

The Directors and their Alternates who held office during the year are shown on page 44.

Auditors

The auditors, PricewaterhouseCoopers, were appointed by the Annual General Meeting on 29 March, 2007.

By Order of the Board

Chairman of the Board of Directors

Nairobi

19 March, 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

For The Year Ended 31 December, 2009

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 the financial affairs of the Agency as at the end of the financial year and of its operating results for that year. The Directors are also required to ensure that the Agency keeps proper accounting records, which disclose, with reasonable accuracy, the financial position of the Agency. They are also responsible for safeguarding the assets of the Agency.

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 the requirements of the ATI Treaty. The Directors are of the opinion that the financial statements give a true and fair view of the state of the Agency's financial affairs, operating results and any material fact that occurred after the end of the financial year until the signature of the financial statements.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as designing, implementing and maintaining internal control relevant to the presentation and fair presentation of financial statements that are free from material misstatement.

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

Israel L. Kamuzora
Director

Sindiso Ngwenya
Director

Stewart Kinloch
Ag. Chief Executive Officer

19 March, 2010

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

For The Year Ended 31 December, 2009

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 to 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 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. This responsibility includes: designing, implementing and maintaining internal controls relevant to ensuring that the activities of the Special Account are free from misstatement, whether due to fraud or error.

Auditor's Responsibilities

We are required, as auditors of the Agency, to provide an independent 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 (ISA). 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, 2009.

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.

Audit Findings

During the year to 31 December 2009, management submitted SOEs' requesting for additional draw downs of US$2,030,133 against the Amended Credit Agreement. These requests related to expenditure incurred in the financial periods ended 31 December, 2007, 31 December, 2008 and 31 December, 2009. Expenses incurred for which the Agency requested reimbursement are categorised as follows:

- Consultants' Services / Training Costs;US$243,765
- Operating Costs; US$1,786,368

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
- expenditure incurred were appropriately and accurately supported by billing documents such as invoices raised by third parties; and
- only the eligible portion of expenditure incurred were included in the request for re-imbursement.

The balance in the Special Account as at 31 December, 2009 was nil (2008: nil). Disbursement of the additional drawdowns 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 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.

Certified Public Accountants
19 March 2010
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, 2009

Introduction

Under the various Development Credit Agreements and the Agreements Providing for the Amendment and Restatement of these Development Credits between the Agency and between 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.

This responsibility includes: designing, implementing and maintaining internal controls relevant to ensuring that the operation of the Security Trust Accounts and the Income Accounts is free from misstatement, whether due to fraud or error.

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, 2009:

- 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. 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, 2009.

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$138,170,893) as at 31 December, 2009.

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, 2009, 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 2009 represented the following:

- Burundi US$3,750,000 relating to committed funds held as collateral for the PTA Brarudi contract;
- 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 bank account.
- During 2009, an amount of US$1,932,828 relating to Tanzania committed funds transferred from the Security Trust Account to ATI bank account upon renewal of policy where no collateral was 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, 2009

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.

Certified Public Accountants

19 March 2010

Nairobi

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AFRICAN TRADE INSURANCE AGENCY ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2009

For The Year Ended 31 December, 2009

Auditor's Responsibilities

We have audited the accompanying financial statements of ATI set out on pages 54 to 87. These financial statements comprise the balance sheet as at 31 December, 2009, the Statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an independent opinion on the 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 our audit to obtain reasonable assurance that 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 opinion.

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the Agency's financial affairs at 31 December, 2009 and of its loss, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Certified Public Accountants

19 March 2010

Nairobi

STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 31 December, 2009

	Notes	2009 US$	2008 US$
INCOME			
Gross Written Premiums		3,614,707	1,917,125
Reinsurance Premiums Ceded		(1,871,739)	(899,631)
Change in Provision for Unearned Premiums		(504,745)	(262,789)
Net Earned Premiums	5	1,238,223	754,705
Commission Income	6	258,579	121,352
Investment Income	7	1,569,239	2,776,643
Other Operating Income	8	374,040	154,958
TOTAL INCOME		3,440,081	3,807,658
EXPENSES			
Claims Incurred			
- Gross		6,142	13,784
- Reinsurers' Share		(3,685)	(13,784)
Net Claims Incurred	9	2,457	-
Acquisition Costs	10	51,567	56,328
Administrative Expenses	11	3,898,567	3,349,773
Foreign Exchange Loss	12	58,702	27,221
Finance Costs	13	73,152	108,978
TOTAL EXPENSES		4,084,445	3,542,300
a) PROFIT / (LOSS) FOR THE YEAR		(644,364)	265,358
b) OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS/INCOME FOR THE YEAR		(644,364)	265,358

BALANCE SHEET

As at 31 December, 2009

	Notes	2009 US$	2008 US$
ASSETS			
Cash and Bank Balances		5,827,587	4,199,895
ATI Bank Accounts	14	91,872,725	79,839,897
Security Trust Accounts	14	4,650,000	6,582,828
Insurance Balances Receivable	15	1,194,679	773,782
Reinsurance Balances Receivable	16	136,687	56,561
Other Receivables and Prepayments	17	532,660	410,924
Reinsurer's Share of the Claims Reserve	18	54,556	50,871
Reinsurer's Share of Unearned Premium	19	998,325	540,747
Deferred Acquisition Costs	20	19,877	22,010
Property and Equipment	21	266,108	141,941
Intangible Assets	22	28,232	22,532
		105,581,436	92,641,988
LIABILITIES			
Insurance Balances Payable	15	745,434	167,367
Reinsurance Balances Payable	16	212,694	445,612
Other Payables and Accrued Expenses	23	461,365	311,516
Claims Reserve	18	57,014	50,871
Unearned Premiums	24	1,980,974	1,018,649
Unearned Ceding Commissions	25	117,569	57,056
Unearned Grant Income	26	0	70,300
IDA - Development Credit	27	9,896,393	7,866,260
		13,471,443	9,987,631
SHAREHOLDERS' EQUITY			
Share Capital	28	96,100,000	86,000,000
Share Premium Account	28	441,062	441,062
General Reserve	29	250,000	250,000
Underwriting Capital	30	900,000	900,000
Retained Earnings		(5,581,069)	(4,936,705)
		92,109,993	82,654,357
		105,581,436	92,641,988

The financial statements on pages 54 to 87 were approved by the Board of Directors on 19 March, 2010 and were signed on its behalf by:

Israel L. Kamuzora
Director

Sindiso Ngwenya
Director

Stewart kinloch
Ag. Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December, 2009

	Notes	Share Capital US$	Share Premium Account US$	General Reserve US$	Underwriting Capital US$	Retained Earnings US$	Total US$
At 1 January, 2008		46,000,000	159,762	250,000	14,161,007	(5,202,063)	55,368,706
Total Comprehensive Income		-	-	-	-	265,358	265,358
Transactions with Owners Disbursement of Funds		-	-	-	27,020,293	-	27,020,293
Conversion to Share Capital		40,000,000	-	-	(40,000,000)	-	-
Transfer to Share Premium		-	281,300	-	(281,300)	-	-
Total Transactions with Owners		40,000,000	281,300	-	(13,261,007)	-	27,020,293
At 31 December, 2008		86,000,000	441,062	250,000	900,000	(4,936,705)	82,654,357
At 1 January, 2009		86,000,000	441,062	250,000	900,000	(4,936,705)	82,654,357
Total Comprehensive Loss		-	-	-	-	(644,364)	(644,364)
Net Recognised Loss		-	-	-	-	(644,364)	(644,364)
Transactions with Owners							
Total Transactions with Owners		10,100,000	-	-	-	-	10,100,000
Capital Disbursement	28	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

STATEMENT OF CASH FLOWS

As at 31 December, 2009

	Notes US$	2009 US$	2008
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Cash Generated From/(Used In) Operating Activities	31(a)	(163,044)	464,712
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Motor Vehicles and Equipment	21	(223,421)	(134,572)
Purchase of Intangible Assets	22	(22,430)	(19,547)
Proceeds from Disposal of Equipment		6,454	16,457
Net Cash Used in Investing Activities		(239,397)	(137,662)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from IDA Development Credit	27	2,030,133	2,224,202
Share Capital	28	10,100,000	40,000,000
Share Premium	30	-	281,300
Net Cash From Financing Activities		12,130,133	42,505,502
INCREASE IN CASH AND CASH EQUIVALENTS		11,727,692	42,832,552
CASH AND CASH EQUIVALENTS AT			
1 JANUARY		89,722,620	46,890,068
CASH AND CASH EQUIVALENTS AT			
31 DECEMBER	31(b)	101,450,312	89,722,620

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 Accounting Standards

Standards, Interpretations amendments to published standards effective in 2009:

IAS 1 (revised). 'Presentation of financial statements' - effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Agency presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard.

Standards, Interpretations amendments to published standards effective in 2009 but not applicable to the agency:
In 2009, the following new standards, interpretations, and amendments to published standards became effective for the first time but have not had an impact on the Agency's financial statements:

IFRS 8, 'Operating segments' - effective 1 January 2009 - IFRS 8 replaces IAS 14, 'Segment reporting'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker.

IFRS 7 'Financial Instruments - Disclosures' (amendment) - effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment does not have an impact on the Agency.

IFRS 2 (amendment), 'Share-based payment': - It clarifies that vesting conditions are service conditions and performance conditions only All cancellations, whether by the entity or by other parties, should receive the same accounting treatment

IAS 23 (amendment), 'Borrowing costs' (effective from 1 January 2009).The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset.

1. ACCOUNTING POLICIES *Continued*

Standards, Interpretations amendments to published standards that are not yet effective:

Two new standards (IFRS 3 - Business combinations and IAS 27 - Consolidated and separate financial statements) and numerous amendments to existing standards and new interpretations have been published and will be effective for the Agency's accounting periods beginning on or after 1 January 2010, but the Agency has not early adopted any of them.

The Directors have assessed the relevance of these amendments and interpretations with respect to the Agency's operations and concluded that they will not have a significant impact on the Agency's financial statements for 2010.

(c) 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 balance sheet date. Gains and losses on exchange are charged or credited to the income statement in the year in which they arise.

(d) Insurance Contracts

(i) Insurance Contracts

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.

1. ACCOUNTING POLICIES Continued

(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.

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 ommissions 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 GWPs which is estimated to be earned in the subsequent financial year, 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 theloss is reasonably estimable.

1. ACCOUNTING POLICIES Continued

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 balance sheet, 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 at the request of the Agency, the insured 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.

The benefits to which the Agency is entitled under its reinsurance contracts are recognised as reinsurance assets. These assets consistof 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, 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 insurancer eceivable accordingly and recognises that impairment loss in the income statement.

1. ACCOUNTING POLICIES *Continued*

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.

(e) 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.

(f) 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.

(g) 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.

(h) Property, Equipment and Depreciation

Property 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 and loss account during the financial period in which they are incurred.

Depreciation on property and equipment is calculated on the straight-line basis to write off the cost over the expected useful lives of the relevant assets at the following annual rates:

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

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.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December, 2009

1. ACCOUNTING POLICIES *Continued*

(i) 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%.

(j) 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, 2009 is outlined below:

(i) Trade and Other Receivables

Trade and Other Receivables are stated at amortised cost.

(ii) Cash and Cash Equivalents

Cash and Cash Equivalents are measured at cost.

(iii) Trade and Other Payables

Trade and Other Payables are stated at amortised cost.

(iv) Offset

Financial assets and liabilities are offset and the net amount reported in the balance sheet when the company 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*

(k) 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 statement of income for the period in which the losses arise.

(l) Borrowings

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

(m) 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 income statement as they fall due.

(ii) Other Entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

(n) 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.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December, 2009

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 insureds' inherent in its underwriting of these insurances. The Agency developed an enterprise-wide ability to recognise, analyse, measure, mitigate and manage the key risks facing the organisation.

The Agency's Enterprise Risk Management Framework ("ERM") was implemented during the fist half of 2009 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, 2009

3. RISK MANAGEMENT *Continued*

Concentration of Contingent Liabilities

Maximum Sum Insured by Class of Business	Gross 2009 US$	Gross 2008 US$	Net 2009 US$	Net 2008 US$
Investment Insurance	233,474,287	95,893,512	104,307,857	59,788,166
Credit Insurance	21,176,585	17,099,759	16,326,677	8,389,904
Total	254,650,872	112,993,271	120,634,534	68,178,070
Maximum Sum Insured by Country				
Burundi	3,750,000	3,750,000	3,750,000	3,750,000
DRC	64,741,077	21,671,913	23,641,564	13,921,913
Kenya	31,863,353	37,766,836	22,446,437	25,161,490
Madagascar	1,659,784	-	1,659,784	-
Malawi	64,107,033	120,000	21,607,033	120,000
Tanzania	14,637,043	3,637,043	11,137,043	3,637,043
Rwanda	-	-	-	
Uganda	25,728,532	25,000,000	8,228,531	7,500,000
Zambia	39,019,810	9,447,720	23,869,810	9,447,720
Others*	9,144,240	11,599,759	4,294,332	4,639,904
Total	254,650,872	112,993,271	120,634,534	68,178,070

* 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 table below.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December, 2009

3. RISK MANAGEMENT Continued

Credit Limits by Country	2009 US$	2008 US$
Australia	-	170,000
Austria	30,000	70,000
Bahrain	-	30,000
Belgium	199,000	199,000
China	-	55,000
France	72,000	337,000
Germany	310,000	515,000
Hong Kong	28,000	-
Israel	-	60,000
Italy	61,000	192,000
Japan	75,000	155,000
Kenya	6,342,000	10,154,000
Mozambique	50,000	50,000
Netherlands	828,000	401,000
New Zealand	25,000	52,000
Norway	80,000	220,000
Oman	-	40,000
Portugal	-	135,000
Rwanda	-	51,000
South Africa	690,000	736,000
Sweden	28,000	140,000
Switzerland	55,000	175,000
Tanzania	970,000	1,250,000
UAE (Dubai)	-	223,000
Uganda	275,000	1,250, 000
UK	8,082,000	9,850,000
USA	320,000	920,000
Total Credit Limits	18,520,000	27,430,000
Adjustments for multi-country exposures	(9,375,760)	(15,830,241)
Total Gross Exposure	9,144,240	11,599,759

3. RISK MANAGEMENT Continued

Maximum Sum Insured by Sector	Gross 2009 US$	Gross 2008 US$	Net 2009 US$	Net 2008 US$
Mining	59,811,956	14,044,943	16,062,443	8,044,943
Infrastructure	9,885,293	7,006,647	9,885,293	14,861,988
Services	14,441,718	14,773,622	4,731,209	8,951,627
Energy	82,981,767	5,000,000	24,481,767	7,500,000
Agribusiness	5,961,060	8,045,696	2,384,424	7,006,647
Construction	17,095,591	8,951,627	17,095,591	5,000,000
Manufacturing	10,336,243	10,370,318	9,356,563	3,218,279
ICT	29,137,244	19,800,418	29,137,244	8,580,353
Tourism	25,000,000	25,000,000	7,500,000	5,014,233
Total	254,650,872	112,993,271	120,634,534	68,178,070

The maximum amount of contingent liability of the Agency to issued insurance policies outstanding at 31 December, 2009 totalled 254,650,872 (31 December, 2008 - US$112,993,271). 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, 2009, 0.33% and 0.13% of the Agency's assets and liabilities respectively were denominated in currencies other than the US$ and therefore foreign exchange risk is expected to have a minimal 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. The interest rate on the overdraft is variable but the exposure to the associated cash flow interest rate risk has no material impact on the Agency's net income.

(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:

Moody's - Senior Unsecured Issuer Rating: Aa3; Short-term Issuer Rating: P1

Standard & Poor's - Senior Unsecured Issuer Rating: AA-; Short-term Issuer Rating: A1

Fitch Ratings - Senior Unsecured Issuer Rating: AA-; Short Term Bank Deposit Rating: A1+ or their substantive equivalent.

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 at least two (2) credit ratings, with minimum ratings as follows:

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

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

	2009 US$	2008 US$
Maximum exposure to credit risk		
Cash and Bank Balances	5,827,587	4,195,694
ATI Bank Accounts	91,872,725	79,839,897
Security Trust Accounts	4,650,000	6,582,828
Total	102,350,312	90,618,419

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.

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 balance sheet date, as well as the contractual maturity of the Agency's assets:

	Up to 1	1-3	3-12	1-5	Over 5	Total
	month	months	months	years	years	
As at 31 December, 2008	US$	US$	US$	US$	US$	US$
Liabilities						
Insurance Balances Payable	56,711	87,493	23,163	-	-	167,367
Reinsurance Balances Payable	36,832	110,879	297,901			445,612
Other Payables and Accrued Expenses	135,720	54,757	121,039			311,516
Claims Reserve			50,871			50,871
Unearned Grant Income			70,300			70,300
IDA - Development Credit				464,662	7,401,598	7,866,260
Total	229,263	253,129	563,274	464,662	7,401,598	8,911,926
Assets						
Cash and Cash Equivalents	1,108,034	1,466,372	1,625,489			4,199,895
ATI Bank Accounts	12,133,895	28,668,312	39,037,690			79,839,897
Security Trust Accounts		6,582,828				6,582,828
Insurance Balances Receivable	189,400	202,831	381,551			773,782
Reinsurance Balances Receivable	4,379	14,460	37,722			56,561
Reinsurer's Share of the Claims Reserve			50,871			50,871
Other Receivables and Prepayments	137,550	64,525	208,849			410,924
Total	13,573,258	36,999,328	41,342,172			91,914,758

	Up to 1	1-3	3-12	1-5	Over 5	Total
	month	months	months	years	years	
As at 31 December, 2008	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
Reinsurers's Share of the Claims Reserve		3,685		50,871		54,556
Other Receivables and Prepayments	146,715	98,906	287,039			532,660
Total	2,181,793	810,146	16,736,187	84,540,768		104,268,894

3. RISK MANAGEMENT Continued

(c) Business Risk

The Agency faces a variety of business risks arising out of its commercial operation as an insurer, including: loss of members; failure to attract new members; competition from other insurers; a downgrade of the credit rating; recession; loss of shareholder, stakeholder or customer confidence; and loss of business reputation. These risks are managed, where practicable, through disciplined, strategic decision-making and management processes, open communication with members and stakeholders, and through ethical, transparent business practices. Business risks are assigned to risk owners and managed within the Agency's ERM Framework and Processes.

(d) Operational Risk

The Agency's physical operations are exposed to the possibility of a number of adverse incidents including: loss or damage to equipment, facilities and data; fraud; litigation; and inadequate systems, technology and procedures. The Agency has been mitigating such risks through establishing and reinforcing internal controls; computer and physical security; insurance; business continuity planning; loss prevention; back up of data and computer systems; preventative maintenance; ongoing upgrading of technology and systems.

(e) Organisational Risk

The Agency faces a variety of organisational risks to achieving its objectives, including those arising from: productivity, wellness and turnover of the Agency's human resources. Other risks include both the Agency's failure to provide effective leadership and management of these human resources and the failure to provide adequate governance of the Agency. Organisational risks are actively managed through reinforcing and upholding the Agency's policies, procedures and regulations, staff training and team building activities. In addition, the Agency continuously reviews its practices against best market practices and addresses areas that need improvement.

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:

	2009 US$	2008 US$
Share Capital	96,100,000	86,000,000
Share Premium Account	441,062	441,062
General Reserve	250,000	250,000
Underwriting Capital	900,000	900,000
Retained Earnings	(5,581,069)	(4,936,705)
Total	92,109,993	82,654,357

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$138,230,942).

(c) Retained earnings, under the legal and capital restructuring of the Agency the underwriting capital described under (b) above is to be exchanged for shares in the Agency's common equity capital and all future disbursements under each African Member State Amended and Restated DCADevelopment Credit Agreement will be used to subscribe for additional common shares in the equity capital of 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) in the following manner:

(i) an immediate disbursement such that 64% of each Member State's IDA commitment has been disbursed, resulting in Paid Up Capital of approximately US$87 Million; followed by

(ii) two further disbursements of 18% of each Member State's IDA commitment linked to ATI's capital requirement calculated in accordance with the formula for Required Capital, such that when the Required Capital has reached US$80 million, the second disbursement of 18% will occur (resulting in Paid Up Capital of approximately US$110 Million), and that when the Required Capital has reached US$120 million, the third and final disbursement of 18% will occur (bringing Paid Up Capital to approximately US$140 Million); and

(iii) in addition, any un-drawn funds will take the form of committed contingent capital, such that they will be available for immediate disbursement in the unlikely event that ATI would suffer losses such that its Required Capital would no longer be sufficient to continue writing new business without the full disbursement of the remaining capital.

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

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December, 2009

4. CAPITAL MANAGEMENT Continued

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, 2009, 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.

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 31/12/09	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	12,311,896	15,316,456
DR Congo	2,636,007	7,036,530	7,036,530	9,072,330	11,108,130
Kenya	12,500,000	17,373,090	17,373,090	22,820,610	28,268,130
Madagascar***	900,000	900,000	900,000	900,000	900,000
Malawi	3,750,000	10,692,384	10,692,384	13,949,664	17,206,944
Rwanda	1,875,000	5,437,686	5,437,686	7,066,326	8,694,966
Tanzania	7,500,000	10,403,216	10,403,216	13,644,977	16,902,257
Uganda	5,000,000	14,232,452	14,232,452	18,584,852	22,937,252
Zambia	7,500,000	10,382,248	10,382,248	13,639,528	16,896,808
	51,244,463	86,041,062	86,041,062	111,990,183	138,230,943
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	113,290,183	139,530,943

*Total Funds disbursed before declaration of effectiveness of the Amended DCAs.
**64% of the credit for Burundi had already been disbursed on the date its Amended DCA was declared effective by IDA.
***The credit for Madagascar has been fully disbursed.

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 dollars 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, 2009 is US$53,089,880 (31 December 2008, 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:

	2009 US$	2008 US$
Gross Exposure	254,650,872	112,993,272
Net Exposure	120,634,534	68,178,070
Required Capital	59,371,003	34,348,390
Shareholder's Equity	92,117,858	82,654,357

5. PREMIUM FROM UNDERWRITING OPERATIONS

	2009 US$	2008 US$
Gross Written Premium Generated in the Year		
- Political Risk	3,066,192	1,517,132
- Credit Risk	548,515	399,993
Total	3,614,707	1,917,125
Reinsurance Premiums Ceded		
- Political Risk	(1,705,592)	(682,885)
- Credit Risk	(166,147)	(216,746)
Total	(1,871,739)	(899,631)
Change in Provision for Unearned Premiums		
- Political Risk	(337,925)	(189,408)
- Credit Risk	(166,820)	(73,381)
Total	(504,745)	(262,789)
Net Earned Premium		
- Political Risk	1,022,675	644,839
- Credit Risk	215,548	109,866
Total	1,238,223	754,705

6. COMMISSION INCOME

	2009 US$	2008 US$
Commission Income Generated in the Year	315,769	121,881
Change in Provision for Unearned Commissions	(57,190)	(529)
Earned Commission Charged to Income	258,579	121,352

7. INVESTMENT INCOME

	2009 US$	2008 US$
Interest on Call and Fixed Deposit Accounts	1,569,239	2,776,643

8. OTHER OPERATING INCOME

	2009 US$	2008 US$
Grant*	330,041	139,389
Gain on Disposal of Equipment	4,623	12,862
Credit Limit Charges	26,202	-
Miscellaneous	13,166	2,707
Total	374,040	154,958

*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;

	2009 US$	2008 US$
Gross Claims Reported and Determined	-	-
Provision for Claims	6,142	-
Release of Provisions for Claims	-	13,784
Total Gross Claims	6,142	13,784
Reinsurance Recoveries	(3,685)	(13,784)
Net Claims Incurred	2,457	-

10. ACQUISITION COSTS

	2009 US$	2008 US$
Annual Acquisition Costs Arising out of		
Policies written during the year	49,434	58,844
Change in Deferred Acquisition Costs	2,133	(2,516)
Acquisition Costs Charged to Income	51,567	56,328

11. ADMINISTRATIVE EXPENSES

	2009 US$	2008 US$
Administrative Expenses comprise the following:		
Personnel Costs	2,088,193	1,903,976
Defined Gratuity Contribution	215,220	200,370
General Administration Costs	551,554	444,793
Consultancy Fees	140,307	143,235
Depreciation on Equipment	98,113	53,894
Travel Costs	189,159	174,393
Recruitment Expenses	142,011	114,760
Annual General Meeting	64,836	68,514
Board Expenses	172,652	75,701
Marketing Costs	220,482	159,811
Amortisation on Intangible Assets	16,040	10,326
Total	3,898,567	3,349,773

12. FOREIGN EXCHANGE LOSS

	2009 US$	2008 US$
Foreign exchange (Gains)/Losses other than on cash and cash equivalents.	58,702	27,221

13. FINANCE COSTS

	2009 US$	2008 US$
IDA Commitment Charges	-	6,023
IDA Service Charges	67,958	60,135
Bank Overdraft Interest	1,625	609
Exchange Losses on Cash and Cash Equivalents	3,569	42,211
	73,152	108,978

14. 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 28 and 30.

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.

14. 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, 2009

	2009 US$	2008 US$
Security Trust Accounts		
African Member State		
Burundi	3,750,000	3,750,000
Madagascar	900,000	900,000
Tanzania	-	1,932,828
Total Security Trust Accounts	4,650,000	6,582,828
ATI Bank Accounts		
African Member State		
Burundi	5,833,456	5,833,456
DRC	7,036,530	7,036,530
Kenya	17,373,090	17,373,090
Madagascar	-	-
Malawi	10,692,384	10,692,384
Rwanda	5,437,686	5,437,686
Tanzania	10,403,213	8,470,388
Uganda	14,232,452	14,232,452
Zambia	10,382,248	10,382,248
Initial capital contribution	381,663	381,663
Total	81,772,725	79,839,897
Additional Disbursements by “Other Members” joining in 2009	10,100,000	
Total ATI Bank Accounts	91,872,725	79,839,897

15. INSURANCE BALANCES

	2009 US$	2008 US$
Receivables - Premiums Due from Policy Holders	1,194,679	773,782
Payables - Premium Deposits	745,434	167,367

16. REINSURANCE BALANCES

	2009 US$	2008 US$
Receivables - Premium and Ceding Commissions Due from Reinsurers	136,687	56,561
Payables - Ceded Premiums Due to Reinsurers	212,694	445,612

17. OTHER RECEIVABLES AND PREPAYMENTS

	2009 US$	2008 US$
Prepayments	259,764	175,457
Deposits	26,416	25,819
Staff Receivables	52,409	38,601
Grant Reimbursements	181,578	121,064
IDA Credit Reimbursements	-	-
Other Receivables	12,493	49,983
	532,660	410,924

18. CLAIMS RESERVE

(a) Claims Reserve	2009 US$	2008 US$
Claims Reserve as at 1 January	50,871	73,112
Claims Paid	-	(8,547)
Provisions for Pending Claims	-	-
Provisions for Claims Incurred But Not Enough Reported	6,143	-
Release of Pending Claims Provisions (IBNER)	-	(13,784)
Claims Reserve as at 31 December	57,014	50,871

(b) Reinsurer's Share of Claims Reserve	2009 US$	2008 US$
Reinsurer's Share of Claims Reserve as at 1 January	50,871	73,112
Reinsurance Recoveries	-	(8,457)
Reinsurer's Share of Claims Provisions	3,685	-
Reinsurer's Share of Release of Claims Provisions	-	(13,784)
Reinsurer's Share of Claims Reserve as at 31 December	54,556	50,871

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December, 2009

19. REINSURANCE SHARE OF UNEARNED PREMIUM

	2009 US$	2008 US$
Reinsurer's Share of Unearned Premium as at 1 January	540,747	317,597
Ceded Premium during the Year	1,871,739	899,631
Change in Provisions for Unearned Premiums	(1,414,161)	(676,481)
Reinsurer's Share of Unearned Premium as at 31 December	998,325	540,747

20. DEFFERED ACQUISITION COSTS

	2009 US$	2008 US$
Deferred Acquisition Costs as at 1 January	22,010	30,279
Annual Acquisition Costs arising out of policies written during the year	49,434	58,844
Change in Deferred Acquisition Costs	(51,567)	(67,113)
Deferred Acquisition Costs as at 31 December	19,877	22,010

21. PROPERTY AND EQUIPMENT

As at 31 December, 2008 Cost	Motor vehicles US$	Computers & office equipment US$	Furniture & fittings US$	Total US$
As at 1 January, 2008	72,091	237,969	417,936	727,996
Additions	49,489	80,925	4,158	134,572
Disposals	(38,392)	(40,267)	(6,804)	(85,463)
As at 31 December, 2008	83,188	278,627	415,290	777,105
Depreciation				
As at 1 January, 2008	72,091	179,191	414,838	666,120
Charge for the Year	7,931	44,755	1,208	53,894
Eliminated on Disposals	(38,391)	(40,428)	(6,031)	(84,850)
As at 31 December, 2008	41,631	183,518	410,015	635,164
Net Book Value				
As at 31 December, 2008	41,557	95,109	5,275	141,941

21. PROPERTY AND EQUIPMENT Continued

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
Net Book Value				
As at 31 December, 2009	95,426	121,790	48,892	266,108

Property and equipment acquired at a cost of US$543,368 (2008 - US$565,644) was fully depreciated as at 31 December, 2009.

22. INTANGIBLE ASSETS

	2009 US$	2008 US$
Cost		
As at 1 January	80,362	62,092
Additions	22,430	19,547
Adjustments	-	(1,277)
As at 31 December	102,792	80,362
Amortisation		
As at 1 January	57,830	45,799
Charge for the Year	16,040	10,326
Adjustments	690	1,705
As at 31 December	74,560	57,830
Net Book Value		
As at 31 December	28,232	22,532

Intangible assets represent the cost of acquired computer software programmes. Software acquired at a cost of US$55,558 (2008 - US$36,957) was fully depreciated as at 31 December, 2009.

23. OTHER PAYABLES AND ACCRUED EXPENSES

	2009 US$	2008 US$
Accrued Expenses	182,846	162,647
Personnel Pension Payable	233,447	114,119
Non trade Accounts Payable	21,713	3,538
IDA Commitment and Service Charges	23,359	18,233
Personnel Accounts	-	12,979
Total	461,365	311,516

24. UNEARNED PREMIUM

	2009 US$	2008 US$
Unearned Premiums as at 1 January	1,018,649	659,676
Gross Written Premium Generated in the Year	3,614,707	1,917,125
Change in Provisions for Unearned Premiums	(2,652,382)	(1,558,152)
Unearned Premiums as at 31 December	1,980,974	1,018,649

25. UNEARNED CEDING COMMISSIONS

	2009 US$	2008 US$
Unearned Commission as at 1 January	57,056	72,318
Commission Income Generated in the Year	315,769	121,881
Change in Provisions for Unearned Commissions	(255,256)	(137,143)
Unearned Commission as at 31 December	117,569	57,056

26. UNEARNED GRANT INCOME

	2009 US$	2008 US$
Unearned Grant Income as at 1 January	70,300	-
Funds Received	-	86,360
Expenditure Incurred	(70,300)	(16,060)
Unearned Grant Income as at 31 December	-	70,300

27. IDA – DEVELOPMENT CREDIT

	2009 US$	2008 US$
As at 1 January	7,866,260	5,642,058
Disbursements	2,030,133	2,224,202
Reimbursements due (see note 17)	-	-
As at 31 December	9,896,393	7,866,260

27. IDA – DEVELOPMENT CREDIT *Continued*

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, SDR6,829,029 (US$9,896,393) had been disbursed as at 31 December, 2009. In 2008 - SDR5, 521,113 (US$7,866,260) had been disbursed.

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, 2009 to 31 December, 2009 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.

28. 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 representatives of the Members present and voting save as expressly provided by the ATI Treaty.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December, 2009

The status of the issued and fully paid up share capital at 31 December, 2009 is shown below:

Member	2009 Number of shares	2009 Paid up capital US$	2008 Number of shares	2008 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		
SACE SpA	100	10,000,000		
	105	10,500,000	4	400,000
Total	961	96,100,000	860	86,000,000

28. SHARE CAPITAL (Continued)

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, 2009 is set out below:

28. SHARE CAPITAL Continued

Member State	Paid up Capital 2009 US$	Nominal Value of Shares Allotted 2009 US$	Share Premium 2009 US$	Paid up Capital 2008 US$	Nominal Value of Shares Allotted 2008 US$	Share Premium 2008 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

29. GENERAL RESERVE

The general reserve of US$250,000 (2008- US$250,000) is an appropriation of the retained earnings that was set up to cover possible expenses arising out of future claims.

30. 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$138,230,942). Of this amount, a total of SDR38,023,417 (US$51,244,463) had been disbursed to the Security Trust Accounts (managed by theAgency) prior to each Amended a nd 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 14, and 28.

At 31 December, 2009, 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, 2009

30. UNDERWRITING CAPITAL Continued

The status of the underwriting capacity is as shown below;

As at 31 December, 2008

Country	Underwriting Capacity at 1 January US$	Additional Amount Disbursed to Bring the Overall Disbursement to 64% ofthe Credit US$	Amounts Converted into Share Capital US$	Amounts Converted into Share Premium US$	Underwriting Capacity at 31 December US$
Burundi	-	-	-	-	-
DRC	2,636,007	4,400,523	(7,000,000)	(36,530)	-
Kenya	-	-	-	-	-
Madagascar	900,000	-	-	-	900,000
Malawi	3,750,000	6,942,384	(10,600,000)	(92,384)	-
Rwanda	1,875,000	3,562,686	(5,400,000)	(37,686)	-
Tanzania	-	-	-	-	-
Uganda	5,000,000	9,232,452	(14,200,000)	(32,452)	-
Zambia	-	2,882,248	(2,800,000)	(82,248)	-
Total	14,161,007	27,020,293	(40,000,000)	(281,300)	900,000
As at 31 December, 2009					
Burundi	-	-	-	-	-
DRC	-	-	-	-	-
Kenya	-	-	-	-	-
Madagascar	900,000	-	-	-	900,000
Malawi	-	-	-	-	-
Rwanda	-	-	-	-	-
Tanzania	-	-	-	-	-
Uganda	-	-	-	-	-
Zambia	-	-	-	-	-
Total	900,000	-	-	-	900,000

31. NOTES TO THE CASH FLOW STATEMENT

	2009 US$	2008 US$
(a) Net Cash provided by (used in) Operating Activities		
Net Income/(Loss)	(644,364)	265,358
Adjustments to Reconcile the Net Income (Loss)		
to Net Cash Used in Operations:		
Depreciation (note 21)	98,113	53,894
Amortisation Charge (note 22)	16,040	10,326
(Loss)/Gain on Disposal of Equipment	(4,623)	(12,862)
Changes in:		
Reinsurer's Share Unearned Premium (note 19)	(457,578)	(223,150)
Insurance Receivables (note 15)	(420,897)	(319,813)
Reinsurance Receivables (note 16)	(80,126)	9,505
Reinsurer's Share of the Claims Reserve (note 18)	(3,685)	22,241
Deferred Acquisition Costs (note 20)	2,133	8,269
Other Receivables and Prepayments (note 17)	(121,736)	247,404
Claims Reserve (note 18)	6,143	(22,241)
Unearned Premium (note 24)	962,325	358,973
Unearned Ceding Commissions (note 25)	60,513	(15,262)
Unearned Grant Income (note 26)	(70,300)	70,300
Insurance Payables (note 15)	578,067	(53,563)
Reinsurance Payables (note 16)	(232,918)	140,970
Other Payables and Accrued Expenses (note 23)	149,849	(75,637)
Net Cash (Used in)/From Operating Activities	(163,044)	464,712

	2009 US$	2008 US$
(b) Analysis of Cash and Cash Equivalents		
as at 31 December		
Cash and Bank Balances	5,827,587	4,199,895
ATI Bank Accounts*	91,872,725	79,839,897
Security Trust Accounts**	3,750,000	5,682,828
Total	101,450,312	89,722,620

31. NOTES TO THE CASH FLOW STATEMENT Continued

*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 14, 28 and 30. 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.

** Relates to the disbursed funds for Burundi that have been exchanged for common equity capital but are still 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 upon earlier agreement with the insured to waive the cash collateral. (2008: Relates to the disbursed funds for Burundi and Tanzania that have been exchanged for common equity capital but are still being held as cash collateral for two policies issued under the previous capital structure).

32. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:	2009 US$	2008 US$
(i) Key Management Compensation	773,766	723,607
(ii) Directors' Remuneration		
Fees for Services as Directors	40,000	30,000

33. 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. Pending the confirmation by the relevant Kenyan authorities of the Agency's interpretation, no provision for tax under the Pay As You Earn has been made in these financial statements.

ATI'S PRODUCTS

Political Risk Insurance to support Trade & Investment

When trading internationally or investing in operations abroad, your activities become subject to political risk. Political Risk 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.

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.

Credit Risk Insurance to Support Domestic & Export Trade

This product protects you against payment default by debtors. If you are a manufacturer or trader, this insurance policy can cover your domestic and international debtors.

ATI investigates each debtor and issues insurance coverage against failure of debtors to pay their debts within the agreed credit period. We also provide 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.

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 specifically offered 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

- Burundi
- Democratic Republic of Congo
- Djibouti *
- Eritrea *
- Ghana **
- Kenya
- Liberia **
- Madagascar
- Malawi
- Rwanda
- Sudan*
- Tanzania
- Uganda
- Zambia

* 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 Group
- 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

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

Claims ratio
Performance indicator that is defined as total claims including claims handling expenses divided by total insurance revenues.

Combined ratio
The sum of the Claims ratio and the Expense ratio.

Credit insurance
Commercial risk insurance whereby the customer is protected against non-payment of trade receivables due to a buyer's insolvency or protracted default. It also covers banks against non-payment of their loan portfolios.

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

Embargo
A risk covered under ATI's political risk insurance. 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.

Expense ratio
A performance indicator that is defined as total insurance expenses divided by total insurance revenues.

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

Expropriation
A risk covered under ATI's political risk insurance. This is 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.

Insolvency
Legally recognised inability of a debtor to pay theirdebts.

Policy underwriting
Entails processing all types of policies using financial and insurance details from the client to establish the terms and conditions of the insurance policy. These terms and conditions include premium rate, maximum credit periods, the insurer's maximum liability and risk sharing elements.

Political risk
The risk that a sovereign or sub-sovereign entity will prevent the fulfilment of a transaction, and/or fail to meets their payment obligations.

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

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. In addition, ATI offers reinsurance to the Lloyds of London market, the private market and public sector organisations such as MIGA of the World Bank and national Export Credit Agencies. This cover is available for political risks including expropriation, currency inconvertibility and non-transfer, embargo, arbitral award default and war and civil disturbance.

GLOSSARY OF KEY INSURANCE TERMS

Single-obligor cover
Cover on particular transactions or shipments made (or services rendered) to a single customer insuring against losses arising from commercial risks, as well as from political risks.

Transfer Restriction and Inconvertibility of Currency
A risk covered under ATI's political risk insurance. This is foreign exchange restriction that may be caused by shortage in a country's foreign exchange reserves or economic vulnerability resulting in a buyer's inability to convert local currency into a freely convertible currency or to transfer foreign currency out of a country.

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

War and Civil Disturbance
A risk covered under ATI's political risk insurance. Specific risks under this heading include war or civil unrest, political violence and sabotage causing damage to goods, property or disrupts a company's operations for a prolonged period that leads to its inability to meet contractual obligations.

Whole turnover policy
Credit risk insurance policy issued to cover against non-payment risks resulting from the protracted default or insolvency of buyers, who are listed in the policy holder's portfolio of buyers. This allows the policy holder to trade with approved buyers on open account terms up to a stated limit.

CREDITS

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