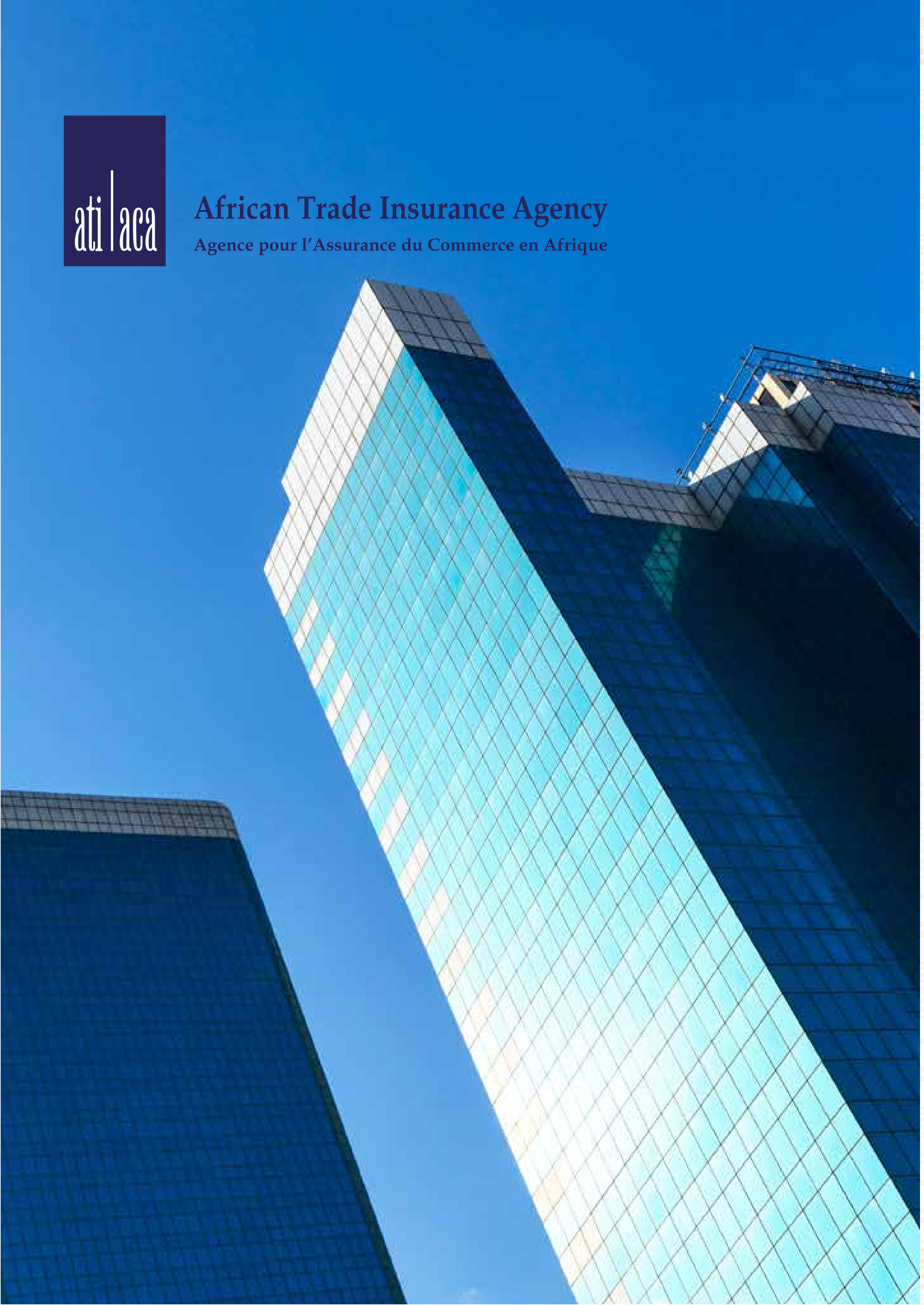

African Trade Insurance Agency

Agence pour l'Assurance du Commerce en Afrique

2014 Annual Report & Accounts

KEY DATA

This year, we once again focus on Africa's dynamic growth. The skyscraper on our cover could be in any major economic centre in the world. The fact that it is in an African city is noteworthy. It is symbolic of the growing strength and impact of our economies.

The GDP rebasing exercise, which many countries conducted this year, added billions to these economies and gave a more realistic picture of their economic size.

This should send a strong signal to investors that Africa's opportunities are still largely untapped.

George Otieno, CEO

Volume of Business Supported Since Inception
$17 billion (+ 32%)

Insured Trade & Investments
$1.3 billion (+ 45%)

Gross Written Premium
$17.1 million (+ 41%)

Net Earned Premium
$7.6 million (+ 26%)

Capital
$180.5 million (+ 1.3%)

Profit
$3.4 million (+ 130%)

Rating (S&P)
A/Stable

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After just one year, Benin attracted significant investments that helped a local company produce export-ready agri-products and to expand. This is a tangible result of membership in ATI.

The Honourable Fred J. Omach
Minister of State for Finance, Uganda

Message from the Chairperson of the General Assembly Meeting

Africa's growth continues to surge. The GDP rebasing exercise that began in 2010 with Ghana has since spread to many other countries including Nigeria, Kenya, Tanzania and Uganda. This initiative shows a more realistic view of the size of the continent's economies. Most of these countries saw their GDP figures grow from 25 – 90% as the true scope of their economic activity came to light.

Size is an important aspect for investors. It demonstrates the potential of a country to pay back its debt and to generate future income. Size therefore has a direct impact on the level of investments that Africa will be able to attract in the future. ATI has a vital role to play in helping to tell this story and to support investors in their pursuits in Africa.

In 2014 alone, ATI supported $3.4 billion worth of investments into its African member countries. These investments helped to build vital roads, improve energy and water infrastructure, construct housing and to finance African-based small and medium-sized companies.

As size is important to Africa's ability to attract investments, it's even more essential to grow levels of trade. Here we are lagging behind most other regions in the world. For local companies to compete on the global stage they need to play on a level playing field. Credit is the key to increasing their competitiveness. The challenge here is that small companies with little collateral and even smaller margins can't afford it. This is another gap that ATI has stepped in to fill.

In 2014, ATI supported over $700 million worth of trade transactions. Behind this large sum stands hundreds of small companies including farmers in Uganda and Zambia, for example, who are able to sell their goods in Europe and North America without having to worry about their cash flow. ATI exists for these companies to help cover their risks and to ensure that banks, foreign-based buyers and suppliers will extend credit terms to them.

ATI is also growing. The company has ambitious plans to extend membership to more West African countries through a partnership with the ECOWAS Regional Community bloc. Benin, the newest member and the first West African member country is now experiencing the benefits of membership. After just one year, Benin attracted significant investments that helped a local company produce export-ready agri-products and to expand. This is a tangible result of membership in ATI.

As we congratulate ATI on another stellar year, we also look forward to welcoming more countries on board. Membership in ATI will become increasingly important as the continent continues to grow. In this period of expansion, countries will need to secure their growth by attracting investments and increasing their trade volumes. ATI is the one unique African institution that can help countries achieve these objectives.

The Honourable Fred J. Omach
Minister of State for Finance, Uganda

As a Board, our key focus is to support the future growth of ATI while putting in place a sound risk management framework that is linked to expanding country membership and that allows ATI to more prudently spread its risks.

Israel L. Kamuzora
Chairman of the Board of Directors

Message from the Chairman of the Board of Directors

I am pleased to report that the business strategy put in place in 2011 to support ATI's growth is working. In 2014, the company posted record profits for the third straight year representing a 130% increase over 2013. And more significantly, ATI recorded for the first time in its history an underwriting profit of $1.2 million in addition to meeting its Gross Written Premium target of $17 million. These results confirm that the business fundamentals are functioning at an optimal level.

As a Board, our key focus is to support the future growth of ATI while putting in place a sound risk management framework that is linked to expanding country membership and that allows ATI to more prudently spread its risks. The Board has made progress in this area by establishing a Board Risk Committee, which will identify, assess, monitor and manage risks.

The committee is responsible for adopting policies, and determining and governing the nature and extent of any significant risk that ATI is willing to take in achieving its strategic objectives. The committee works with Management to make appropriate recommendations in respect to underwriting, financial and non-financial risks that ATI faces.

Another important Board level initiative is the decision to enable ATI, under certain conditions, to conduct its commercial risk business in non–member countries. Essentially this amendment provides ATI with a window for expansion.

The company also recorded positive results as its share capital increased to $180.5 million and at the same time ATI moved decisively to obtain additional capital from member countries in the coming year. This will ensure adequate capital for ATI to expand its business and to build a more stable foundation.

The African Development Bank (AfDB) and the Economic Community of West African States (ECOWAS) bloc are also proving to be important pillars in ATI's quest to expand into new markets. Alongside its $15 million investment in ATI in 2013, AfDB took steps this year to launch a project that will finance the capital requirement of two new member countries in addition to increasing the capital of an existing member country. We are also grateful for the continued support of the World Bank Group.

At the same time, the ECOWAS council of ministers passed a ground breaking motion which was approved by the heads of states summit that is expected to open membership to more West African countries. This initiative has the potential to be a game–changer for ATI enabling it to support trade and investments in a greater number of African countries.

Cost containment also contributed to ATI's record–breaking 2014 results. For the first time ATI's combined ratio was below 100% moving from 110% in 2013 to 84% this year. This was largely attributed to a reduction in ATI's cost ratio to 56% down from 59% in 2013 and a low loss ratio, which now stands at 28% compared to 51% in 2013.

These results were achieved against a backdrop that saw a record number of claims, which provides additional proof that ATI is maturing into a company that can cover its commitments and effectively contain its expenses while continuing to grow at a record pace.

The Board of Directors congratulates the staff and management of ATI on these achievements. We look forward to supporting the company as it continues moving toward unprecedented growth.

Israel L. Kamuzora
Chairman of the Board of Directors

We are hopeful that ongoing discussions with Central Banks will help local banks become more competitive globally.

George Otieno
Chief Executive Officer

Message from the CEO

After four years at the helm of this unique institution, I continue to be amazed at the potential of this organisation. This year, our growth was nothing short of remarkable. We were able to cover over $4 billion worth of trade and investments in our member countries, follow through on our commitments by paying a record number of claims while still posting an average of 207% growth in profit during the last three years.

These results are owed, in large part, to the support from our clients and to a dedicated team that is working very hard to meet the rising demand from our stakeholders.

Demand is most certainly driving ATI's growth specifically from local, regional and international banks, international brokers and multinational and multilateral corporations.

Local and regional banks, in particular, have been reaching out to ATI in record numbers. Here, our bank portfolio cover is fast becoming an in-demand product with two major regional banks signing on in 2014. Surety bonds, our newest product launched in 2012, continues to outpace our expectations, growing by 221% this year. Banks are again, the main drivers for this product which is filling a capacity gap in the market for counter-guarantees and other bonds. Primary insurers have also supported the product development by re-insuring their bond portfolios wit ATI.

ATI has also been working to address a unique challenge facing African Banks. Banks could be more competitive if they benefited from capital relief on transactions that take cover from ATI or an export credit agency like their international counterparts. We are hopeful that ongoing discussions with Central Banks will help local banks become more competitive globally.

Multinational corporations, on the other hand, are driving demand for our trade credit products. Specifically, the portfolio cover (whole turnover), where we posted a 55% increase in 2014, is in demand from this client group who, represent industries such as steel and manufacturing that are expanding in sub-Saharan Africa in response to the infrastructure boom taking place in most countries. This is proving to be a positive development for ATI's bottom line because it is renewable business that is also helping ATI to establish a steady and predictable income stream. We expect this trend to continue well into the mid-term.

As we continue to meet existing demands, our eye remains firmly on the future. With more Francophone requests filtering from our newest member Benin, the Democratic Republic of Congo, Madagascar and others expected to come on board through the ECOWAS initiative in the near-term, we are in the process of transforming ATI into a fully-functioning bi-lingual institution.

We are also progressing the organizational restructuring and succession planning process that began one year ago. In the end, we hope to create a structure that is even more flexible and responsive to the needs of our clients and other stakeholders.

Looking into the future, we are in the midst of evolving into an institution of expertise for the energy sector. Through a partnership with the European Investment Bank and under their Sustainable Energy 4 All initiative, we will over the next three years, develop expertise in underwriting energy, and in particular, renewable energy projects risk in Africa. This is another exciting growth area that has the potential to launch us into a new stratosphere of large and more complex deals that have the power to transform the continent.

With these developments and reaffirmation of our A/Stable rating by S&P for the eighth consecutive year as the highest rated African insurer, I am confident that we will be ready to accommodate even more business from our existing member countries, the new countries we have now been cleared by our Board of Directors to do business in, plus future members.

George Otieno
Chief Executive Officer

2014 Outreach Initiatives

"A focus on market expansion continues to be at the centre of a larger strategy to improve risk management & market share.

Mr. Kodjo Attaty, ATI's underwriter responsible for developing business in Francophone markets addresses the media during the launch of ATI's presence in Benin.

The Economic Community of West African States (ECOWAS) council of ministers passed a motion that will pave the way for accelerated membership of West African countries into ATI.

The European Investment Bank awarded ATI a €2 million grant designed to increase the company's capacity to underwrite energy transactions in Africa. In the three-year grant window ATI will see improvements to its underwriting processes, training opportunities and a series of awareness raising workshops in selected member countries.

PARTNERSHIPS & ACTIVITIES

"Financial institutions continue to make up the lions share of ATI's client list with several banks formally signing onto the portfolio program and attending ATI's recent AGM.

John Gachora, Group Managing Director of NIC Bank pictured with George Otieno, ATI's CEO during a press conference announcing a partnership that saw NIC become the first bank to sign onto ATI's portfolio banking product.

Kennedy Uzoka, Deputy Managing Director and CEO, UBA Africa Plc with George Otieno while reviewing details of an agreement in which ATI will insure all of UBA's eligible transactions.

ATI continued its outreach to banks in Kenya rolling out its portfolio banking product at a workshop attended by close to 100 participants.

H.E. Mohamed Gharib Bilal, Vice President of the United Republic of Tanzania opened ATI's 14th Annual General Assembly Meeting held in Dar es Salaam, Tanzania.

We now have a track record, not only in business insured, but also in claims – paid or avoided. Slowly, we've become part of the establishment and a widely accepted risk mitigation tool in Africa.

Jef Vincent,
Chief Underwriting Officer

Building a global reputation while changing perceptions about African risks

2014 was a year of many firsts for ATI's underwriting team. They achieved underwriting profitability, reached and surpassed the $1 billion gross exposure mark, underwrote the most policies in ATI's history and uptake for their newest product offering – surety bonds, showed a growth rate of over 200% compared to 2013. Another notable trend is that international brokers, banks and insurers are seeking ATI as a "first port of call" on any transactions they conduct in Africa. We spoke to Jef Vincent, ATI's CUO to get a better understanding of what's behind these impressive trends.

2014 was clearly a banner year for your team. What are some of the more significant achievements?

It is the big picture that is impressive - the top line grew by 41%. We made a profit from the underwriting activity alone and we had the largest number of policies and income from new business, and all this with the same team and the same member countries.

We are now moving away from the volatility that a few big deals could either make or break our results in a given year. This year, for the first time, our positive results are now stemming from structural changes in our offer.

Our newest product offering is a perfect example of this. We launched surety bonds as a new line of business in 2012, signed the first big treaty with an insurance company in 2013, and in 2014 the bond reinsurance generated more than $1 million to our top line. This is a business that will normally be renewed and that can expand into many countries outside the initial offering in Kenya. It has lots of potential.

The whole turnover portfolio is another area with great potential. This year we made the product more user friendly, developed our credit assessment capabilities, found reinsurance solutions where needed, and in the end I believe that we had a significant impact on perceptions where we started to show that African risks are insurable.

We also continued our focus on energy, which we began in 2013. Here we had significant breakthrough with the insurance of the Turkana Wind project, a number of other IPP's (Independent Power Producers), transmission lines and renovation contracts. Through these transactions our expertise and reputation in this area improved significantly. With an impressive pipeline in place, we expect to continue our expansion in this sector in 2015.

2014 also saw another breakthrough in our cooperation with local and regional banks through our support of small-and-medium sized transactions. We streamlined the processes to create a more structured partnership model that has created great demand and is now one of our biggest growth areas.

Finally our decision to be more active in under-served markets has paid off. This led to more premium, a better understanding of the risk and the environment, more visibility, a growing reputation and a balanced portfolio that is more responsive to our clients and shareholders' needs.

To what do you attribute these achievements?

To start, we're harvesting from all the investments that ATI has done over the last years to increase its visibility and reinforce its reputation of solid and professional underwriting. The number of potential partners and clients are vast and they are scattered all over the world. It started with the South African banks and the London based insurers, but now we are seeing increased uptake from continental Europe, the US and sub-Saharan Africa. We now have a track record, not only in business insured, but also in claims – paid or avoided. Slowly, we've become part of the establishment and a widely accepted risk mitigation tool in Africa.

INTERVIEW WITH THE CHIEF UNDERWRITING OFFICER

A big part of this trend has been our strategy to better adjust to our clients' needs. We listen and try to understand how they perceive our policy wording, our processes, our pricing logic and other aspects of the underwriting experience. We are mindful that we need to continuously improve the balance between their needs and our requirements.

There is also an important internal source of success. Our team has accumulated experience, not only in business development and underwriting, but also in policy management, administration and credit analysis. We are a cohesive unit so our priorities are clear and we are able to focus on the result. Proof that this system is working is that in 3 years we have doubled the number of policies and added just one staff member. Full implementation of an underwriting system in the next couple of years should further improve our capabilities, and reduce response times.

In the midst of achieving some of these accomplishments, you also reached another milestone – the most claims recorded in ATI's history. Yet, despite this, your bottom line remained in the black. How do you explain this seemingly contradictory fact?

Claims are normal for an insurance company. The fact that we had so few in the past is the anomaly.
Our commercial risk portfolio is growing fast. This is the part of the portfolio that comes with a "structural loss". For this risk, the solution is to have a good spread of risk, well-structured contracts, a good methodology for setting reserves, and expertise to minimize the losses when they occur. Again in this area, big is beautiful. In 2014, the number of claims increased, but so did our income and more importantly, we are now able to bear the losses and still remain profitable.

With a claims history, we are in a position to learn and to improve our provisioning, our communications to partners and our understanding of the risks. In fact, claims make us better at what we do.

2014 saw ATI's Board of Directors approve a potentially game changing new amendment allowing you to conduct trade credit deals anywhere in the world, whereas previously at least one leg of a transaction had to be linked to a member country. How is this development expected to impact your business in the coming months?

The Board gave us two new windows for expansion that will impact our commercial risk business:

- For whole turnover policies (short term trade receivables on a portfolio basis), under certain conditions we can now insure clients located outside of our member countries for their exposure in non-member countries.
- We can issue this policy outside our member countries.

There is also an important internal source of success. Our team has accumulated experience. We are a cohesive unit so ... we are able to focus on the net result.

INTERVIEW WITH THE CHIEF UNDERWRITING OFFICER

I don't expect a significant or an immediate impact on our balance sheet. Where I see the biggest benefit is that we will be able to better serve our clients. Let me give a few cases that we already encountered.

1. *Insure existing foreign whole turnover clients in new markets*
   We have existing clients who insure with ATI all their exports to our member countries but they don't have the same solution in other African countries. Now we can, in some cases, add these countries to their policy.

2. *Find solutions for multinational and multilateral clients based in our member states*
   We can now help these clients by preparing the file, assessing the risk and guiding them to structure the deal, and source reinsurance. The next step will be to issue the policy and then to reinsure 100% of the transaction.

3. *Provide cover for risks in member states where we have exhausted our capacity.*

4. *Organize cooperation with other export credit agencies and multilaterals to offer comprehensive solutions*
   We are now able to look for a solution for a whole portfolio cover and then reinsure 100% of the transactions outside our territory.

What can we expect from your team in 2015 – what are some of your objectives?

Many projects are internal and not very visible, but in the end they will make our success sustainable and be the basis for future growth. Our key objectives for 2015 are:

1. Full implementation of our underwriting system
2. Have all our products and documents available in French
3. Improve internal processes to increase the team's efficiency
4. Further develop the risk databases for both credit and political risk insurance
5. Make international partnerships work better
6. Become energy experts – and get recognized for that

COUNTRY IMPACT

ATI was critical for Aldwych's equity participation as the largest shareholder in the project. ATI's responsiveness to the complex nature of the deal was impressive.

Christian Wright,
Regional Director for East Africa, Aldwych International

Unleashing the power of wind energy in Africa

An interview with Christian Wright, Regional Director for East Africa, Aldwych International. Christian is one of the principals responsible for launching the Lake Turkana Wind Project in Kenya, the largest wind farm in Africa and one of the projects ATI supported in 2014

Given your extensive knowledge of the African landscape, what role do you see wind energy playing in the continent's overall economic development?
Increasingly, wind power is becoming an excellent source of much needed electricity in Africa. The wind resources in many areas allow for electricity to be produced at a much lower price than more traditional fossil fuel sources.

Will wind energy alone be enough to bring energy accessibility in Africa on par with other regions of the world?
Wind energy will play a crucial role but needs to be complemented by other forms of electricity generation in order to maintain a stable and diverse energy mix.

What is the significance of the Lake Turkana Wind Power project to Kenya and potentially to Africa? Do you have plans for similar projects in other African countries?
The Lake Turkana project represents a successful conclusion of financing a very challenging and pioneering deal. It is our hope that the lessons learned by sponsors, government, and lenders will allow the next wind deals to be completed more quickly. Aldwych is currently in the advanced stage of a 100MW wind farm in Tanzania and is evaluating a few more opportunities on the continent.

What are some of the challenges you encountered during the nearly decade long journey to finally launching the project?
It is difficult to be brief, but I would say the main challenge has been structuring the deal in order to permit the sufficient equity and debt to be raised and to maintain a low tariff for Kenya. Another challenge has been ensuring the transmission line would be in place to bring the power 436km to the load center. I must say we never would have been successful without the unswerving support of the Government of Kenya, Kenya Power, and the African Development Bank.

How important was ATI's involvement in the project – what was their value added?
ATI was critical for Aldwych's equity participation as the largest shareholder in the project. ATI's responsiveness to the complex nature of the deal was impressive. Despite the moving timeline, ATI stuck with us and was able to deliver the needed cover at reasonable pricing in a timely manner. We will look first to ATI for each deal where we seek PRI.

Gazing into your crystal ball, what do you see as the energy future for Africa?
With the continued fortitude of developers like Aldwych, better understanding from governments and utilities, as well as the flexibility of lenders, the future for affordable and reliable electricity for Africa looks promising. It is the only way Africa can meet its vast potential.

COUNTRY IMPACT*

The Democratic Republic of Congo (DRC)

Population: 67.3 million
2014 GDP Growth: 8.0%
2013 FDI Inflows: $2,098 (millions of dollars)
2015 Ease of Business (Ranked from 1 – 189): 184 (0)
Industries: Mining (copper, cobalt, gold, diamonds, coltan, zinc, tin, tungsten), mineral processing, consumer products (textiles, plastics, footwear, cigarettes), metal products, processed foods and beverages, timber, cement, commercial ship repair
Exports: Diamonds, copper, gold, cobalt, wood products, crude oil, coffee
Export Partners: China, Zambia, Belgium
Imports: Foodstuffs, mining and other machinery, transport equipment, fuels
Import Partners: South Africa, China, Belgium, Zambia, Zimbabwe, Kenya, France

The DRC's medium-term outlook is positive despite some challenges with security in the border regions. The World Bank estimates medium-term growth at around 7 to 8% based on increased investments and growth in the extractive industries. The government is continuing a strategy that seeks to attract investments in large-scale infrastructure, which is expected to support growth. Investments in key sectors such as transport and electricity will be a vital aspect of this strategy.

In 2014, ATI supported projects in core sectors such as transport and energy. Here we covered imports of power generators, trucks and equipment for upgrades to one of the country's major airports. These transactions collectively are expected to bridge the energy deficit and help to ease the flow of goods throughout the country.

> In 2014, ATI supported projects that will help improve the flow of goods and ease the energy deficit.

** Sources:*
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Country Reports – The World Bank (http://www.worldbank.org/en/country)

Burundi

Population: 10.5 million
2014 GDP Growth: 4.0 %
2013 FDI Inflows: $7 (millions of dollars)
2015 Ease of Doing Business: 152 (↑2)
Industries: Light consumer goods such as blankets, shoes, soap and beer; assembly of imported components, public works construction; food processing
Exports: Coffee, tea, sugar, cotton, hides
Export Partners: Germany, Pakistan, China, Austria, Sweden, Belgium, France, Rwanda
Imports: Capital goods, petroleum products, foodstuffs
Import Partners: Saudi Arabia, China, Uganda, Belgium, Kenya, Zambia, India, Singapore

Burundi is transitioning from a post-conflict country to a stable economy. The government's focus is on modernizing and upgrading infrastructure, which includes public finance, social services and institutions specifically in the energy, mining and agricultural sectors. To create a more stable economic climate, the government is looking at ways of diversifying the economy as well as creating more growth outside of urban areas, where 90% of the population lives and works.

Since 2010, ATI has been involved in transactions designed to increase the country's wireless communications penetration with projects that included installation of fibre optic cables and implementation of a GSM network. Increased connectivity is expected to help create a business friendly climate to attract investors and to create jobs.

Since 2010, ATI has supported transactions that are increasing connectivity throughout the country, helping to create jobs and attract investors.

Kenya

Population: 45.5 million
2014 GDP Growth: 5.4%
2013 FDI Inflows: $514 (millions of dollars)
2015 Ease of Doing Business: 136 (↑1)
Industries: Small-scale consumer goods (plastic, furniture, batteries, textiles, clothing, soap, cigarettes, flour), agricultural products, horticulture, oil refining; aluminum, steel, lead; cement, commercial ship repair, tourism
Exports: Tea, horticultural products, coffee, petroleum products, fish, cement
Export Partners: Uganda, Tanzania, Netherlands, UK, USA, Egypt, Democratic Republic of Congo
Imports: Machinery and transportation equipment, petroleum products, motor vehicles, iron and steel, resins and plastics
Import Partners: India, China, UAE, Saudi Arabia

Kenya continues to demonstrate its economic strength. As one of the African Lions, the country achieved lower middle income status in 2012 and in 2014 its economy grew 25% larger than earlier estimated thanks to a rebasing exercise propelling Kenya to the position of the ninth largest African country with a Gross Domestic Product (GDP) of $55.2 billion.

Kenya's broad-based growth is attributed to strong consumption and investment. The country's successful Eurobond issue in June raised $2 billion and helped to fuel the positive sentiments surrounding the economy.

In 2014, ATI covered transactions across a wide range of sectors including the energy sector, where we supported the largest wind farm project in Africa and in the financial services sector where we supported African and international banks to boost their lending to SMEs.

In Kenya, ATI is working with financial institutions, enabling them to provide more services vital to the SME sector.

Rwanda

Population: 12.1 million
2014 GDP Growth: 6.0%
2013 FDI Inflows: $111 (millions of dollars)
2015 Ease of Doing Business: 46 (↑2)
Industries: Cement, agricultural products, small-scale beverages, soap, furniture, shoes, plastic goods, textiles, cigarettes
Exports: Coffee, tea, hides, tin ore
Export Partners: Kenya, Democratic Republic of the Congo, China, Malaysia, USA, Swaziland, Pakistan
Imports: Foodstuffs, machinery and equipment, steel, petroleum products, cement and construction material
Import Partners: Kenya, Uganda, UAE, China, India, Tanzania, Belgium

Rwanda remains on track to transform itself into a knowledge-based, service-oriented economy with a middle-income status by 2020 as outlined in its Vision 2020 statement. To achieve this goal, the government's medium-term strategy prioritizes rural development, youth employment and governance. The private sector is projected to play a greater role in helping Rwanda achieve increased economic growth with an emphasis on improving infrastructure and increasing access to electricity and generation capacity.

As a result of reforms that have already been implemented, Rwanda was named the top performer in the Doing Business 2014 report, among the 10 most improved economies in 2013, and Rwanda is now ranked the second easiest place to do business in Sub-Saharan Africa.

In 2014, ATI significantly supported efforts to improve the telecommunications/ICT industry in Rwanda resulting in over $60 million additional FDI to Rwanda. This demonstrates ATI's ability to help secure international investments for its member countries."

In 2014, ATI supported efforts to improve the telecommunications/ICT industry resulting in over $60 million additional FDI to Rwanda.

Tanzania

Population: 50.7 million
2014 GDP Growth: 7.0%
2013 FDI Inflows: $1,872 (millions of dollars)
2015 Ease of Doing Business: 131 (↓1)
Industries: Agricultural processing (sugar, beer, cigarettes, sisal twine); mining (diamonds, gold, and iron), salt, soda ash; cement, oil refining, shoes, apparel, wood products, fertilizer
Exports: Gold, coffee, cashew nuts, manufactures, cotton
Export Partners: India, China, Japan, Germany, UAE
Imports: Consumer goods, machinery and transportation equipment, industrial raw materials, crude oil
Import Partners: China, India, Kenya, South Africa, UAE

In Tanzania, economic growth continues to be pushed by growth in a few sectors, particularly in ICT, financial services, construction, trade and mining. The government's focus is on economic diversification with an emphasis on public private partnerships. This initiative is expected to move the country away from a reliance on official aid for capital inflows, to more equitably disperse wealth and to create more jobs in rural areas as well as in more labor-intensive sectors such as agriculture, which employs three quarters of the country's workforce and accounts for approximately 25% of its GDP.

To support the government's push to create a more enabling business environment, ATI covered several new transactions that together will help to improve the telecommunications and building infrastructure in Tanzania. There are many on-going projects in the energy sector that will contribute to increased electricity generation and we are supporting the government in its attempts to find financing for several railway projects.

ATI continues to support Tanzania's strategy to increase connectivity as a means of attracting investors with several ongoing telecommunications projects.

Uganda

Population: 38.8 million
2014 GDP Growth: 6.3%
2013 FDI Inflows: $1,146 (millions of dollars)
2015 Ease of Doing Business: 150 (↑ 2)
Industries: Sugar, brewing, tobacco, cotton textiles; cement, steel production
Exports: coffee, fish and fish products, tea, cotton, flowers, horticultural products; gold
Export Partners: Kenya, Rwanda, UAE, Democratic Republic of the Congo, Netherlands, Germany, Italy
Imports: Capital equipment, vehicles, petroleum, medical supplies, cereals
Import Partners: Kenya, UAE, China, India, South Africa

Uganda's economic outlook is positive despite capacity constraints in public sector investment. An increase in public investment is likely to see the economy grow faster and to maintain an upward trend. The major source of growth currently originates from the construction sector, where Uganda is investing significantly in major infrastructure projects.

ATI is supporting the government in its objective to improve infrastructure with several transactions that focus on increasing access to electricity in rural areas, improving water and sanitation systems and improving telecommunications service in the country.

In Uganda, ATI is supporting projects aimed at increasing access to electricity for thousands of people living in rural communities.

Madagascar

Population: 23.5 million
2014 GDP Growth: 3.0%
2013 FDI Inflows: $838 (millions of dollars)
2015 Ease of Doing Business: 163 (↓6)
Industries: Meat processing, seafood, soap, breweries, tanneries, sugar, textiles, glassware, cement, automobile assembly plant, paper, petroleum, tourism
Exports: Coffee, vanilla, shellfish, sugar, cotton cloth, clothing, chromite, petroleum products
Export Partners: France, China, USA, Singapore, Canada, India, Germany, Indonesia, South Africa
Imports: Capital goods, petroleum, consumer goods, food
Import Partners: China, France, South Africa, Bahrain, India, Mauritius, Kuwait

After five years of political uncertainty, Madagascar held successful presidential and legislative elections at the end of 2013. Mr. Hery Rajaonarimampianina was elected president and took office on January 25, 2014 and a new government was formed. As a result of the elections, many international partners have normalized their relations with Madagascar. These positive developments are expected to breathe new life into the country's economic outlook.

ATI continues to support the government in its efforts to rebuild the economy with transactions that have seen a $30 million investment in a company specializing in renewable energy and other ongoing projects that have included investments into the areas of agriculture and building construction.

ATI continues to support Madagascar to rebuild its economy with transactions that have included a $30 million investment in a company specializing in renewable energy.

Malawi

Population: 16.8 million
2014 GDP Growth: 4.2%
2013 FDI Inflows: $118 (millions of dollars)
2015 Ease of Doing Business: 164 (↓1)
Industries: Tobacco, tea, sugar, sawmill products, cement, consumer goods
Exports: Tobacco, tea, sugar, cotton, coffee, peanuts, wood products, apparel
Export Partners: Canada, Zimbabwe, Germany, South Africa, Russia, USA, Egypt
Imports: Food, petroleum products, semi-manufactures, consumer goods, transportation equipment
Import Partners: South Africa, China, Zambia, India, Tanzania, USA

In 2014, Malawi elected its 5th President Prof. Arthur Peter Mutharika, who succeeds Mrs. Joyce Banda. The economy is on a rebound after a financial scandal in the previous administration that affected international donor support. Growth in 2015 is projected to remain positive and broad based due to an anticipated increase in industrial productivity, stronger agriculture production and stronger performance in the services sector.

ATI supported the government in its efforts to increase investments during a challenging year by helping to attract $175 million to infrastructure and various other sectors along with $90 million in support of agriculture, the sector that is most important to the country's economic health.

In 2014, ATI supported Malawi during a challenging year through transactions that helped the country attract $175 million to the infrastructure sector.

Zambia

Population: 15.0 million
2014 GDP Growth: 6.4%
2013 FDI Inflows: $1,811 (millions of dollars)
2015 Ease of Doing Business: 111 (↓4)
Industries: Copper mining and processing, construction, foodstuffs, beverages, chemicals, textiles, fertilizer, horticulture
Exports: Copper, cobalt, electricity, tobacco, flowers, cotton
Export Partners: China, South Africa, Democratic Republic of the Congo, South Korea, India, Egypt, UAE
Imports: Machinery, transportation equipment, petroleum products, electricity, fertilizer, foodstuffs, clothing
Import Partners: South Africa, Democratic Republic of the Congo, China, Kuwait

The sudden death of President Michael Sata pushed forward a presidential election scheduled to take place in January, 2015 with a substantive election slated to take place 18 months later. Though a challenging year for Zambia with record-low copper prices testing its resource-dependent economy, the government was able to rebase its economy to record a 25% increase in its overall size. The new figures show mining, construction and trade to be more important to Zambia's economic growth than previous indications.

During this challenging year, ATI supported the government with cover on $168 million worth of investments from South Africa and Germany into the energy sector along with protection of trade transactions that included road rehabilitation and a project designed to increase credit facilities to SMEs.

ATI supported the government with cover on $168 million worth of investments from South Africa and Germany into the energy sector.

Benin

Population: 10.6 million
2014 GDP Growth: 5.2%
2013 FDI Inflows: $320 (millions of dollars)
2015 Ease of Doing Business: 151 (↑16)
Industries: Textiles, food processing, construction materials, cement
Exports: Cotton, cashews, shea butter, textiles, palm products, seafood
Export Partners: China, India, Lebanon, Niger, Nigeria
Imports: Foodstuffs, capital goods, petroleum products
Import Partners: China, USA, India, France, Malaysia

Benin continues to grow at an impressive rate owing in part to ongoing improvements at the Port of Cotonou, which is a vital regional trade hub. In addition, stronger agricultural production has added to the country's economic fortunes. Economic diversity is a corner stone of the country's plans to achieve emerging economy status by 2025.

In 2014, ATI supported the government in its plans to diversify the economy with several transactions in the agri-processing sector, which demonstrates the potential impact of ATI on Benin's economy, after joining into membership less than one year ago. The investment facilitated by Italy's export credit agency, SACE, is expected to help a local company scale-up their exports to obtain greater return.

After its first year as ATI's newest member country, Benin's agriculture sector is reaping the benefits of ATI's products.

A SELECTION OF PROJECTS SUPPORTED IN 2014

Risk Country	Project	Investor Country	Transaction Value ($M)	Sector	Priority Area
Transactions Facilitating Intra-African Investments & Trade					
Burundi, DRC, Kenya, Madagascar, Rwanda, Tanzania & Uganda	Reinsurance of a regional insurer's bond and guarantees portfolio	Kenya	34.0	Construction & Transport	Investment
Burundi, DRC, Kenya, Rwanda, S. Sudan &Tanzania	Reinsurance of a regional insurer's bond and guarantees portfolio	Kenya	8.0	Various	
Kenya & Tanzania	Reinsurance of a regional insurer's bond and guarantees portfolio	Kenya	153.7	Construction & Transport	
Total Investments			**195.7**		
Kenya, Tanzania & Uganda	Cover against non-payment of buyers to an international steel company	Kenya & the UK	85.0	Manufacturing	Trade
Kenya & Uganda	Cover against non-payment of buyers to a Kenyan pulp & paper manufacturer	Kenya	5.4	Manufacturing	
Burundi, DR Congo & Zambia	Sale of earth moving equipment	Mauritius	7.5	Infrastructure	
Total Trade			**97.9**		
Benin					
	Inward reinsurance on imported equipment	Italy	0.9	Agriculture	Investment
Total Investment			**0.9**		

A SELECTION OF 2014 PROJECTS

Risk Country	Project	Investor Country	Transaction Value ($M)	Sector	Priority Area
DR Congo					
	Supply of equipment to a mining company	DR Congo	11.2	Mining	Investment
	Inward reinsurance on imported generators	Italy	1.0	Energy	
	Supply of equipment for airport construction	DR Congo	16.5	Transport	
	Supply of trucks to a transport company	Belgium	0.5	Transport	
	Supply of trucks to a transport company	France	1.5	Transport	
Total Investment			**30.7**		
	Co-insurance on the supply of petroleum products	Switzerland	16.0	Mining	Trade
	Political risk cover on a credit facility to a mining operation	DR Congo	15.0	Mining	
Total Trade			**31.0**		
Kenya					
	Inward reinsurance on imported equipment	Italy	8.0	Various	Investment
	Supply of goods on credit terms	Kenya	0.9	Retail Services	
	Reinsurance support on political violence	Kenya	473.0	Various	
	Maintenance of transmission facilities	South Africa	15.0	Energy	
	An equity investment in a wind power project	Kenya	785.7	Energy	
	Construction of government buildings	Kenya	46.7	Construction	
	Construction of a manufacturing plant	The UK	35.0	Manufacturing	
Total Investment			**1,364.3**		

A SELECTION OF 2014 PROJECTS

Risk Country	Project	Investor Country	Transaction Value ($M)	Sector	Priority Area
Kenya					
	Cover of a regional bank's portfolio of clients against commercial risks	Kenya	0.7	Various	Trade
	Cover of a micro-finance lender against non-payment of a local dairy	Kenya	0.06	Agriculture	
	Cover on the trade finance facility of a regional steel manufacturer	Kenya	3.7	Construction	
	Counter guarantee of a bank's Letter of Credit on imports from the UK	Kenya	0.6	Transport	
	Cover on a bank client's government contract	Kenya	1.0	Health	
	Cover on a bank client's government contract	Kenya	629.0	Agribusiness	
	Cover on a bank's Letter of Credit for imported building equipment	Kenya	0.2	Construction	
	Purchase of an airline's aviation lubricants	Kenya	0.1	Transport	
	Reinsurance covering fertilizer imports	Switzerland	29.6	Agriculture	
	Supply of stock to local telecoms stores	Kenya	1.0	Telecommunica-tions	
	Counter guarantee on a performance bond to construct two one-stop border posts	Kenya	0.5	Infrastructure	
	Import of raw materials for structural work	Kenya	2.2	Construction	
	Supply of construction equipment	Kenya	14.0	Construction	
	Supply of cement	Kenya	36.0	Construction	
	Export of vegetables to Asia, Europe, the Middle East and North America	Kenya	20.4	Agriculture	
	Cover of an equipment supplier's working capital facility	Kenya	0.7	Telecommunica-tions	
	Cover on an invoice discounting facility for the purchase of farm equipment	Kenya	0.3	Agriculture	
	Cover on the deposits of five banks for a unique banking system	Kenya	250.0	Financial Services	
Total Trade			**990.0**		
Madagascar					
	Inward reinsurance on a client's equity investment in a renewable energy company	Italy	35.3	Energy	Investment
Total Investments			**35.3**		

A SELECTION OF 2014 PROJECTS

Risk Country	Project	Investor Country	Transaction Value ($M)	Sector	Priority Area
Malawi					
	Reinsurance support on political violence	Malawi	128.0	Various	Investment
	Cover on a loan for the construction of a shopping mall	Malawi	47.0	Construction	
Total Investments			**175.0**		
	Financing to process a crop for export	Burundi	90.0	Agriculture	Trade
Total Trade			**90.0**		
Rwanda					
	Supply of equipment to national health centres & teaching hospitals	Germany	2.5	Health	Investment
	Supply of fire trucks to a government agency	Germany	2.2	Services	
	Inward reinsurance for imported equipment	Italy	0.8	Manufacturing	
	Reinsurance on political violence	Rwanda	60.0	Various	
	A public private partnership to develop a national 4G/LTE wireless network	South Korea	65.0	Telecommunica-tions	
Total Investments			**130.5**		
	Counter guarantee to an international bank for a contractor's bonds facility	Uganda	6.0	Energy	Trade
Total Trade			**6.0**		
Tanzania					
	Cover on imported equipment for a government agency	Tanzania	6.2	Infrastructure	Investment
Total Investments			**6.2**		
	Cover on a bank's loan to a government contractor	Tanzania	0.3	Telecommunica-tions	Trade
	Import of telecommunications equipment	Japan	1.5	Telecommunica-tions	
	Cover on a contractor's loan	Tanzania	1.2	Telecommunica-tions	
	Supply of equipment to the government	Zambia	47.5	Services	
Total Trade			**50.5**		

A SELECTION OF 2014 PROJECTS

Risk Country	Project	Investor Country	Transaction Value ($M)	Sector	Priority Area
Uganda					
	Reinsurance on political violence	Uganda	88.5	Various	Investment
	Cover on a power purchase agreement	Uganda	30.0	Energy	
	Cover of a bank's loan for their client's business expansion	Uganda	0.4	Telecommunica-tions	
	Cover of a bank's advance payment bonds to a construction company	Uganda	0.3	Infrastructure	
Total Investments			**119.2**		
	Counter guarantee to a bank on a contractor's bonds facility	Uganda	5.9	Construction	Trade
	Counter guarantee to a bank on multiple contractors' advance payment and performance bonds	Uganda	6.8	Water & Sanitation and Infrastructure	
	Cover of a bank's short-term trade loan to an engineering firm	Uganda	0.1	Energy	
	Cover on a bank's loan to a petroleum importer	Uganda	2.4	Energy	
	Cover on a bank's bonds and invoice discounting facility to a contractor	Uganda	0.7	Telecommunica-tions	
	Cover to a bank for truck imports	Uganda	0.9	Transport	
	Cover to a bank on electrical equipment imports	Uganda	2.0	Energy	
	Cover on a bank's Letter of Credit for electrical equipment imports	Uganda	0.5	Energy	
	Financing facility to import pharmaceutical drugs	Uganda	1.0	Health	
	Counter guarantee on a bond facility to install ICT equipment	Uganda	0.4	Telecommunica-tions	
	Supply of battery chargers for the national energy distributor	Uganda	0.6	Energy	
	Cover on a bank's bonds facility to a contractor	Uganda	2.0	Infrastructure	
	Cover on a contractor's Letter of Credit for the completion of a rural electrification project	Uganda	0.5	Energy	
	Counter guarantee on a contractor's advance payment bond	Uganda	0.8	Infrastructure	
Total Trade			**24.6**		

A SELECTION OF 2014 PROJECTS

Risk Country	Project	Investor Country	Transaction Value ($M)	Sector	Priority Area
Zambia					
	Cover on electric cable imports	Germany	5.0	Energy	Investment
	Construction of power transmission and distribution infrastructure	South Africa	163.0	Energy	
Total Investments			**168.0**		
	Vegetable exports	Zambia	4.1	Agriculture	Trade
	Counter guarantees to two banks on a contractor's bond facilities	Zambia	22.0	Road Rehabilitation	
	Counter guarantee to a bank on a contractor's bid bond	Zambia	82.0	Energy	
	Counter guarantee to a bank on a contractor's advance payment bond	Zambia	17.6	Road Rehabilitation	
	Cover on a company providing short-term capital to SMEs	Mauritius	10.0	Financial Services	
	Counter guarantee to a bank on a contractor's advance payment bond	Zambia	3.7	Construction	
	Counter guarantee to a bank on a contractor's advance payment bond	Zambia	51.0	Construction & Telecommunications	
	Counter guarantee to a bank on an advance payment bond	Zambia	19.7	Road Rehabilitation	
	Counter guarantee to a bank on an advance payment bond	Zambia	8.5	Construction	
	Counter guarantee to a bank on an advance payment bond	Zambia	11.7	Road Rehabilitation	
	Purchase of equipment to rehabilitate the national railway	Zambia	1.6	Transport	
	Supply of seeds to small-scale farmers	Zambia	3.0	Agriculture	
Total Trade			**235.0**		

ATI's Management Team
(from left to right)

Toavina Ramamonjiarisoa, Chief Financial Officer
Toavina was appointed CFO in 2011 and manages ATI's investments and financial activities.

Joseph (Jef) Vincent, Chief Underwriting Officer
Jef was appointed in 2011 with the key responsibility of growing ATI's business.

Cyprien Sakubu, Chief Investor Relations Manager
Cyprien was appointed in 2002 as the principal liaison to the Board of Directors and Investors with a mandate to increase membership.

George Otieno, Chief Executive Officer
George was appointed in 2010 to lead ATI's expansion strategy and to manage the company's operations.

While the records themselves are impressive, the more significant underlying structures that supported this growth reflect a company that has healthy financials and strategic direction.

Key Events

In 2014, ATI set several notable financial records:

- A record Net Profit of $3.4 million (an increase of 130% over 2013)
- A record in claims paid of $6.5 million (against only $0.2 million in 2013)
- A Gross Exposure amounting to $1.3 billion, crossing the $1 billion barrier (an increase of 45%)
- A record Gross Written Premium of $17.1 million (an increase of 41%)
- An Underwriting Profit for the first time in the company's history of $1.2 million
- A Combined Ratio of 84% (a reduction of 26 percentage points)

While the records themselves are impressive, the more significant underlying structures that supported this growth reflect a company that has healthy financials and strategic direction. Chief among these has been guidance by a Board of Directors that is increasingly focused on technical expertise. In 2014, the establishment of a new Board Risk Committee is providing added technical capacity, advisory services and regulation helping ATI to more prudently manage its risks.

ATI continued efforts to expand its reach into new countries as a way of spreading and managing risks more effectively. An initiative with ECOWAS that was cemented in late 2013 is well underway and should see new West African member countries join ATI in the next one to two years. In addition, the Board, based on the recommendation of its new Risk Committee, approved a proposal that will see ATI able to undewrite, under certain conditions, a portion of its commercial risk business in non-member countries.

Implementing stringent cost control has been another crucial aspect of ATI's consistent growth. The impact is reflected in improvement of the company's cost ratio. A further reduction from 59% to 56% was recorded during the year. This result stems from a 26% increase in the Net Earned Premium against an increase of just 18% in the overall operating costs.

ATI was able to reap results from marketing initiatives that saw a 221% increase in the company's newest product, Bonds, owing to the expansion of the portfolio in Kenya and the successful roll-out of this product in Zambia. ATI also recorded substantial increases in premiums from Rwanda, DR Congo and Benin as a result of a more proactive and targeted marketing approach in these countries, where ATI intends to reinforce its presence. In addition, ATI issued a record number of policies that has more than doubled in the last three years and that also reflects a more stable base of business, where over 50% of the written premiums came from renewals. This indicates that ATI is attracting new business while simultaneously retaining a strong core of existing clients.

Finally, product diversification is another important pillar that is expected to help ATI reap continued future growth. One of the cornerstones of this tactic is a partnership with the European Investment Bank that will see ATI increase its capacity to underwrite large renewable energy deals across the continent. At the same time, the company plans to continue adapting its existing products to better meet the needs of clients.

These measures are part of a larger business strategy implemented in 2011 that began to bear fruit in 2012. The strategy enabled us to honour an increasing portfolio of claims while maintaining profitability. We plan to stick to this winning strategy in the near term adapting it as changes in our business environment and circumstances dictate.

Key Achievements

Net Result
(millions of US$)

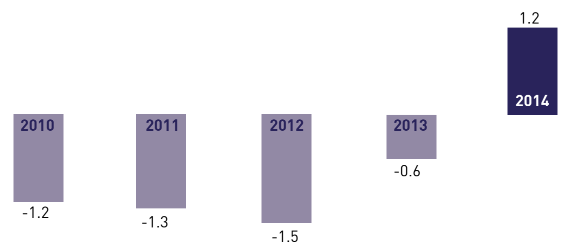
Record profits for the third consecutive year.

An effective marketing strategy combined with successful cost control led to a $3.4 million profit, an increase of 130% over 2013.

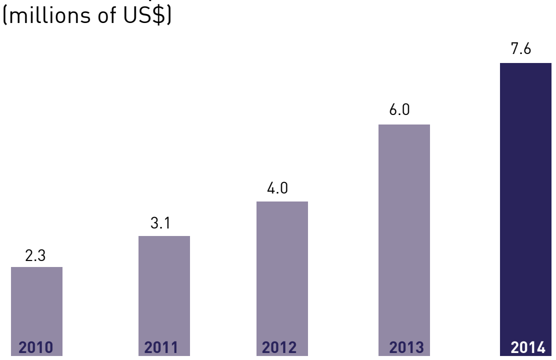
We are now profitable purely on the business of underwriting.

Inspite of an increased number of claims, our underwriting profitability in 2014 is owed to a team that has grown in confidence, expertise and cohesiveness working together seamlessly as one unit to deliver results.

Net underwriting result
(millions of US$)



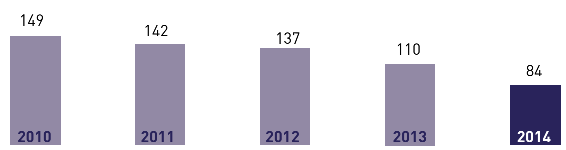
Net earned premium
(millions of US$)



Increased uptake of our commercial risk business reflects net earned premium growth.

A persistent increase in the net earned premium reflects higher retention rates and rapid expansion of our commercial risk business, which continues to exceed targets.

Combined ratio on net earned premium (%)



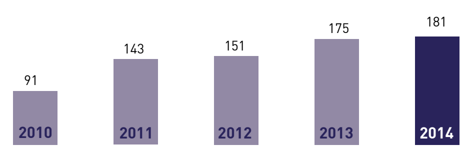
Business development combined with effective cost-control measures led to a combined ratio that is below 100% for the first time in ATI's history.

Our cost ratio reflects, for the first time, our underwriting profitability and our ability to honour growing claims commitments.

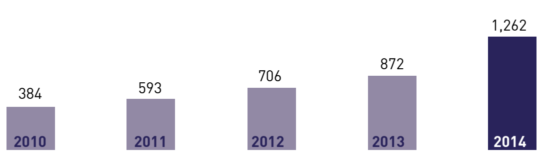
Increased profitability helped ATI strengthen its financial position.

While in the past, equity growth was mainly driven by capital increases, in 2014, the substantial improvement of ATI's profitabiity was the main driver.

Equity growth
(millions of US$)



Gross exposure
(millions of US$)



Crossing the $1 billion mark propels ATI to a new level of growth targeting new markets.

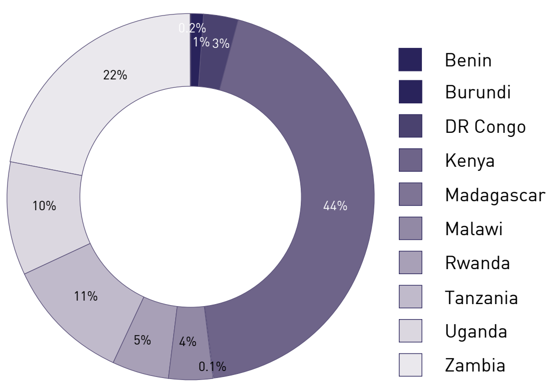
ATI was able to provide covers for trade and investment totaling $1.3 billion.

MANAGEMENT'S REPORT

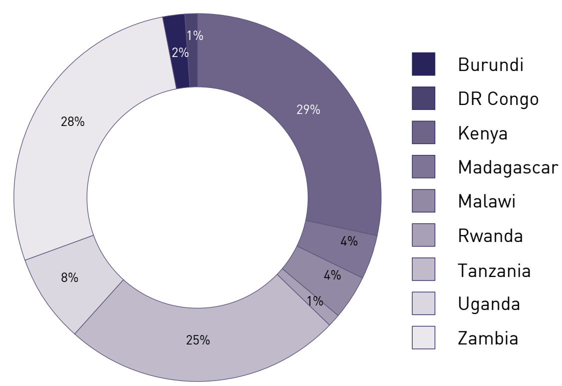
ATI's Business Portfolio

> New initiatives implemented in 2014 are expected to increase the spread of risk in the coming years.

2014 Portfolio Performance by Country (GWP) (%)



2013 Portfolio Performance by Country (GWP) (%)

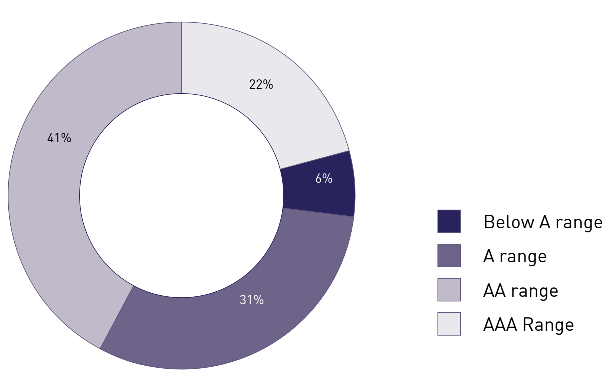


ATI's Investment Portfolio

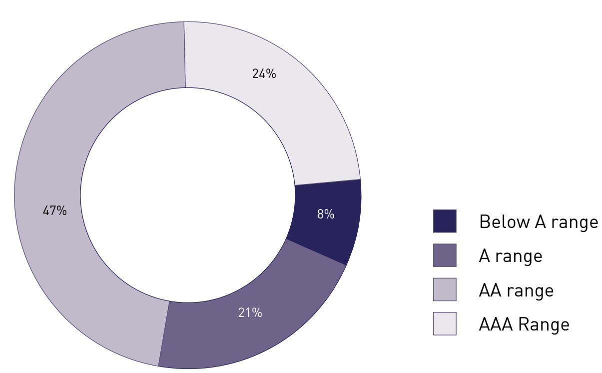
> Our investment portfolio continues to perform well, despite a challenging global investment climate.

In 2014, ATI's net investment income increased by 13% despite ongoing challenges in the USD fixed income market. The structure of the company's portfolio along with the rating distribution remained stable. This is in line with ATI's strategy, implemented in 2011, which emphasizes diversification and quality enhancement of its overall portfolio.

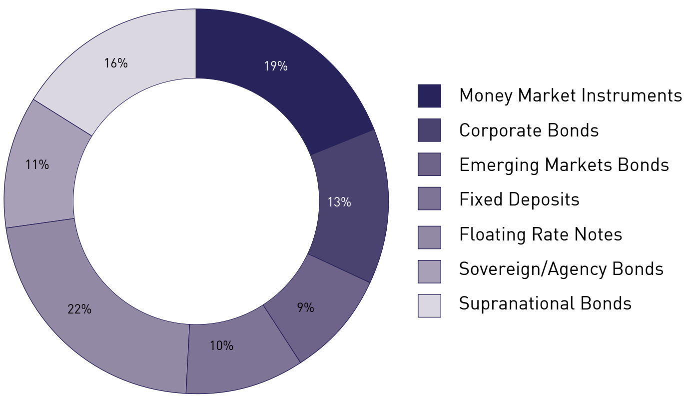
2014 Credit Quality of the Investment Portfolio



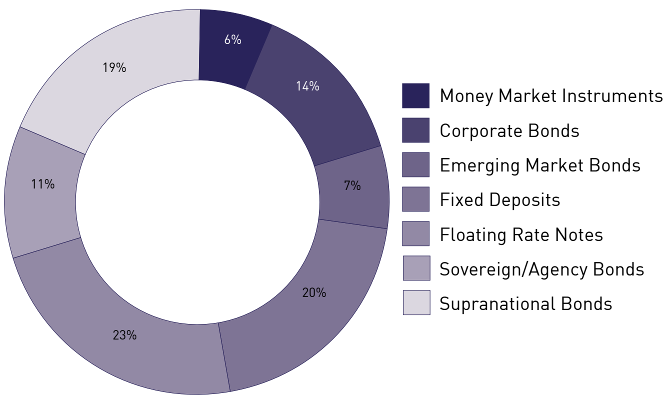
2013 Credit Quality of the Investment Portfolio



2014 Distribution of the Investment Portfolio



2013 Distribution of the Investment Portfolio



Strategy & Outlook

Our strategy maintains a focus on an increased spread of risk across more countries distributed equitably across our commercial and political risk product range.

We recognize that increasing the number of countries where we do business will be key to achieving greater risk distribution and diversification. To this end, our eyes remain firmly fixed on the West. The initiative with the Economic Community of West African States (ECOWAS) paves the way for their members to join ATI. For West Africa, this will open the door to cover on billions worth of investments and trade risks that will ultimately attract more investments and increase trade volumes. For ATI, this will be a pivotal next step in its evolution to a top tier export credit agency specializing in African risks.

In order to be responsive to the needs of our members, we also recognize that energy is a priority for most African countries. To better support these countries while striving for a better distribution of risk within our product range, we have partnered with the European Investment Bank under the banner of the UN-led Sustainable Energy for All initiative, to increase our capacity in underwriting energy deals. At the conclusion of this three year partnership, we expect to be in the position to cover many more energy related transactions, specifically within the renewable energy space.

In addition to these partnerships, we intend to continue the same strategies that led us to another record-breaking year. We will continue targeting local and international clients with financial institutions taking the lead. As an effective distribution channel for our products, these institutions are able to benefit a greater number of companies, particularly small and medium-sized companies with enhanced credit facilities through our cover.

In this area, an interesting trend is emerging that speaks to the penetration we've been able to achieve over the years. We have found that increasingly local clients are becoming our largest client group. The message we have gleaned from this trend is that our marketing campaigns geared toward educating prospective users is paying off because local markets are now more familiar with our products. With this continued trend, we fully expect to eventually transform the business environment in our countries making them more competitive and resilient.

FINANCIAL STATEMENTS 2014

DIRECTORS' REPORT

The Directors submit their report and the audited financial statements for the year ended 31 December, 2014, which disclose the state of affairs of the African Trade Insurance Agency (ATI).

PRINCIPAL ACTIVITY

Pursuant to its objectives, ATI's main activities in 2014 were:

- Political Risk Insurance;
- Political Violence and Terrorism & Sabotage Insurance;
- Credit Risk Insurance; and,
- Bonds.

RESULTS FOR THE YEAR

The results for the year are set out in the statement of profit or loss and other comprehensive income on page 43. The Directors recommend to transfer the profit for the year of US$3.4M (2013 – Profit of US$1.5M) to the revenue reserve, as a credit against accumulated deficit. The Directors do not recommend any distribution of income to members (2013 – Nil).

AUDITORS

The auditors, Deloitte & Touche, were appointed at the Annual General Meeting held on 19th May, 2010, for a period of three years. The Annual General Meeting held on 15th May, 2013, renewed their appointment for another period of three years. Deloitte & Touche have expressed their willingness to continue in office as auditors.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

By Order of the Board of Directors

Israel L. Kamuzora
Chairman of the Board of Directors

Sindiso Ngwenya
Director

Nairobi
2 April, 2015

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

Introduction

Under the various Development Credit Agreements and the Agreements Providing for the Amendment and Restatement of these Development Credits between ATI and the International Development Association (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 ATI and each of the African Member States, ATI 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 ATI on behalf of each African Member State, IDA disbursed each African Member State's credit into their respective Security Trust Account. Interest earned by the funds deposited in the Security Trust Accounts was deposited in a separate Income Account for each African Member State and made available for use by ATI. Except for Madagascar, the legal and capital restructuring for all the other African member states has been completed and the amounts in the Security Trust account transferred to ATI bank accounts.

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

In line with ATI's legal and capital restructuring programme, funds held in the Security Trust Accounts on behalf of countries that met 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 fully exchanged for shares in ATI's common equity capital. The funds remaining in the Security Trust Accounts are those relating to Madagascar.

Management's Responsibilities

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

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

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

Auditors' Responsibilities

We are required, as auditors of ATI, to provide an opinion on the degree of compliance of the operation of the Security Trust Accounts and Income Accounts with the terms of the agreements listed under management responsibilities above, during the year ended 31 December, 2014.

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

We conducted our audit in accordance with International Standards of Auditing. 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, 2014.

Audit Findings

The balances in the Security Trust Accounts as at 31 December, 2014 represented the following:

- A principal amount of US$450,000 (2013 - US$900,000), disclosed in note 13, 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's account.

Opinion

In our opinion, the Security Trust Accounts and Income Accounts have, in all material respects, 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.

Emphasis of matter

We draw attention to note 13 to the financial statements which describes the transfer of funds from one of the Security Trust Accounts to a general account. Our opinion is not qualified in this respect.

The engagement partner responsible for the audit resulting in this independent auditors' report is J W Wangai P/No 1118.

Deloitte & Touche
Certified Public Accountants (Kenya)
2 April, 2015
Nairobi

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE AFRICAN TRADE INSURANCE AGENCY ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the African Trade Insurance Agency (ATI), set out on pages 43 to 77, which comprise ATI's statement of financial position as at 31 December, 2014, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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 audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of financial affairs of ATI as at 31 December, 2014 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

The engagement partner responsible for the audit resulting in this independent auditors' report is
J W Wangai P/No 1118.

Deloitte & Touche
Certified Public Accountants (Kenya)
2 April, 2015
Nairobi

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER, 2014

		2014			2013		
(in thousands of US$)	Notes	Gross	Ceded	Net	Gross	Ceded	Net
Premiums Written		17,131	(9,202)	7,929	12,112	(6,410)	5,702
Change in Unearned Premiums		(2,457)	2,118	(339)	382	(38)	344
Earned Premiums		**14,674**	**(7,084)**	**7,590**	**12,494**	**(6,448)**	**6,046**
Commissions		(708)	2,049	1,341	(356)	1,489	1,133
Change in Unearned Commissions		9	(376)	(367)	(56)	(9)	(65)
Earned Commissions		**(699)**	**1,673**	**974**	**(412)**	**1,480**	**1,068**
Claims Paid		(6,526)	9	(6,517)	(162)	-	(162)
Change in Incurred Claims		(15)	21	6	(6,280)	9	(6,271)
Recoveries & Outstanding Recoveries		5,664	-	5,664	-	-	-
Change in Provision for Recoveries		(823)	-	(823)	4,275	-	4,275
Change in Other Reserves		(1,240)	760	(480)	(999)	73	(926)
Claims Net of Recoveries	6	**(2,940)**	**790**	**(2,150)**	**(3,166)**	**82**	**(3,084)**
Underwriting Profit before Operating Expenses		**11,035**	**(4,621)**	**6,414**	**8,916**	**(4,886)**	**4,030**
Net Other Income	7			103			258
Operating Expenses	8			(5,306)			(4,909)
Underwriting Profit/(Loss) after Operating Expenses				**1,211**			**(621)**
Interest Income	9			2,671			2,369
Interest Expenses	10			(92)			(95)
Foreign Exchange (Losses)/Gains	11			(32)			154
Realised Gains on Disposal of Bonds				41			4
Asset Management Fees				(360)			(313)
Net Financial Income				**2,228**			**2,119**
PROFIT FOR THE YEAR				**3,439**			**1,498**
OTHER COMPREHENSIVE INCOME				**-**			**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR				**3,439**			**1,498**

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2014

(in thousands of US$)	Notes	31-Dec-14	31-Dec-13
ASSETS			
Cash and Cash Equivalents	12	63,328	66,665
Security Trust Accounts	13	463	908
Insurance and Reinsurance Receivables	14(a)	5,112	1,570
Other Assets	15	1,602	1,233
Recoveries & Reinsurers' Share of the Claims Reserves	16(a)	4,499	4,696
Reinsurers' Share of Unearned Premiums		4,731	2,613
Deferred Brokerage Commissions		538	529
Vehicles and Equipment	17	183	131
Intangible Assets	18	202	12
Investments in Floating Rate Notes (at amortised cost)	19	40,750	39,961
Investments in Bonds (at amortised cost)	20	95,526	87,800
Total Assets		**216,934**	**206,118**
LIABILITIES			
Insurance and Reinsurance Payables	14(b)	2,861	1,063
Other Liabilities	21	795	534
Claims Reserves	16(b)	9,801	8,795
Unearned Premium Reserve		11,617	9,160
Unearned Ceding Commissions		757	381
Unearned Grant Income	22	555	601
Financial Liabilities (at amortised cost) - IDA Loan	23	9,938	10,713
Total Liabilities		**36,324**	**31,247**
EQUITY			
Share Capital	24	180,500	178,200
Share Premium Account	24	481	481
Underwriting Capital		900	900
Accumulated Deficit		(1,271)	(4,710)
Total Equity		**180,610**	**174,871**
Total Equity & Liabilities		**216,934**	**206,118**

The financial statements on pages 43 to 77 were approved by the Board of Directors on 2 April, 2015 and were signed on its behalf by:

Israel L. Kamuzora
Chairman of the Board of Directors

Sindiso Ngwenya
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER, 2014

(in thousands of US$)	Notes	Share Capital	Share Premium Account	Underwriting Capital	Accumulated Income/ (Deficit)	Total
At 1 January, 2014		178,200	481	900	(4,710)	174,871
Capital Disbursement	24	2,300	-	-	-	2,300
Total Comprehensive Income for the Year		-	-	-	3,439	3,439
At 31 December, 2014		**180,500**	**481**	**900**	**(1,271)**	**180,610**
At 1 January, 2013		156,000	471	900	(6,208)	151,163
Capital Disbursement	24	22,200	10	-	-	22,210
Total Comprehensive Income for the Year		-	-	-	1,498	1,498
At 31 December, 2013		**178,200**	**481**	**900**	**(4,710)**	**174,871**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER, 2014

(in thousands of US$)	Notes	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Cash Generated From Operating Activities	25	**4,029**	**6,541**
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of Vehicles and Equipment	17	(154)	(118)
Purchase of Intangible Assets	18	(226)	(7)
Proceeds of Disposal of Vehicles and Equipment	17	18	37
Net Investments in Floating Rate Notes		(789)	(7,961)
Net Investments in Bonds		(8,811)	(28,791)
Madagascar STA Net Investments		445	(8)
Net Cash used in Investing Activities		**(9,516)**	**(36,848)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of IDA Development Credit	23	(150)	(146)
Capital Disbursement Received	24	2,300	22,210
Net Cash Generated from Financing Activities		**2,150**	**22,064**
DECREASE IN CASH AND CASH EQUIVALENTS		**(3,337)**	**(8,242)**
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		66,665	74,907
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	12	**63,328**	**66,665**

1. Company Information

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

ATI has been established to provide, facilitate, encourage and otherwise develop the provision of, or the support for, insurance, including coinsurance and reinsurance, guarantees, and other financial instruments and services, for purposes of trade, investment and other productive activities in African States in supplement to those that may be offered by the public or private sector, or in cooperation with the public or private sector.

To serve its objective and purpose, ATI facilitates the development of trade, investments and other productive activities in its African Member States by providing insurance or reinsurance covers against political and commercial risks as well as bond products.

ATI currently has 10 African Member States (2013: 10 members) and 8 other shareholders (2013: 7 other shareholders). A new shareholder, Kenya Reinsurance Corporation Ltd., joined ATI in 2014.

ATI has its head office in Nairobi, Kenya. It also has a direct presence in 4 other countries; Rwanda, Tanzania, Uganda, and Zambia.

2. Accounting Policies

(a) Basis of Preparation

ATI'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 are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

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 judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 3: *"Accounting Estimates and Judgments"*.

2. Accounting Policies (continued)

(b) Adoption of New and Revised International Financial Reporting Standards (IFRSs)

(i) New and revised IFRSs that are effective for the year ended 31 December, 2014

Below is a list of the amendments to IFRSs and the new interpretation that are mandatorily effective for accounting periods that begin on or after 1 January 2014:

Standard	Description	Effective periods beginning on or after:
Amendments to IAS 32	Financial Instruments: Presentation	1-Jan-14
Amendments to IAS 36	Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets	1-Jan-14
Amendments to IAS 39	Financial Instruments: Novation of Derivatives and Continuation of Hedge Accounting	1-Jan-14
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities	1-Jan-14
IFRIC 21	Levies	1-Jan-14

- The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The application of these amendments did not materially affect ATI's financial statements.

- The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. ATI has no intangible assets with indefinite useful lives and none of ATI's intangible assets were impaired in 2014; hence no changes to the financial disclosures were required.

- The amendments to IAS 39 have no impact on these financial statements as ATI does not apply hedge accounting.

- Amendments to IFRS 10, IFRS 12 and IAS 27 are only applicable to investment entities and do not apply to ATI.

- IFRIC 21 addresses the issue of when to recognise a liability to pay a levy. ATI benefits from tax exemptions. No liabilities for levies were identified in 2014 that had material impact on ATI's accounts.

2. Accounting Policies (continued)

(b) Adoption of New and Revised International Financial Reporting Standards (IFRSs) (continued)

(ii) New and revised IFRSs in issue but not yet effective (but allow for early application) for the year ending 31 December, 2014

Below is a list of new and revised IFRSs that are not yet mandatorily effective (but allow early application) for the year ending 31 December 2014:

Standard	Description	Effective periods beginning on or after:
IFRS 9	Financial Instruments	1-Jan-18
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1-Jan-16
IFRS 14	Regulatory Deferral Accounts	1-Jan-16
IFRS 15	Revenue from Contracts with Customers	1-Jan-17
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1-Jan-16
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	1-Jan-16
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	1-Jul-14
Annual Improvements to IFRSs 2010-2012 Cycle		1-Jul-14
Annual Improvements to IFRSs 2011-2013 Cycle		1-Jul-14

- ATI has opted to early adopt IFRS 9– see section (iii). 'Early adoption of standards'.

- The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 Business Combinations. The amendments should not be applicable to ATI as ATI's current investment policy does not allow it to make such an acquisition.

- IFRS 14 is available only to first-time adopters of IFRSs who recognised regulatory deferral account balances under their previous GAAP, hence will not apply to ATI.

2. Accounting Policies (continued)

(b) Adoption of New and Revised International Financial Reporting Standards (IFRSs) (continued)

(ii) New and revised IFRSs in issue but not yet effective (but allow for early application) for the year ending 31 December, 2014 (continued)

- IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Its core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The application of this new standard is not expected to materially affect ATI's financial statements. ATI's main revenues (premiums and commissions) are already deferred and are only recognised in the profit or loss account when they are actually earned.

- The amendments to IAS 16 and IAS 38 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. These amendments will only be applicable to ATI if it makes property investments.

- The Amendments to IAS 16 and IAS 41 will apply to a specific sector (agriculture) and will not affect ATI.

- The amendments to IAS 19 specify that contributions from employees or third parties set out in the formal terms of a defined benefit plan may be recognised as a reduction in service cost in the same period in which they are paid, if and only if the contributions are linked solely to the employee's service rendered in that period.

- The annual improvements 2010-2012 cycle include amendments to the following standards: IFRS2 (Share-based Payment), IFRS3 (Business Combinations), IFRS8 (Operating Segments), IFRS13 (Fair Value Measurement), IAS16 (Property, Plant and Equipment) and IAS38 (Intangible Assets), IAS24 (Related Party Disclosures).
  - IFRS2, IFRS3, IFRS8 and IAS16 do not apply to ATI.
  - The amendments to IFRS13 permit entities to continue to measure short-term receivables and payables that have no stated interest rate at invoice amounts, if the effect of discounting is immaterial. These amendments are not expected to significantly impact ATI's financials.
  - The amendments to IFRS38 clarify the treatment of accumulated amortisation and the gross carrying amount of revalued intangible assets.
  - The amendments to IAS24 clarify that a management entity providing key management personnel services to the reporting entity is a related party of the reporting entity. ATI does not currently have such arrangements; hence, no additional disclosures are expected.

- The annual improvements 2011-2013 cycle include amendments to IFRS 3 (Business Combinations), IFRS 13 (Fair Value Measurement), and IAS 40 (Investment Property-interrelationship between IFRS 3 and IAS 40).
  - IFRS 3 and IAS 40 do not apply to ATI.
  - The amendments to IFRS 13 clarify that, when measuring fair value; the portfolio exception can be applied to contracts within IAS 39 or IFRS 9 not just to those contracts that meet the definition of financial assets or financial liabilities. The amendments are not expected to have material impact on ATI's financial statements as none of ATI's assets and liabilities are carried at fair value.

2. Accounting Policies (continued)

(b) Adoption of New and Revised International Financial Reporting Standards (IFRSs) (continued)

(iii) Early adoption of standards

- ATI chose to early adopt IFRS 9 in 2011.

  The International Accounting Standards Board (IASB) completed the final version of IFRS 9 in July 2014. This version replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 in its entirety. The package of improvements introduced by IFRS 9 includes:
  - A logical model for classification and measurement driven by cash flow characteristics and the business model in which an asset is held, and introduces a new category of assets: "fair value through other comprehensive income". The introduction of this new category does not affect ATI's asset classification. ATI exclusively invests in financial assets with cash flows that are solely payments of principal and interest and its principal objective is to hold the financial asset to collect the contractual cash flows.
  - A single, forward-looking 'expected loss' impairment model. None of ATI's holdings were deemed to be impaired as at 31 December 2014.
  - A substantially-reformed approach to hedge accounting which did not apply to these financial statements as ATI had no hedging arrangements in place in 2014.

(c) Foreign Currency Translation

The financial statements are presented in thousands of US Dollars (US$).

The US$ is ATI's functional and presentation currency. Transactions in currencies other than US$ are converted into US$ at the spot rates ruling at the dates of the transactions. Financial instruments and monetary assets and liabilities denominated in currencies other than US$ are translated into US$ at the rates of exchange ruling at the end of the financial year. Gains and losses on currency exchange are charged or credited to the profit or loss in the period in which they arise.

(d) Underwriting Activities and Reinsurance

(i) Premiums

Gross premiums correspond to premiums invoiced and estimated premiums earned but not yet invoiced in the period with respect to both direct insurance policies and inward reinsurance treaties. They are stated net of premium cancellations and rebates. Gross premiums include commitment fees on loans covered.

(ii) Unearned premiums

Unearned premiums represent the prorated portion of written premiums that relates to unexpired risks at the year-end. Unearned premiums are calculated individually for each policy. The amount charged to the unearned premiums reserve corresponds to the

2. Accounting Policies (continued)

(d) Underwriting Activities and Reinsurance (continued)

(ii) Unearned premiums (continued)

fraction of written premiums relating to the period between the year-end and the end of policy period for which the gross written premiums were calculated. Unearned premiums are reported as a liability. Changes in unearned premiums relating to the period are recognised through profit or loss.

(iii) Deferred acquisition costs

Acquisition costs, including brokerage commissions and ceding commissions related to inward reinsurance, are deferred over the life of the contracts concerned according to the same rules as unearned premium provisions. The amount of deferred acquisition costs, corresponds to business acquisition costs related to the period between the year-end and the next premium payment date. Deferred acquisition costs are reported as an asset. Changes in deferred acquisition costs relating to the period are recognised through profit or loss.

(iv) Claims paid

Paid claims correspond to insurance settlements (indemnifications) plus claims handling expenses, which include, but are not limited to, any related legal fees.

(v) Claims reserves

Claims reserves include provisions to cover the estimated total cost of reported claims not settled at the year-end (outstanding claims), case reserves, provisions for claims incurred but not reported and provisions for unknown claims.

Provisions for unknown claims are determined based on ATI's claims provisioning methodology.

(vi) Recoveries

Recoveries represent estimated recoveries determined on the basis of the total amount expected to be recovered in respect of all underwriting periods relating to the claims.

(vii) Outward reinsurance (cessions)

This represents premiums that are ceded to other reinsurance companies based on existing treaties and facultative reinsurance arrangements and in line with the company's capacity limits. Gross ceded premiums are accounted for in accordance with the terms and conditions of the related reinsurance covers and are earned over the life of the covers. Reinsurers' share of technical provisions is determined on the basis of technical provisions recorded under liabilities. Ceding commissions are calculated by reference to ceded premiums. They are deferred and changes in ceding commissions are recognised in profit or loss on the same basis as ceded unearned premiums.

2. Accounting Policies (continued)

(e) One-off Commissions

One-off commissions are recognised and fully earned when they arise.

(f) Other Income

Other income includes grant income, credit limit income, and any other incidental income earned in the normal course of business. Grants are recognised as earned income at the same time as the expenses related to or reimbursable under the grant are paid or accrued. Credit limit income is stated net of any related expenses (purchase of information).

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and at bank, time deposits and short-term investments in money market funds, if any. Cash and cash equivalents exclude cash held in security trust accounts which is disclosed separately in the statement of financial position.

(h) Motor Vehicles and Equipment

(i) Initial recognition

Motor vehicles and equipment are recognised at their acquisition costs and are measured at cost. Acquisition costs include the purchase price and any 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 ATI and the cost of the item can be measured reliably. All other costs, repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

(ii) Measurement

Motor vehicles and equipment are measured at cost. Depreciation is calculated monthly on the straight-line basis from the date of purchase to the date of disposal or the expiry of the expected useful life of the relevant asset 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 US$1,000 or above are systematically capitalised. Items with an initial acquisition cost of less than US$1,000 are capitalised but fully depreciated in the month of purchase. However, depending on their nature, small value items can be depreciated over their useful life.

2. Accounting Policies (continued)

(h) Motor Vehicles and Equipment (continued)

(iii) Disposal gains and losses

Gains and losses on disposals are determined by comparing proceeds with the carrying amount (net book value) of the assets. These are recognised in profit or loss in the period of disposal.

(iv) Impairment

Motor vehicles and equipment are reviewed on a quarterly basis. Where there is an indication that an asset may be impaired, ATI 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. Impairment losses are recognised in profit or loss in the period in which the losses arise.

(i) Intangible Assets

(i) Initial recognition

Intangible assets comprise costs of acquired computer software programs and costs associated with developing or maintaining computer software programs.

Under IAS 38, IT development costs must be capitalised and amortised over their estimated useful life when certain criteria are met. In such cases, the entity must be able to demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the current and future availability of adequate resources to complete the development and use or sell the intangible asset; and
- its ability to reliably measure the expenditure attributable to the intangible asset during its development.

(ii) Measurement

Intangible assets are amortised over their estimated useful life (3 to 5 years) using the straight-line method.

(iii) Impairment

Intangible assets are reviewed at each reporting date. Where there is an indication that an asset may be impaired, ATI 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. Impairment losses are recognised in the profit or loss in the period in which the losses arise.

2. Accounting Policies (continued)

(j) Financial Instruments

IFRS 9 is effective for annual periods beginning on or after 1 January 2018. As permitted by the International Accounting Standards Board (IASB), ATI chose the earlier adoption of this standard in 2011.

(i) Initial recognition

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs. The fair value corresponds to the market price (purchase price in the case of a financial asset or issuance price in the case of a financial liability) at the transaction date.

Transactions are recognised on their settlement dates.

(ii) Measurement

Financial assets

IFRS 9 divides all financial assets into three classes: those measured at amortised cost; those measured at fair value through other comprehensive income; and, those measured at fair value through profit or loss.

ATI classifies its financial assets as to be measured at amortised cost as it exclusively invests in financial assets with contractual cash flows that are solely payments of principal and interest and its principal objective is to hold the financial asset to collect the contractual cash flows.

Financial liabilities

Under IFRS 9, financial liabilities are classified either at fair value through profit or loss or at amortised cost. As of 31 December, 2014, all ATI's financial liabilities were measured at amortised cost.

(iii) Impairment of financial assets measured at amortised cost

ATI assesses at the end of each financial year whether there has been a material increase in the probability of the occurrence of a default since the initial recognition of each of its financial assets. Expected credit losses are measured through a loss allowance at an amount equal to either the 12 month expected credit losses or the full lifetime expected credit losses if credit risk has increased significantly since initial recognition of the financial instrument.

2. Accounting Policies (continued)

(k) Taxation

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

(l) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in and maintain consistency with the presentation in the current year.

3. Accounting Estimates and Judgments

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 for unknown claims (statistical reserves) are determined by product.

In 2014, a change in statistical reserves of US$0.5M on ATI's commercial portfolio was recorded in its accounts which brought the total amount of statistical reserves reported on the Statement of Financial Position to US$2.5M.

Provisions for unknown claims have been estimated on a "best estimate" basis using the information available. There can be no assurance that the ultimate liability will not differ from such estimates.

ATI has recorded a very limited number of claims since its inception. Because of lack of actual claim experience, ATI estimates statistical reserves on its commercial risk portfolio based on buyers' internal credit ratings and market information (historical default rates and average recovery rates).

4. Risk Management

ATI recognises the importance of risk management and the fact that strong systems of internal control are essential for effective risk management. It currently has four levels of risk control.

The first level is the operational permanent controls which are governed by ATI's various policies and procedures and are performed by each department.

The second level is the Enterprise Risk Management framework (ERM) which was implemented in 2008 and revised in 2012. The ERM framework involves the staff, the management team and the Board of Directors; and, is designed to identify potential events that may affect ATI, and to manage risks to be within its risk appetite. Quarterly ERM monitoring is conducted to review and assess the framework processes, the key risks and key risk mitigations, and to adjust them if necessary. ATI also revises and updates its ERM framework every 3 to 4 years.

The third level is the internal audits performed by an independent audit firm. The Board has chosen to externalize ATI's internal audit function since 2011. In this regard, a new independent audit firm was appointed in 2014.

The last level is the Board Risk Committee, which was established by the Board of Directors in May 2014, with a mandate to identify, acess, monitor and manage underwriting, financial and non-financial risks faced by ATI.

As an insurance provider, ATI is exposed to two principal types of risks. The first type of risk is the risk inherent to its underwriting activities which encompasses the risk of losses arising from claims and the risk of losses arising from the default of its reinsurers (counterparty risk). The second type of risk is the risk inherent in its investment activities which encompasses market risk (interest rate risk, market price risk, and exchange rate risk), credit risk and liquidity risk.

(a) Underwriting Risk

(i) Risk of losses arising from claims

The insurance policies underwritten by ATI involve the possibility of insured events occurring and the resulting uncertainty of the amount and timing of insurance claims. ATI 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, ATI 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;
- Purchase of reinsurance; and
- Selection of strongly rated reinsurers.

4. Risk Management (continued)

(a) Underwriting Risk (continued)

(i) Risk of losses arising from claims (continued)

In order to prevent excessive risk concentration, ATI sets, among others, exposure limits by product, country, and project. The table below shows the risk exposure by product and by country, having regard to the maximum sums insured included in the terms of issued policies still in force as at 31 December, 2014 and 2013:

Risk Exposure by product:

(in thousands of US$)	2014		2013	
	Gross Exposures	Net Exposures	Gross Exposures	Net Exposures
BONDS	36,627	36,613	20,524	20,510
CRI-SO	287,410	118,574	116,656	101,406
CRI-WTO	85,909	42,955	21,431	10,715
CRI-PRI	14,197	14,197	9,974	9,974
PRI	737,317	287,386	601,761	233,301
PV & TS	100,714	14,566	101,222	101,222
TOTAL	**1,262,174**	**514,291**	**871,568**	**477,128**

Exposure by country:

(in thousands of US$)	2014		2013	
	Gross Exposures	Net Exposures	Gross Exposures	Net Exposures
Benin	548	548	-	-
Burundi	26,131	21,131	25,564	20,564
DRC	30,010	30,010	9,216	9,216
Kenya	607,495	278,333	301,296	220,255
Madagascar	7,907	6,078	7,322	5,006
Malawi	46,342	46,342	38,393	38,393
Rwanda	39,749	14,635	5,781	5,767
Tanzania	129,803	59,038	133,051	54,150
Uganda	134,012	79,977	107,172	66,103
Zambia	240,177	64,347	243,773	57,674
PV & TS cover	-	(86,148)	-	-
TOTAL	**1,262,174**	**514,291**	**871,568**	**477,128**

4. Risk Management (continued)

(a) Underwriting Risk (continued)

(i) Risk of losses arising from claims (continued)

In 2014, ATI implemented a new reinsurance cover on its stand-alone PV&TS portfolio which contributed to a reduction of its net exposure by US$86.1M.

(ii) Reinsurance counterparty risk

ATI uses reinsurance to enhance its capacity but also to cap its risks. A significant portion of its insurance risk is ceded to external reinsurers, through a number of reinsurance arrangements that include quota share, excess of loss and facultative treaties. Most of the treaties are renewed and reassessed annually. Reinsurance does not, however, discharge ATI's liability as primary insurer.

If a reinsurer fails to pay a claim for any reason, ATI remains liable for the full payment of that claim to the policyholder. To mitigate the reinsurance counterparty risk, all reinsurers with whom ATI has reinsurance contracts are required to have a minimum credit rating as stated below unless otherwise approved by the Board of Directors:

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

The table below shows ATI's reinsurers rating profile as per Standard & Poor's (S&P) rating as of 31 December, 2014:

S&P Rating	Weight in % of Ceded Exposures
AA	1.4%
AA-	22.9%
A+	33.2%
A	21.5%
A-(*)	3.1%
Not Rated (**)	17.9%
Total	**100.0%**

(*) was approved by the Board of Directors; (**) rated by other rating agencies.

The table below shows ATI's reinsurers rating profile as per A.M. Best rating as of 31 December, 2014:

A.M. Best	Weight in % of Ceded Exposures
A+	7.8%
A	86.0%
B+(*)	0.1%
Not Rated (**)	6.1%
Total	**100.0%**

(*) was approved by the Board of Directors; (**) rated by other rating agencies.

4. Risk Management (continued)

(b) Investment Risk

ATI's investments are exposed to market risk, credit risk and liquidity risk:

- market risk is the risk of loss from adverse movements in market variables such as interest rates, market prices and currency exchange rates;
- credit risk is the risk of loss resulting from client or counterparty default or downgrade and arises on credit exposure in all forms, including settlement risk; and
- liquidity risk is the risk that ATI is unable to meet its payment obligations when due, at a reasonable cost.

ATI's investment policy defines its broad investment guidelines and strategic asset allocation which can be amended from time to time subject to the approval of the Board of Directors. One of the main objectives of the investment policy is to seek to preserve capital.

The Management Investment Committee (MIC) ensures that investments are allocated within both the investment guidelines and the strategic asset allocation. On a monthly basis, the MIC reviews the portfolio positioning and performance and assesses any new proposed investments. The MIC reports to the Board of Directors through its Finance & Audit Committee on a quarterly basis.

Where ATI externalises the management of its assets, the manager has to strictly abide by the contractual investment guidelines and strategic asset allocation which are defined in conformity with ATI's investment policy.

(i) Market risk

Market risk is the risk that the value of ATI will be adversely affected by movements in market variables such as interest rates, market prices and currency exchange rates.

The risk of loss due to changes in *interest rates* is limited:

- As of 31 December, 2014, ATI's investment portfolio was comprised of almost 80% of fixed-rate instruments which largely covered its fixed-rate borrowings (IDA loan - US$9.9M). Therefore, any increase in interest rate should not impact ATI's result negatively.
- LIBOR rates remained at very low levels in 2014. Hence the risk of further decrease is limited. However, an improvement of the LIBOR rates would allow ATI to improve its interest income on the floating rate instruments it holds. The following table shows the potential effects of changes in LIBOR rates on ATI's interest income and net result.

4. Risk Management (continued)

(b) Investment Risk (continued)

(i) Market risk (continued)

US$ 3m LIBOR	Expected Improvement of ATI's Income (in thousands of US$)
25	17
50	47
75	101
100	179
150	356
200	545

None of ATI's financial instruments are measured at fair value through profit or loss, therefore changes in *market prices* should not have any impact on ATI's financial position or income statement unless the assets are sold before their maturity dates. Apart from the time deposits, ATI's funds are exclusively invested in money market instruments, notes and debt securities which are measured at amortised cost. In addition, ATI's investment policy does not permit any speculative investments.

ATI's functional and reporting currency is the US Dollar (US$). As ATI carries out the majority of its transactions in US$, it has chosen to allocate more than 95% of its investments in this currency to minimise exposure to *currency risk.*

(ii) Credit risk

ATI recognises the importance of having a diversified portfolio. To minimise the chances that a default by a counterparty or an adverse event in any particular country might have a disproportionate impact on ATI's financial position or profit or loss, ATI has actively diversified its asset portfolio since 2011 and has increased the number of counterparties from 2 to more than 100.

In addition to the portfolio diversification, ATI permanently seeks to maintain the credit quality of its assets. The average rating of its portfolio remained in the AA range in 2014 (2013: AA).

4. Risk Management (continued)

(b) Investment Risk (continued)

(ii) Credit risk (continued)

Apart from its financial investments, ATI also monitors regularly its overall assets. The table below presents ATI's maximum exposure to credit risk as of 31 December, 2014:

(in thousands of US$)	Fully Performing	Past Due	Impaired	Total
As at 31 December, 2014				
Cash and Bank Balances	9,129	-	-	9,129
Time Deposits with Financial Institutions	17,690	-	-	17,690
Money Market Instruments	36,509	-	-	36,509
Security Trust Accounts	463	-	-	463
Insurance and Reinsurance Receivables	5,988	-	(876)	5,112
Other Receivables	1,477	-	-	1,477
Investment in Floating Rate Notes	40,750	-	-	40,750
Investment in Bonds	95,526	-	-	95,526
Total	**207,532**	**-**	**(876)**	**206,656**
As at 31 December, 2013				
Cash and Bank Balances	23,197	-	-	23,197
Time Deposits with Financial Institutions	33,588	-	-	33,588
Money Market Instruments	9,880	-	-	9,880
Security Trust Accounts	908	-	-	908
Insurance and Reinsurance Receivables	1,604	-	(34)	1,570
Other Receivables	1,159	-	-	1,159
Investment in Floating Rate Notes	39,961	-	-	39,961
Investment in Bonds	87,800	-	-	87,800
Total	**198,097**	**-**	**(34)**	**198,063**

4. Risk Management (continued)

(b) Investment Risk (continued)

(iii) Liquidity risk

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

The table below presents the undiscounted remaining contractual maturities of amounts payable by ATI as at year end.

(in thousands of US$)	0-3 Months	3-12 Months	1-5 Years	Over 5 Years	**Total**
As at 31 December, 2014					
Insurance and Reinsurance Payables	2,861	-	-	-	2,861
Other Liabilities	774	-	-	-	774
Claims Reserves	1,763	2,353	1,214	817	6,147
Financial Liabilities - at Amortised Cost	90	166	1,307	9,125	10,688
Total Payable	**5,488**	**2,518**	**2,522**	**9,942**	**20,470**
As at 31 December 2013					
Insurance and Reinsurance Payables	1,010	53	-	-	1,063
Other Liabilities	510	-	-	-	510
Claims Reserves	1,556	4,941	-	-	6,497
Financial Liabilities - at Amortised Cost	96	96	1,661	9,699	11,552
Total Payable	**3,172**	**5,090**	**1,661**	**9,699**	**19,622**

As an insurance provider, in addition to its financial obligations arising from the normal operating activities, ATI is exposed to calls on its available cash for unexpected losses under claims settlement.

59.6% of ATI's funds are invested in various instruments with maturities below one year. Consequently, ATI considers its investment portfolio to be sufficiently liquid to cover its operating cash flows and any potential claims it may be required to pay.

5. Capital Management

(in thousands of US$)	2014	2013
Net Exposure (A)	514,291	477,128
Equity (B)	180,610	174,871
Capacity (C)=5*(B)	903,050	874,355
Capital Cushion (C-A)	**388,759**	**397,227**

ATI has to comply with the capital requirements as set out in its Operations Manual. ATI's Operations Manual, allows it to leverage its capital and reserves up to five times (i.e. up to US$903.1M). As of 31 December, 2014, ATI's net exposure amounted to US$514.3M which only represented 57% of its overall underwriting capacity. This compares to a net exposure of US$477.1M as of 31 December, 2013.

6. Claims Net of Recoveries

(in thousands of US$)	2014	2013
Gross Claims	7,781	7,441
Reinsurance & Recoveries	(5,631)	(4,357)
Claims Net of Recoveries for the Year Ended 31 December	**2,150**	**3,084**

Claims net of recoveries include a change in statistical reserves on ATI's commercial risk portfolios of US$0.5M for the year 2014 against US$0.9M for 2013 bringing the total amount of commercial risk statistical reserves as at 31 December, 2014 to US$2.5M.

7. Net Other Income

(in thousands of US$)	2014	2013
Grant	46	168
Gain on Disposal of Equipment	-	13
Net Credit Limit Charges	45	72
Miscellaneous	12	5
Total Net Other Income for the Year Ended 31 December	**103**	**258**

ATI received a grant from the African Development Bank's Fund for African Private Sector Assistance (FAPA) amounting to US$1M for the enhancement of its operational effectiveness. The first disbursement was received in 2011 and the second and last disbursement in 2013. This grant is earned when the related expenses are recognized in the accounts. In 2014 an amount of US$46,000 was earned against US$138,000 in 2013 (note 22).

8. Operating Expenses

(in thousands of US$)	2014	2013
Personnel Costs	3,450	3,115
Defined Gratuity Contribution (Provident Fund)	309	311
General Administration Costs	501	435
Consultancy Fees	203	241
Depreciation on Vehicles and Equipment	102	108
Travel Costs	280	294
Recruitment Expenses	23	23
Annual General Meeting	95	85
Board Expenses	146	107
Marketing Costs	164	150
Amortisation of Intangible Assets	35	6
Provision for Bad Debts (Decrease)/Increase	(2)	34
Total Operating Expenses for Year Ended 31 December	**5,306**	**4,909**

9. Interest Income

(in thousands of US$)	2014	2013
Interest from Time Deposits and Money Market Instruments	961	970
Interest from Investments in Notes	484	430
Interest from Investments in Bonds	2,307	1,952
Bond Amortisation (note 20)	(1,085)	(986)
Miscellaneous	4	3
Total Interest Income for the Year Ended 31 December	**2,671**	**2,369**

Investments in bonds are recognised at their fair value at the purchase dates (which correspond to their face value plus any discount, premium, purchased accrued interest and transaction costs, if any). Subsequent to their initial recognition, they are individually carried at amortised cost by using the effective interest rates. The difference between the coupon and the effective interest rate is recognised in profit or loss as 'Bond Amortisation'.

10. Interest Expenses

(in thousands of US$)	2014	2013
IDA Service Charges	81	82
Other Finance Charges	11	13
Total Interest Expenses for the Year Ended 31 December	**92**	**95**

ATI pays a service charge of ¾% per annum on the outstanding principal amount of the IDA Development Credit (note 23).

11. Foreign Exchange Gains/(Losses)

(in thousands of US$)	2014	2013
IDA Loan-Foreign Exchange Gains/(Losses) (note 23)	625	(18)
Other Foreign Exchange (Losses)/Gains	(657)	172
Total Foreign Exchange (Losses)/Gains for the Year	**(32)**	**154**

The IDA loans (note 23) were issued and are payable in SDR and are translated into US$ using the spot rate as at each balance sheet date.

12. Cash and Cash Equivalents

(in thousands of US$)	2014	2013
Cash and Bank Balances	9,129	23,197
Deposits with Financial Institutions	17,690	33,588
Money Market Instruments	36,509	9,880
Total Cash and Cash Equivalents as at 31 December	**63,328**	**66,665**

The following table shows the breakdown of the fixed deposits and money market instruments by currency:

	2014		2013	
	Amount (US$'000s)	Weighted Average Interest Rate	Amount (US$'000s)	Weighted Average Interest Rate
Fixed Deposits in USD	13,277	2.10%	27,722	1.43%
Fixed Deposits in EUR	3,463	3.26%	3,778	2.89%
Fixed Deposits in KSH	950	11.64%	2,088	9.14%
Deposits as at 31 December	**17,690**	**2.84%**	**33,588**	**2.07%**
Money Market Instruments in USD	**36,509**	**1.34%**	**9,880**	**1.21%**
Deposits & Money Market Instruments as at 31 December	**54,199**	**1.83%**	**43,468**	**1.88%**

13. Security Trust Accounts

(in thousands of US$)	2014	2013
Madagascar - Principal	450	900
Madagascar - Capitalised Interest	13	8
Security Trust Accounts as at 31 December	**463**	**908**

The balances in the Security Trust Accounts represent funds for Madagascar relating to the amount held pending completion of the legal and capital restructuring by Madagascar after which the amounts in the Security Trust Accounts will be transferred to an ATI account. The principal reason for the change compared to 2013 was due to the fact that one of the depositary banks erroneously refunded the funds they held through a transfer of the funds to an ATI bank account on 31 December 2014. This issue has since been resolved and the funds have been transferred back to the same depositary bank.

Funds held in the Security Trust Accounts are denominated in US$. ATI earns interest on these accounts. The effective interest rate as of 31 December, 2014 was 0.40% (2013 – 0.75%).

14. Insurance and Reinsurance Receivables and Payables

(in thousands of US$)	2014	2013
(a) Insurance and Reinsurance Receivables		
Insurance & Inward Reinsurance Balances Receivable	5,037	1,465
Outward Reinsurance Balances Receivable	75	105
Insurance and Reinsurance Receivables as at 31 December	**5,112**	**1,570**
(b) Insurance and Reinsurance Payables		
Insurance & Inward Reinsurance Balances Payable	971	902
Outward Reinsurance Balances Payable	1,890	161
Insurance and Reinsurance Payables as at 31 December	**2,861**	**1,063**

15. Other Assets

(in thousands of US$)	2014	2013
Pre-payments	125	74
Deposits	35	36
Staff Loans and Advances	129	65
Interest Receivable	1,289	1,049
Others	24	9
Total Other Assets as at 31 December	**1,602**	**1,233**

16. Claims Reserves

(in thousands of US$)	2014	2013
(a) Recoveries & Reinsurers' Share of Claims Reserves		
Recoveries & Reinsurers' Share of Claims as at 1 January	(4,696)	(350)
Change in Ceded Claims Payable	9	11
Change in Provisions for Recoveries	978	(4,275)
Change in Reinsurers' Share of Incurred Claims	(30)	(9)
Change in Reinsurers' Share of Other Claims Provisions	(760)	(73)
Recoveries & Reinsurers' Share Of Claims Reserves as at 31 December	**(4,499)**	**(4,696)**
(b) Claims Reserves		
Claims Reserve as at 1 January	8,795	1,534
Change in Claims Payable	1,048	(18)
Change in Incurred Claims	(1,282)	6,280
Change in Other Claims Reserves	1,240	999
Claims Reserve as at 31 December	**9,801**	**8,795**

17. Vehicles and Equipment

(in thousands of US$)	Motor Vehicles	Computers & Office Equipment	Furniture & Fittings	Total
As at 31 December 2014				
Cost				
As at 1 January, 2014	148	486	538	1,172
Additions	-	134	20	154
Disposals	-	(18)	-	(18)
As at 31 December 2014	**148**	**602**	**558**	**1,308**
Depreciation				
As at 1 January, 2014	109	424	508	1,041
Charge for the Year	11	58	33	102
Eliminated on Disposals	-	(18)	-	(18)
As at 31 December 2014	**120**	**464**	**541**	**1,125**
As at 31 December 2013				
Cost				
As at 1 January, 2013	138	420	533	1,091
Additions	42	71	5	118
Disposals	(32)	(5)	-	(37)
As at 31 December 2013	**148**	**486**	**538**	**1,172**
Depreciation				
As at 1 January, 2013	132	357	479	968
Charge for the Year	9	71	29	109
Eliminated on Disposals	(32)	(4)	-	(36)
As at 31 December 2013	**109**	**424**	**508**	**1,041**
Net Book Value				
As at 31 December, 2013	**38**	**62**	**31**	**131**
As at 31 December, 2014	**28**	**138**	**18**	**183**

18. Intangible Assets

(in thousands of US$)	2014	2013
Cost		
As at 1 January	103	96
Addition	226	7
As at 31 December	**329**	**103**
Amortisation		
As at 1 January	92	86
Charge for the Year	35	6
As at 31 December	**127**	**92**
Net Book Value		
As at 31 December	**202**	**12**

The intangible assets represent computer software's book value.

19. Investments in Floating Rate Notes (at amortised cost)

(in thousands of US$)	2014	2013
Outstanding Value as at January 1st	39,961	32,000
New Placements	17,250	7,961
Maturities	(16,461)	-
Total Floating Rate Notes as at 31 December	**40,750**	**39,961**

20. Investments in Bonds (at amortised cost)

(in thousands of US$)	2014	2013
Outstanding Value as at January 1st	87,800	59,996
New Purchases	32,616	46,846
Sales and Redemptions	(23,799)	(18,013)
Amortisation	(1,085)	(986)
Change in Accrued Interest on Bonds Purchased (Note 9)	(6)	(43)
Total Investments in Bonds as at 31 December	**95,526**	**87,800**

20. Investments in Bonds (at amortised cost) (continued)

Following is the breakdown of the bond investments based on face value:

(in thousands of US$)	2014	2013
Corporate bonds	24,894	24,044
Emerging market bonds	17,648	11,168
Sovereign/Agency bonds	21,070	18,830
Supranational bonds	30,550	31,970
Total Investments in Bonds as at 31 December	**94,162**	**86,012**

The following table shows the maturity profile of the bonds by face value:

Maturity	2014		2013	
	Face Value (in US$'000)	Weight (%)	Face Value (in US$'000)	Weight (%)
2014	-	0.0%	17,040	19.8%
2015	25,924	27.5%	29,754	34.6%
2016	19,456	20.7%	18,218	21.2%
2017	26,210	27.8%	14,170	16.5%
2018	14,350	15.2%	5,750	6.7%
2019	5,792	6.2%	580	0.7%
2020	2,215	2.4%	285	0.3%
2021	215	0.2%	215	0.2%
Total as at 31 December	**94,162**	**100.0%**	**86,012**	**100.0%**

The following table shows the average maturity and yield of ATI's bond portfolio:

(in thousands of US$)	2014	2013
Bond Portfolio's Average Maturity	2.05 years	2.05 years
Bond Portfolio's Gross Average Yield	1.37%	1.15%

21. Other Liabilities

(in thousands of US$)	2014	2013
Accrued Expenses	616	377
Personnel Gratuity (Provident Fund) Payable	106	91
Non-Trade Accounts Payable	51	42
IDA Commitment and Service Charges	22	24
Total Other Liabilities as at 31 December	**795**	**534**

22. Unearned Grant Income

(in thousands of US$)	2014	2013
Unearned Grant as at 1 January	601	122
Grant Income Received	-	617
Expenditure Incurred	(46)	(138)
Unearned Grant as at 31 December	**555**	**601**

23. Financial Liabilities -IDA Development Credit (Loan)

(in thousands of US$)	2014	2013
As at 1 January	10,713	10,841
Forex (Gains)/ Losses (note 11)	(625)	18
Repayments	(150)	(146)
IDA Loan as at 31 December	**9,938**	**10,713**

Under the Development Credit Agreement (DCA) between IDA and ATI 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 ATI a development credit amounting to SDR 7.2M to finance ATI's operational costs. This amount includes: (a) an original Credit of SDR3.9M and (b) a supplemental Credit of SDR3.3M. The full development credit amounting to SDR7.2M has been fully disbursed. The principal amount is repayable in semi-annual installments over a 25 year period, effective with respect to: (a) the original credit, from 15 September, 2012 to 15 March, 2036; and (b) the supplemental credit, from 15 September, 2015 to 15 March, 2040.

24. Share Capital

In accordance with the ATI Treaty, ATI has an open-ended capital stock based on an initial authorized nominal capital stock of US$1bn 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.

In 2014, ATI recorded a capital increase of US$2.3M (US$22.2M in 2013) out of which US$1M was from Kenya Reinsurance Corporation, a new shareholder. In addition, PTA Bank and Zep-Re (PTA Reinsurance Company) increased their capital contribution by US$0.9M and US$0.4M respectively through the purchase of 9 and 4 new shares respectively.

24. Share Capital (continued)

The status of the issued and called share capital is shown below:

Member/ Shareholder	2014		2013	
	Number Of	Paid Up	Number Of	Paid Up
(in thousands of US$)	Shares	Capital	Shares	Capital
Benin	72	7,200	72	7,200
Burundi	153	15,300	153	15,300
DRC	192	19,200	192	19,200
Kenya	283	28,300	283	28,300
Madagascar	1	100	1	100
Malawi	172	17,200	172	17,200
Rwanda	87	8,700	87	8,700
Tanzania	169	16,900	169	16,900
Uganda	229	22,900	229	22,900
Zambia	169	16,900	169	16,900
Total Country Members	**1,527**	**152,700**	**1,527**	**152,700**
Kenya Reinsurance Corporation Ltd.	10	1,000	-	-
Total Public Entities	**10**	**1,000**	**-**	**-**
African Development Bank	150	15,000	150	15,000
African Reinsurance Corporation	1	100	1	100
Atradius Participations Holding B.V.	1	100	1	100
COMESA	1	100	1	100
PTA Bank Limited	10	1,000	1	100
PTA Reinsurance Company	5	500	1	100
SACE SpA	100	10,000	100	10,000
Other Shareholders	**268**	**26,800**	**255**	**25,500**
TOTAL SHARES	**1,805**	**180,500**		**178,200**

24. Share Capital (continued)

The following is the breakdown of the share premium:

Country Member (in thousands of US$)	2014 Paid up Capital	2014 Nominal Value of Shares Allotted	2014 Share Premium	2013 Paid up Capital	2013 Nominal Value of Shares Allotted	2013 Share Premium
Benin	7,210	7,200	10	7,210	7,200	10
Burundi	15,390	15,300	90	15,390	15,300	90
DRC	19,244	19,200	44	19,244	19,200	44
Kenya	28,315	28,300	15	28,315	28,300	15
Madagascar	100	100	-	100	100	-
Malawi	17,275	17,200	75	17,275	17,200	75
Rwanda	8,779	8,700	79	8,779	8,700	79
Tanzania	16,971	16,900	71	16,971	16,900	71
Uganda	22,937	22,900	37	22,937	22,900	37
Zambia	16,960	16,900	60	16,960	16,900	60
TOTAL	**153,181**	**152,700**	**481**	**153,181**	**152,700**	**481**

25. Net Cash from Operating Activities

(in thousands of US$)	2014	2013
Profit for the Year	**3,439**	**1,498**
Adjustments for:		
Depreciation -Vehicles and Equipment (notes 8 &17)	102	108
Amortisation - Intangible Assets (notes 8 &18)	35	6
Amortisation - Bonds (notes 9 & 20)	1,085	986
Gain on Disposal of Vehicles and Equipment (note 17)	(18)	(36)
Foreign Exchange (Gains)/Losses on IDA Loan (note 23)	(625)	18
Movements in Working Capital items:		
(Increase) in Insurance and Reinsurance Receivables	(3,542)	(192)
(Increase)/Decrease in Other Receivables	(369)	1,122
Decrease/(Increase) in Reinsurers' Share of the Claims Reserve	197	(4,346)
(Increase)/Decrease in Reinsurers' Share of Unearned Premium	(2,118)	37
(Increase)/Decrease in Deferred Brokerage Commissions	(9)	56
Increase in Insurance and Reinsurance Payables	1,798	250
Increase/(Decrease) in Other Liabilities	261	(335)
Increase in Claims Reserves	1,006	7,261
Increase/(Decrease) in Unearned Premiums	2,457	(382)
Increase in Unearned Ceding Commissions	376	11
(Decrease)/Increase in Unearned Grant Income (note 22)	(46)	479
NET CASH GENERATED FROM OPERATING ACTIVITIES	**4,029**	**6,541**

26. Fair Value of Financial Instruments Carried at Amortised Cost

Except as detailed in the following table, the carrying amounts of any other financial instruments carried at amortised cost are assumed to be close to their fair value.

(in thousands of US$)	2014	2013
Book Value of Bonds	95,531	87,787
Fair Value of Bonds	95,696	88,014
Unrealised Gains as at 31 December	**165**	**227**

27. Related Party Disclosures

(in thousands of US$)	2014	2013
Key Management Compensation	1,040	1,012
Directors - Sitting Allowances & Per Diem	87	61
TOTAL RELATED PARTY TRANSACTIONS	**1,127**	**1,073**

CORPORATE INFORMATION

Corporate Governance

As outlined by the ATI Treaty, the highest policy organ is the General Assembly Meeting of the shareholders. The company is governed by a Board of Directors who, in 2014, met three times. Board members are appointed for a term of three years by the General Assembly, which meets annually. The term of office of the Chairman and the Vice-Chairman can be renewed by the board members.

The Directors are responsible for managing the business and general operations of the institution. They may establish committees or working groups as may be required for the transaction of its business.

Three committees have been established:

- The Finance and Audit committee
- The Risk committee; and
- The Human Resources committee.

The committees meet separately on the sidelines of board meetings or as business dictates. Each committee is guided by individual terms of references.

The Finance and Audit committee

This committee supports the Board of Directors in fulfilling its supervisory and monitoring duties with respect to the assurance of the integrity of the company's state of affairs, financial statements, the external auditor's qualifications, and the performance of internal and external auditors. It monitors, independently and objectively, the financial reporting process within ATI and the system of internal controls. It also facilitates the ongoing communication between the internal and external auditors, the Management team and the board of Directors on issues concerning the company's financial position and financial affairs. The Finance and Audit committee met four times in 2014.

The Risk committee

This is the newest committee, formed in 2014, and it is responsible for recommending policies and to advise on the nature and extent of any significant risk that ATI is willing to take in achieving its strategic objectives. The committee adds technical capacity, advisory services and regulation helping the business to more prudently manage its risks.

The Human Resources committee

This committee is responsible for providing the board of Directors with proposals for the appointment of members of the management team, the remuneration policy and other corporate governance matters relating to Human Resources (HR). The HR committee met three times in 2014.

Current Members & Shareholders

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

Full Member States
where ATI is able to conduct business
(As of 31 December, 2014)

Benin
Burundi
Democratic Republic of Congo
Kenya
Madagascar
Malawi
Rwanda
Tanzania
Uganda
Zambia

Other Shareholders

African Development Bank
African Reinsurance Corporation (Africa Re)
Atradius Participations Holding B.V.
Kenya Reinsurance Corporation Ltd.
The Common Market of Eastern and Southern Africa (COMESA)
The Eastern and Southern African Trade and Development Bank (PTA Bank)
The PTA Reinsurance company (Zep Re)
SACE SpA

CORPORATE INFORMATION

Board of Directors

Standing from left to right
Mohamed Kalif– Director, Class E Shareholders
Josephine Winnie Birungi - Director, Rwanda
Dr. Mathias Sinamenye – Director, Burundi
Daniel Stausberg – Director, Class C Shareholders
Israel L. Kamuzora – Chairman and Director, Tanzania
Irene Kego Oloya – Director, Uganda
Arnaud Dornel – The World Bank (Observer)
H.E. Sindiso Ngwenya – Vice Chairman and Director, Class D Shareholders
Gerome Kamwanga – Director, Democratic Republic of Congo
Michael Creighton – Director, Class D Shareholders

Not in the picture
Onésime Nduwimana – Alternate Director, Burundi
Dr. Kamau Thugge – Director, Kenya
Isaac Awuondo – Alternate Director, Kenya
Robert Bayigamba – Alternate Director, Rwanda
Basil Anthon Saprapasen – Alternate Director, Tanzania
Michael Olupot-Tukei – Alternate Director, Uganda
Gerard van Brakel – Alternate Director, Class C Shareholders
Corneil Karakezi – Alternate Director, Class D Shareholders
Rajni Varia – Alternate Director, Class D Shareholders

ATI's Products

Trade Credit Insurance

This insurance protects against non-payment risks. As an added benefit, policy holders can also receive valuable credit information on buyers, access to financing on improved terms, help in debt collection and incentives to bring discipline in the credit management process.

There are two types of Trade Credit Products:

1. For multiple buyers ATI can insure an entire portfolio of buyers or debtors. Typically this is a one-year policy that covers business-to business sales with credit terms of up to 180 days.
2. For single buyers we can cover one buyer or debtor but it is flexible in terms of the type of transactions it covers. This policy covers an average credit period of one to five years.

For lenders, ATI offers protection against borrowers' default on loans and other lending facilities and it also includes political risk cover for cross border transactions.

Risks Covered:

- A corporate buyer/borrower who refuses to pay or is unable to pay due to insolvency
- A corporate buyer/borrower who fails to pay due to deteriorating financial circumstances
- A corporate buyer/borrower who extends your payment beyond the agreed credit period (protracted default)
- Public buyers (public institutions) can also be included

Political Risk / Investment Insurance

This insurance protects investments, projects, assets and contracts against unfair political action or inaction by a government that could deprive you of investments, ownership benefits or use, causing financial loss in any of our member countries. It can also cover loss due to war & civil disturbance.

Risks Covered:

- Expropriation of assets
- Inability to transfer money out of the country or to convert local funds into freely convertible currency such as US dollars
- Inability to operate or damage to assets due to war or civil disturbance
- Breach of contract by a host government
- Unilateral cancellation of an operating contract or license
- Non-payment by host governments or public institutions
- Default by a host government on an arbitration award

- A host government or a public institution unfairly calls for a performance, bid or other pre-paid project bond
- Trade embargoes or any other sanctions imposed by the Security Council of the United Nations

Political Violence, Terrorism & Sabotage Insurance

This insurance protects you against financial losses directly resulting from politically motivated violence or terrorism and sabotage events. We can insure you directly on a stand-alone basis or through an insurer under a reinsurance contract.

Risks Covered:

- Damage to property
- Loss of income or revenues due to business interruption
- Third party liability

Surety Bonds

This product protects employers, which includes government agencies and contracting companies, to ensure that contracts are completed according to mutually agreed terms. ATI's role is to support issuers of bonds (banks and insurance companies) with counter guarantees, in the event that a bond is called and the contractor is unable to perform or reimburse the issuer.

Current Offerings:

- Advance Payment Bonds
- Bid Bonds
- Customs and Warehousing Bonds
- Performance Bonds
- Retention and Maintenance Bonds

Reinsurance

Reinsurance is insurance for insurance companies. It allows the primary insurer to increase its capacity and to share liability when a loss occurs. ATI offers this product to insurance companies supporting business in any of our African member states.

Eligibility

For Political Risk Insurance or Reinsurance:
The investment/project must be located in at least one of our African member countries (visit our website for a current list of our member countries).

For Credit Insurance Involving Trade Transactions:

- Either the seller or buyer must be located in one of our African member countries.
- Whole Turnover: ATI can, under certain conditions, insure clients based outside of our member countries for risks that are also external to our member territories.

For Trade Credit Insurance Involving Financing Transactions:

- Either the lender, borrower or project must be located in one of our African member countries (for international and domestic trade).

Application

The first step is to submit an insurance enquiry form, which is available on ATI's website. Once the enquiry is approved, we will issue a Non-Binding Indication (NBI). If the terms and conditions quoted on the NBI are acceptable to you, we will ask to receive an application for insurance which we will review together with other documents, including an Environmental Information Note (EIN), where applicable. Once we receive all relevant documents, we strive to underwrite deals and issue policies promptly. To submit an enquiry form online, visit our website.

ABBREVIATIONS

ATI	African Trade Insurance Agency
CGU	Cash-Generating Unit
COMESA	Common Market for East and Southern Africa
CRI	Credit Risk Insurance
CRI-SO	Credit Risk Insurance-Single Obligor
CRI-WTO	Credit Risk Insurance-Whole Turnover
DCA	Development Credit Agreement
ECOWAS	Economic Community of West African States
EIB	European Investment Bank
FAPA	Fund for African Private Sector Assistance
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IDA	International Development Association
IFRS	International Financial Reporting Standards
MIC	Management Investment Committee
PRI	Political Risk Insurance
PRI/CRI	Combined policies
PV&TS	Political Violence and Terrorism & Sabotage Insurance
SE4All	Sustainable Energy for All
S&P	Standard & Poor's
SDR	Special Drawing Rate
STA	Security Trust Account
STAA	Security Trust Account Agreement

CREDITS

Auditors
External Auditors
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Waiyaki Way, Muthangari
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00100 – Nairobi, Kenya

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African Trade Insurance Agency
Agence pour l'Assurance du Commerce en Afrique

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