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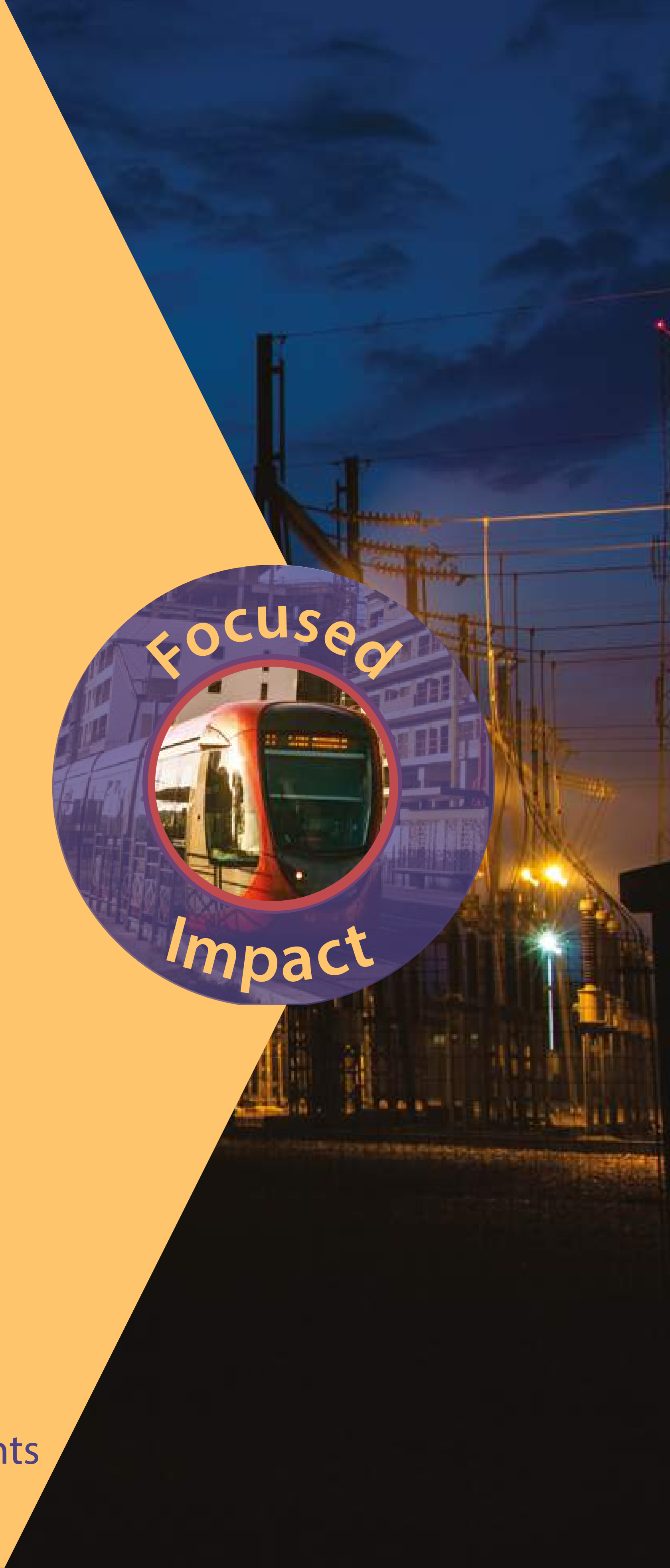

2018 Annual Report & Financial Statements

We are proud to unveil this Report in Benin, a country that reflects the dynamism and growing momentum of West Africa.

Power Project in Benin

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Congress Centre, Cotonou

OVERVIEW

Port of Cotonou - Benin

KEY DATA

USD 45.5bn
Volume of Investments & Trade supported since inception

USD 4.8bn
Gross Exposure

USD 66.2m
Gross Written Premiums

USD 12m
Net Profit

USD 262.3m
Equity

A/Stable
S&P Rating

A3/Stable
Moody's
(Issued on 29 May, 2019)

MILESTONES

A record
USD 1bn
in Net Exposures

A record
100%
increase in Gross Exposure to USD 4.8b

5
countries signed MoUs under ATI's new green-energy facility – the RLSF

A record
7 years
of profitability

ATI declared
USD 2.5m
dividends for the first time in its history

A record
USD 1.5bn
strategic sovereign deals closed

MESSAGE FROM THE CHAIRMAN OF THE ANNUAL GENERAL ASSEMBLY MEETING

Breaking down stereotypes to attract investments in infrastructure

In 2018, Africa continued to challenge stereotypes. The peaceful transition of power that took place in national elections in Egypt, Ethiopia and Zimbabwe proved that Africa has made significant progress. The continent also led the way in creating the world's largest free trade area (the ACFTA) with USD4 trillion in consumer and business spending, which is expected to take effect in 2019. The current environment of relative stability signals to investors that Africa is a viable destination for their projects, capital and trust. As a reflection of this growing confidence, Africa is expected to see a 20% increase in FDI to USD50 billion with multinationals from the U.S., the U.K. and France likely to continue holding the largest FDI stock in Africa.

These investors may be seeing the silver lining that is ever-present in so many of our challenges. Infrastructure development is currently one of the continent's greatest hurdles. ATI found innovative solutions to this challenge in 2018. In one such solution, ATI supported the government of Côte d'Ivoire to restructure the national oil refinery's debt with insurance cover on a €577 million debt financing facility. In addition, ATI also supported the African Development Bank to leverage their balance sheet allowing them to lend to more countries.

In the energy sector, where Africa has the lowest access rate in the world at just 40%, some countries have used this reality to prioritize their energy sector development with visions of becoming net exporters. ATI is also stepping up its support in this area. In 2018, ATI's Regional Liquidity Support Facility, supported by Germany's KfW, signed agreements with five member countries to ensure that their Independent Power Producers will be well positioned to reach financial close and implement lower-cost and more efficient renewable energy projects. With the support of the European Investment Bank and Munich Re, ATI is also part of a reinsurance pool that will add an additional USD1 billion of insurance capacity to renewable energy projects across Africa.

Strengthening SMEs is a key driver to development

The relatively small size of most African economies will continue to place trade at the centre of the region's economic development. With millions of young people entering Africa's labour force each year, jobs growth will be paramount to maintaining economic development and competitiveness. Nurturing our Small and Medium-sized companies, will help generate needed jobs and development across the continent.

The relatively small size of most African economies will continue to place trade at the centre of the region's economic development.

Some of the strategies that countries are already implementing include focused infrastructure development to scale-up exports, the creation of export-processing zones and industrial parks linked to global markets.

Providing local industries with access to credit and financing will also be important to the success of the sector. In 2018, ATI continued to focus on supporting trade transactions that have helped to create jobs and provided needed inputs into many sectors such as manufacturing in its member countries.

Together we are stronger

As Africa looks toward a future that may involve more protectionist measures from developed economies, the continent must continue to strengthen itself. Reliance on our domestic institutions will provide a needed boost in the face of uncertainty. Institutions such as ATI, with the confidence of and access to international financial markets, can help Africa retain the trust of these markets. At the same time, if we continue breaking down the barriers that divide us, we will see that our strength lies in our ability to pull together in the same direction toward economic and social growth.

Hon. Adama Koné,
Minister of Economy and Finance
Republic of Côte d'Ivoire

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Reinforcing governance structures

As I complete my first full year as the Chairman, I have been heartened by the dedication and support received from Board colleagues and ATI's management. This support reflects the type of 'pulling together' that has helped ATI to maintain an impressive growth rate, which continued in 2018. The company logged another record year with a 20% growth in profits and 100% increase in Gross Exposures to USD4.8 billion.

This incredible momentum is laudable but it also requires that we put in place appropriate structures to accommodate future growth. This is the current focus of the Board. Our first action was to adopt a new Board structure, which is based on representation by constituencies allowing more countries to be represented as ATI continues to expand its membership base.

In addition, we also plan to finalise a new organizational structure that will be based on financial sustainability, a larger geographic spread across Africa and ATI's ability to create greater impact by supporting more countries. This structure is expected to work in tandem with the five-year corporate strategy.

These activities, along with strengthened governance and risk management processes, will create a stronger foundation to underpin ATI's future growth.

Trust will fuel greater regional integration

ATI is in a good position to attract more countries with innovative deals and demonstrable impact in member countries, where it is now supporting upwards of 1.4% per annum of GDP in trade and investment activities. Beyond impact, countries also have another incentive to become members. In 2018, ATI started distributing dividends. Coupled with potential grant and concessional financing for countries' initial equity investments, membership in ATI is truly a win-win proposition for all African countries.

ATI is in a good position to attract more countries with innovative deals and demonstrable impact in member countries, where it is now supporting upwards of 1.4% per annum of GDP in trade and investment activities.

I would like to welcome the Government of India, which is the first non-African country shareholder through representation by its export credit agency, the Export Credit Guarantee Corporation of India (ECGC). India's membership reflects the growing interest in ATI from international partners, who see shareholding in ATI as a gateway into the region through a trusted partner.

As the momentum towards greater integration shifts into high gear, ATI will continue to support the continent's efforts to create open borders for the free flow of goods, services and people.

ATI is doing its part to bring countries together with the availability of insurance products and services designed to create greater trust among countries. These instruments also provide a platform for countries to trade, invest and do business more readily with one another. In this way, ATI is facilitating linkages that are fundamental to a fully integrated continent.

Dr. Yohannes Ayalew Birru
Chairman of the Board of Directors

MESSAGE FROM THE CEO

Building a strong vessel takes teamwork

We are now approaching an incredible seventh year of positive growth in business. This is a commendable achievement in any organization but it's notable to mention that our course correction occurred during challenging times for the region, which weathered the after-effects of a global recession, historical lows in commodity and oil prices and protectionist measures that threaten the global multilateral order.

Since I've been at the helm of ATI, during the transition from a loss-making position to record profits, I feel it is only appropriate to acknowledge the teamwork that has gone into turning the ship around. Through it all, I've had the good fortune of working with a team of dedicated professionals at all levels from the Board of Directors, who have been supportive throughout, to my managers and staff. Thank you for your individual efforts that have helped us create a robust institution that is capable of weathering political, economic and global storms.

2018 results elevate ATI to a world-class level

In the past two years, our focus shifted to exploring ways that we could provide greater support to our member countries by becoming more strategic partners. At the time, we hoped to create stronger impact and to help our members attract more commercial financing at better rates and for longer tenures.

We could not have foreseen the snow-ball effect that this support would unleash. After our initial credit-wrap transaction for the government of Benin, we received requests for billions worth of transactions from other countries. Added to this positive development, Ghana and Nigeria are expected to become full-fledged shareholders in 2019, while Burkina Faso, Cameroon, Egypt, Mali, Nigeria and Senegal have shown significant interest.

This momentum mirrors equally impressive results. Our Gross Written Premiums increased by 48% to USD66 million. Similarly, profits increased by 20% to USD12 million. On the other side of our balance sheet, our combined ratio improved from 62% to 48% in part due to effective cost controls and higher ceding commissions, lower claims ratio and healthy claims reserves.

It is also noteworthy to mention that in 2018, the strength of ATI's preferred creditor status was reinforced owing to a strengthened sovereign claims recovery strategy, which enabled ATI to recover all outstanding sovereign claims. In addition, no new sovereign claims were recorded in the year.

ATI's partnership with our member countries is perhaps one of the most important factors contributing to our success. Without their trust, commitment and support over the years, ATI would not have grown into the force that it is today.

With Gross Exposures approaching USD5 billion and Net Exposures exceeding USD1 billion, ATI is on track to further double this amount in the near term. ATI's growth has propelled it to become one of the largest providers of investment and trade credit insurance in the African market, and with some of Africa's biggest economies expected to join soon we fully anticipate scaling even higher summits.

Partnerships continue to sustain us

Where would we be without our clients and partners? The answer, quite simply, is not as far as we have travelled today. These valuable partnerships include reinsurers, insurers as well as brokers, who have helped us secure enough insurance capacity to allow our member countries to undertake strategically important projects such as the Kipeto wind farm in Kenya and the high-speed railway project in Tanzania.

Partners have also provided prospective member countries with grant and concessional financing for their equity contributions to ATI. These partners include the African Development Bank, GIZ, Trade Development Bank and The World Bank. And we expect to further expand the options for concessional financing for prospective member countries to include the European Investment Bank (EIB) and KfW - the German Development Bank.

Finally, ATI's partnership with our member countries is perhaps one of the most important factors contributing to our success. ATI is hoping to strengthen these partnerships even more with a strategy to create broader local presence. As a demonstration of this commitment, in December 2018, ATI opened a West African Regional Office in Cotonou, Benin and a Country Office in Abidjan, Côte d'Ivoire.

We greatly value the trust that has been placed in ATI by member countries over the years. Without this faith, ATI would not have grown into the force that it is today. We hope to be in a position to continue meeting these expectations well into the future and, as our primary stakeholders, ATI welcomes the challenge of fulfilling its role as Africa's development partner.

George Otieno
Chief Executive Officer

The Berne Union's First Spring Meeting in Africa

Kenya's Cabinet Secretary of Tourism, Hon. Najib Balala (pictured), delivered a welcome address to the group of international export credit and investment insurers gathered in Mombasa for the Berne Union's annual spring meeting, co-hosted by ATI and the government of Kenya.

Launch of The Africa Energy Gaurantee Facility (AEGF)

George Otieno participated in the launch of the AEGF in Germany, Africa's first dedicated reinsurance for renewable energy projects to support USD1.4 billion of new projects in 25 African countries. (Pictured (l to r) Werner Hoyer, President of the European Investment Bank, Doris Höpke, Munich Re's Board member and George Otieno, ATI's CEO).

Hosted an IPFA Event on Kenya's Energy Sector

As a member of the International Project Finance Association (IPFA), ATI hosted a seminar in Nairobi with the objective of updating project developers, investors and lenders on the current situation for independent power producers in Kenya.

PARTNERSHIPS & ACTIVITIES
OUTREACH INITIATIVES

Participated in the Inaugural Intra-African Trade Fair

Co-hosted by Afreximbank, the African Union and the government of Egypt, ATI was an official sponsor of the event, where the delegation also met with Egypt's Minister of Finance (pictured) to discuss their potential membership in ATI.

Awareness Workshop and Press Event in Nigeria

The objective of both events was to raise awareness about ATI's products within the government and the private sector in anticipation of Nigeria's membership completion in 2019.

ATI Approves India as the First Non-African Country Member

The approval of India's membership was announced during ATI's 18th Annual General Meeting in Abidjan. India's national export credit agency – The Export Credit Guarantee Corporation (ECGC) will represent the government. (Pictured, Geetha Muralidhar, Chairman & Managing Director, ECGC).

BUSINESS & MANAGEMENT REVIEW

Obama Beach, Cotonou

This transaction leverages the Bank's own capital to achieve more development and lending as it creates new pathways for collaboration between private insurers and the Bank in the development of the African continent.

Akinwumi Adesina
President of the African Development Bank Group

Giving African Institutions 'Room to Run'

The African Development Bank (AfDB) and ATI created a unique solution that would allow the Bank to free-up 22% of the capital in its USD2.3 billion outstanding non-sovereign financial sector portfolio with USD0.5 billion credit risk insurance support. This, along with the synthetic securitization transaction, is the second balance sheet optimization scheme that ATI supported as part of the Bank's "Room to Run" initiative.

The transaction is expected to have an important demonstration effect in the future to encourage similar institutions to invest more in the continent. While ATI will be the direct insurer facing the African Development Bank, the transaction involved the participation of a number of Lloyd's & other private reinsurers, who will share the risk on African financial institutions.

This vehicle will enable many insurance companies operating outside Africa to participate in the financing of development in Africa for the first time. The transaction is expected to, over time, also lead to lengthening of insurance terms, reducing financing costs and strengthening credit risk insurance markets in Africa.

A region recovering, in part, due to stabilizing global commodity prices

Kinshasa, DR Congo

In this section, references to economic analysis and country composition of regions are taken from the African Development Bank's 2019 African Economic Outlook,while population statistics are from the World Bank.

In DRC's Second Largest City, Exporting Copper Helps Educate, Heal and Employ the Community

The Democratic Republic of Congo (DRC) has been one of the leading global suppliers of copper cathodes for decades. The more recent demand stems in part from the electric vehicle revolution, which requires copper for the infrastructure that will underpin this emerging industry. DRC's increased copper production reflects this growing demand. In 2005, the country produced under 30,000 tons, which rapidly increased to 1.2 million tons in 2018.

For several years, ATI has been supporting the country to boost exports. In this transaction, ATI is insuring a pre-export finance facility to enable a local mining and mineral processing company to supply copper cathodes to an Asian-based trading company. The company provides employment, health and education services to the Lubumbashi community, which is the second largest city in DRC with a population of close to 2 million.

ATI has been supporting this and other companies in DRC to help them bring their goods to the global market. This support ensures the financial viability of industries that enable the region to achieve economic and social development.

Countries in the Central Africa Region:

- Cameroon
- Central African Republic
- Chad
- Congo
- Democratic Republic of Congo (DRC)
- Equatorial Guinea
- Gabon
- São Tomé and Príncipe

134m
Total Population

2.2%
Average GDP Growth for the Region

East Africa retains its title of the fastest growing region in Africa

Kampala, Uganda

East Africa

Boosting the Competitiveness of Tanzanian Banks: Supporting their Participation in a USD1.25 bn Railway Project

This deal provided an innovative solution to a challenge often faced by international contractors doing business in Africa: capacity limits with their domestic lenders, combined with credit challenges in the domestic banking sector of the project.

Yapı Merkezi, a Turkish contractor, was awarded the contract to design and build the new USD1.25 billion, 300km high-speed electric railway line by Tanzanian state-run railway firm RAHCO: Reli Assets Holding Company (currently TRC: Tanzania Railways Corporation). The line from Dar es Salaam to Morogoro will replace the century-old track and will have the capacity to transport 17 million tonnes of cargo each year.

Under the terms of the agreement, the contractor had to enlist the support of local banks to satisfy the performance and advance payment bond requirements. ATI's cover enabled Tanzanian banks to issue guarantees with larger than normal limits and without the need for the typical counter-guarantees.

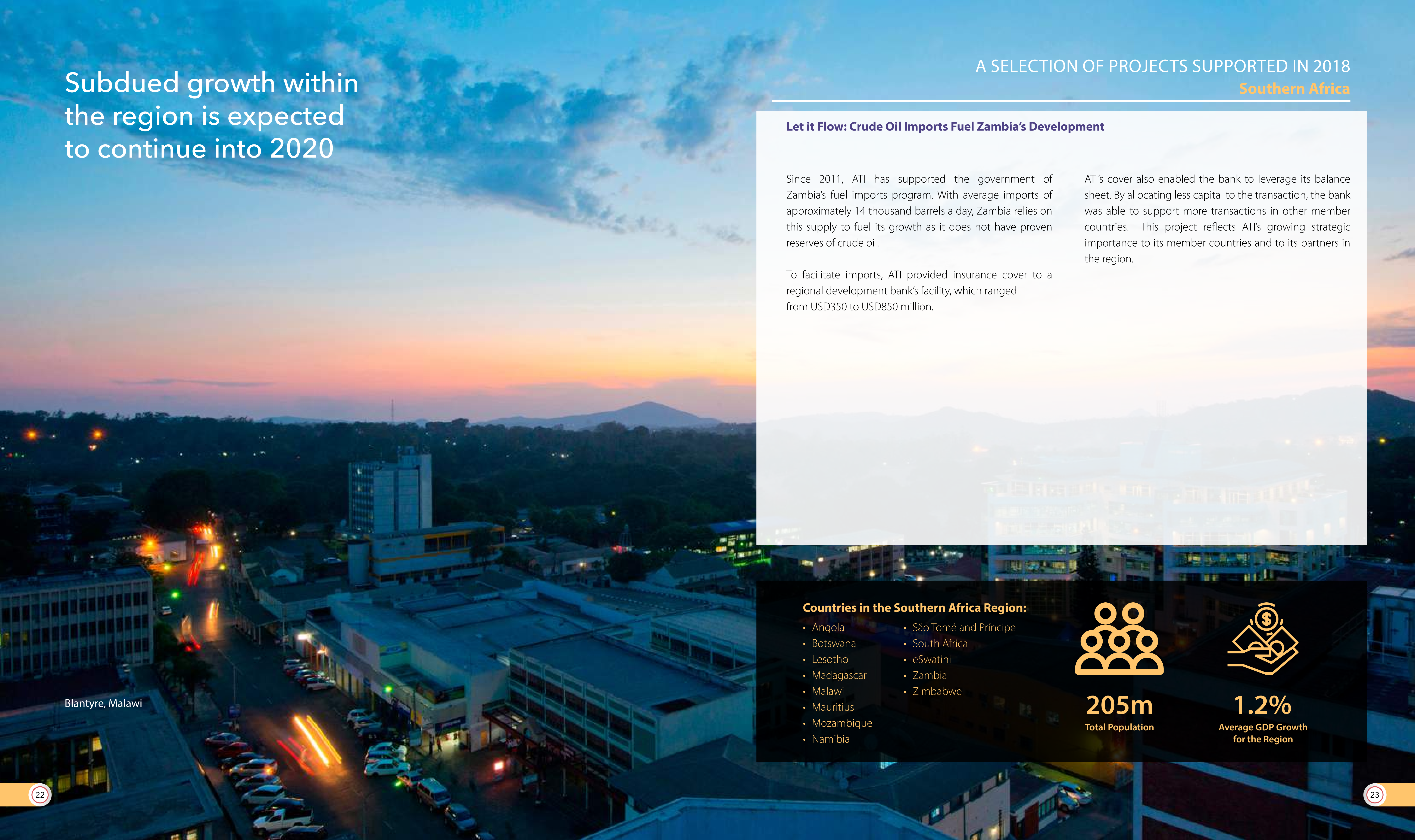
This transaction represents the best in class because it contributed to increasing the competitiveness of African banks, which in many cases are crowded out of such big transactions. Secondly, ATI was able to support a government shareholder in a priority infrastructure project. This type of impact is critical as it underpins ATI's dual commercial and developmental roles.

Countries in the East Africa Region:

- Burundi
- Comoros
- Djibouti
- Eritrea
- Ethiopia
- Kenya
- Rwanda
- Seychelles
- Somalia
- Sudan
- South Sudan
- Tanzania
- Uganda

353m
Total Population

5.7%
Average GDP Growth for the Region



Blantyre, Malawi

Subdued growth within the region is expected to continue into 2020

Let it Flow: Crude Oil Imports Fuel Zambia's Development

Since 2011, ATI has supported the government of Zambia's fuel imports program. With average imports of approximately 14 thousand barrels a day, Zambia relies on this supply to fuel its growth as it does not have proven reserves of crude oil.

To facilitate imports, ATI provided insurance cover to a regional development bank's facility, which ranged from USD350 to USD850 million.

ATI's cover also enabled the bank to leverage its balance sheet. By allocating less capital to the transaction, the bank was able to support more transactions in other member countries. This project reflects ATI's growing strategic importance to its member countries and to its partners in the region.

Countries in the Southern Africa Region:

- Angola
- Botswana
- Lesotho
- Madagascar
- Malawi
- Mauritius
- Mozambique
- Namibia
- São Tomé and Príncipe
- South Africa
- eSwatini
- Zambia
- Zimbabwe

205m
Total Population

1.2%
Average GDP Growth for the Region

Many countries are on the rise in a region that is gaining global attention

Abidjan, Côte d'Ivoire

Competitive Access: The Republic of Benin Attracts EUR 610 million for Infrastructure Development & Debt Reprofiling

In 2018, the Government of Benin was able to attract competitively sourced financing for two strategic transactions that feed into its five-year development plan. The first was a EUR350 million loan to construct and rehabilitate a 660 km road network linking key cities to create more efficient trade routes, and the second was a EUR260 million loan to refinance existing debt.

ATI's presence at the initial structuring stage and our investment risk insurance cover helped the government secure 10 year financing with a margin below 5% per annum, saving the government millions in financing costs.

The transaction attracted considerable interest for its ability to crowd-in non-traditional investors, such as pension funds, many of whom had never before considered Africa as a viable investment destination. These deals are expected to pave the way to more investment opportunities for Africa.

This operation allowed us to demonstrate that we could finance projects at a reduced cost in a context where international markets were almost closed to emerging countries.

Hon. Romuald Wadagni,
Minister of Economy & Finance, Benin

Countries in the West Africa Region:

- Benin
- Burkina Faso
- Cabo Verde
- Côte d'Ivoire
- Gambia
- Ghana
- Guinea
- Guinea-Bissau
- Liberia
- Mali
- Niger
- Nigeria
- Senegal
- Sierra Leone
- Togo

369m
Total Population

3.3%
Average GDP Growth for the Region

In 2018, support to a record 14 non-member countries created more demand for ATI's products & membership across Africa

Luanda, Angola

Showing Value: Support to Burkina Faso's Oil and Gas importation Program

Burkina Faso relies on oil and gas imports because, like Zambia and many other countries, it does not produce this commodity. To create efficiencies, the government created a national oil and gas importer, which imports from selected traders and suppliers. To meet its financier's requirements, the company needed credit risk insurance to guarantee the trade transaction valued at USD25 million.

The transaction was strategically important to the government and effectively demonstrated ATI's value. With a growing pipeline of projects that ATI will only be able to support with Burkina's full membership, this is one of the West African countries that we expect to become a shareholder in the near term.

ATI's pan-African mandate allows it to underwrite strategic transactions in non-member countries across Africa. In 2018, ATI supported transactions in 14 countries across 4 regions of the continent. With these transactions, many countries are realizing the impact that ATI can have on their economies, which we anticipate will push many to become members.

Non-Member Countries Supported in 2018:

- Angola
- Burkina Faso
- Cameroon
- Central African Republic
- Gabon
- Ghana
- Guinea
- Mali
- Mauritania
- Mauritius
- Nigeria
- Senegal
- South Africa
- Tunisia

420m
Total Population

US$ 402m
Gross Exposures in non-member countries in 2018

George Otieno
Chief Executive Officer

John Lentaigne
Chief Underwriting Officer

Cyprien Sakubu
General Counsel & Corporate Secretary

Toavina Ramamonjiarisoa
Chief Financial Officer

In 2018, increased demand for ATI's products across Africa reflects growth of 100% in Gross Exposures and 48% in Gross Written Premiums.

MANAGEMENT REPORT

KEY HIGHLIGHTS

- *Seventh consecutive profitable year with a 20% increase in the net profit owing to a stable portfolio of repeat business and an increased participation in large and strategic new sovereign transactions*
- *West African expansion strategy bears fruit resulting in portfolio and risk diversification with 22% of GWP coming from deals in Benin and Côte d'Ivoire*
- *Declared the first dividend in 2018*
- *Product restructuring and new initiatives to refresh governments' understanding of their sovereign obligations led to record low incurred claims and no new sovereign claims*

Strategic Overhaul Taking Root and Reinforcing Growth

In the past five years, ATI has taken several decisions that have resulted in strategic shifts in the business portfolio, the underwriting approach, membership expansion and engagement with sovereigns to strengthen ATI's preferred creditor status. Virtually all these initiatives have taken root and have resulted in the stellar growth in 2018.

First, it's important to note the impact of a critical decision taken nearly a decade ago by ATI to change the nature of the business from one that relied on adhoc large deals to one with a more stable and predictable staple of repeat clients. This strategy underpins the current growth as renewals in 2018 represented USD38.8 million, or 59% of the GWP.

More recent strategic shifts included a change in ATI's approach to sourcing deals to one that places the company at the heart of member governments' most strategic projects. In 2018, this strategy led to ATI's participation in transactions that helped Benin and Côte d'Ivoire reprofile their public debt and to attract commercial financing at attractive rates from non-traditional investors such as pension funds. These deals accounted for nearly USD1 billion in Gross Exposure.

This tactic has also led to a lower retention – 18% in 2018 compared to 31% in 2017. The resulting drop in the Net Earned Premium (NEP) has been more than compensated by a significant increase in ceding commissions, where ATI's total Net Revenue Income in 2018 increased by 14%.

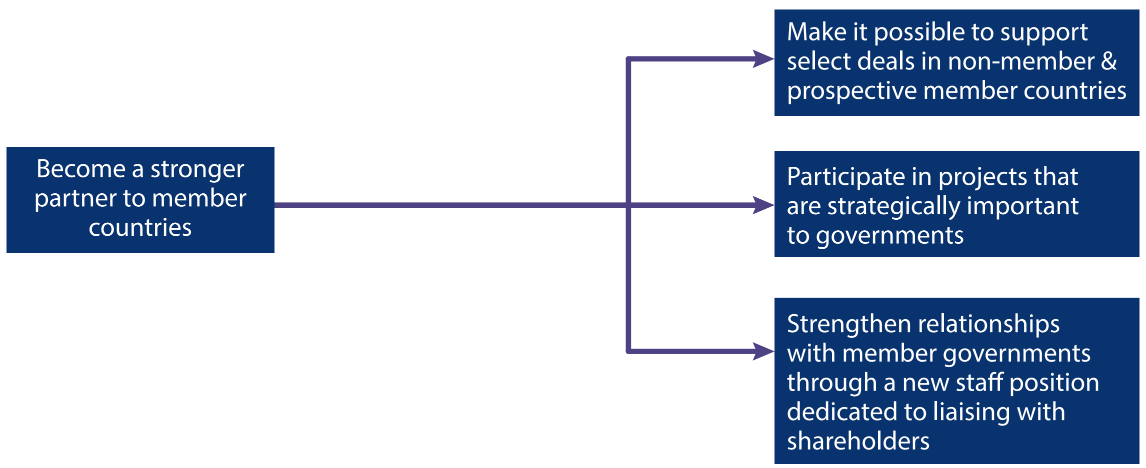
ATI's decision to find ways to offer greater support to its member countries is also a key factor in the company's approach to membership and strengthening its relationships with member governments. The Board's 2016 decision relating to ATI's pan-African mandate, enabled ATI to underwrite selected transactions in non-member countries. This strategy has since led to serious membership discussions with a number of countries including Angola, Egypt, Mozambique, Sierra Leone and Togo.

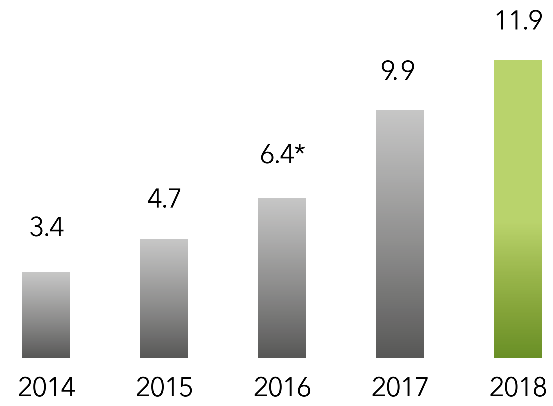
In addition, the decision to declare dividends in 2018 boosted ATI's attractiveness to prospective shareholders. These initiative are expected to lead to more rapid membership expansion as countries experience, first hand, the impact of ATI's products and the clear cost-benefit.

Tied to this is ATI's strategy toward government relations. In recent years, ATI has increased communication to relevant ministries about its support on sovereign risks while also sensitizing governments on their Treaty obligations. This has resulted in a full reimbursement of all sovereign claims and no new sovereign claims recorded in 2018. In addition, ATI continued to build its statistical reserves to USD4 million, which has been added to the total claims incurred in 2018 (USD1.2 million + USD4 million) totaling USD5.2 million and translating to a loss ratio of 40% in comparison to 34% in 2017.

The business portfolio has also undergone a significant change that has seen ATI restructure its Whole turnover (WTO) product to reduce incurred claims and to let demand dictate the fate of the Political Violence & Sabotage product. As a result, in 2018, ATI recorded its lowest level of claims of USD1.2 million, which translated to the lowest incurred loss ratio of 9% in the last five years.

Key Strategic Shifts that have Contributed to ATI's Sustained Growth





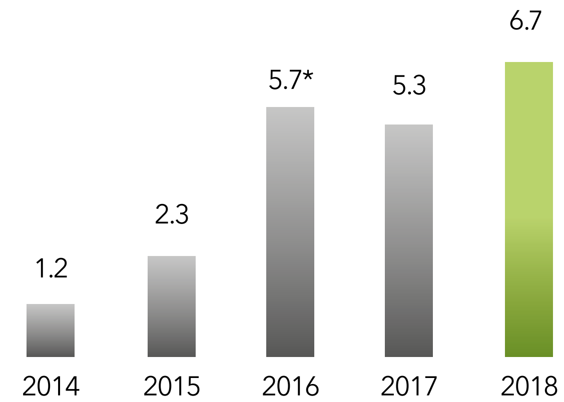
*Adjusted to reflect the impact of a new reserving strategy

NET RESULT (USD M)

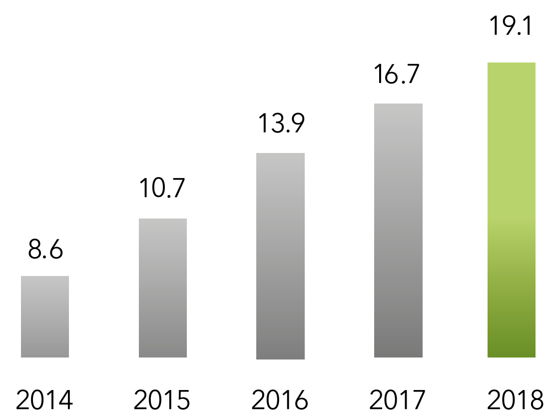
ATI's positive growth trend continued in 2018 with a 20% increase in the Net Profit. Improvements in the underwriting performance and investment income contributed to this sustained growth.

NET UNDERWRITING RESULT (USD M)

A strategic shift to focus on priority projects in member countries led to ATI's support of more large sovereign deals primarily in West Africa – resulting in a greater than five-fold increase in just five years.



* Adjusted to reflect the impact of a new reserving strategy

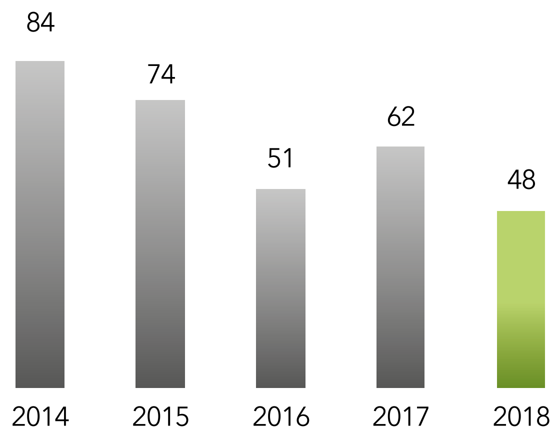


TOTAL EARNED REVENUE INCOME (USD M)

The progressive upward trend of the earned premiums and commissions reflects a balanced underwriting approach to retained and reinsured risks.

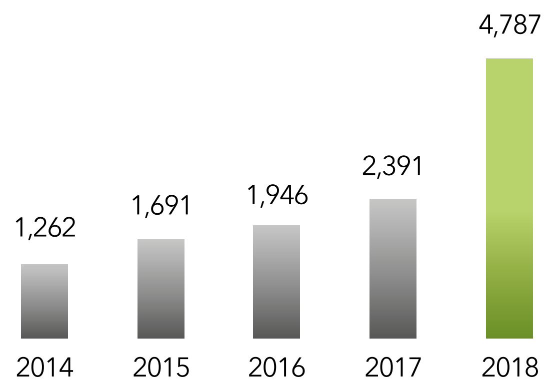
COMBINED RATIO ON NET EARNED PREMIUM (%)

In 2018, ATI recorded its lowest combined ratio primarily because of a low cost ratio of 8% owing to changes in its net revenue income structure. This accounts for greater commissions as a result of lower retention rates.



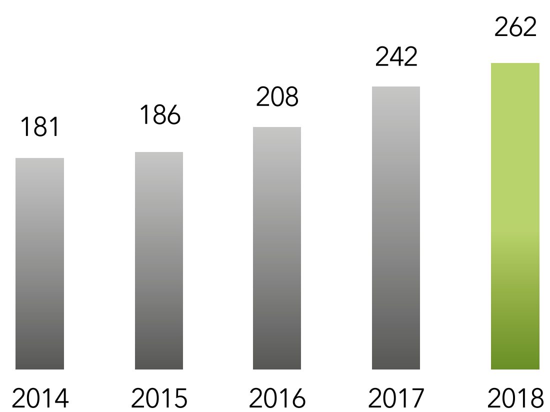
GROSS EXPOSURE (USD M)

A doubling of Gross Exposure in 2018 demonstrates the success of ATI's two-pronged approach - a pan-African underwriting mandate combined with innovative investment insurance solutions, which led to rising demand across Africa.



EQUITY GROWTH (USD M)

ATI's equity growth of 8% is due in large part to a USD10.3 million capital increase from existing members in addition to reinvested dividends from three member countries, and the USD12 million net result in 2018.

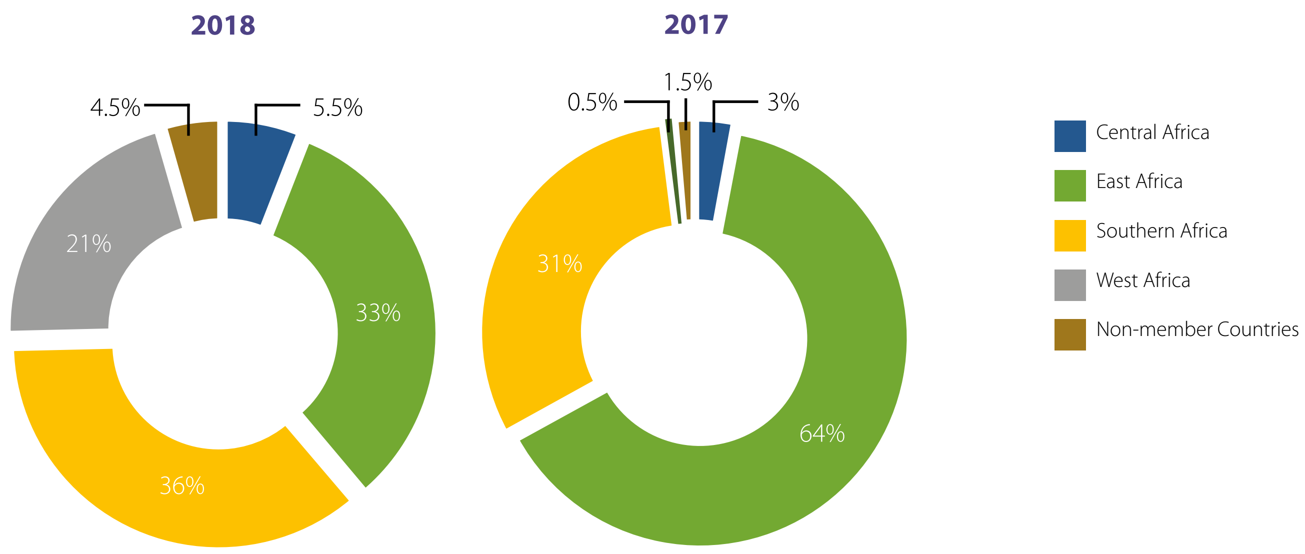


MANAGEMENT REPORT

BUSINESS PORTFOLIO

In 2018, ATI achieved a more equitable risk spread, reflecting a long-term ambition to increase portfolio diversity across the entire continent.

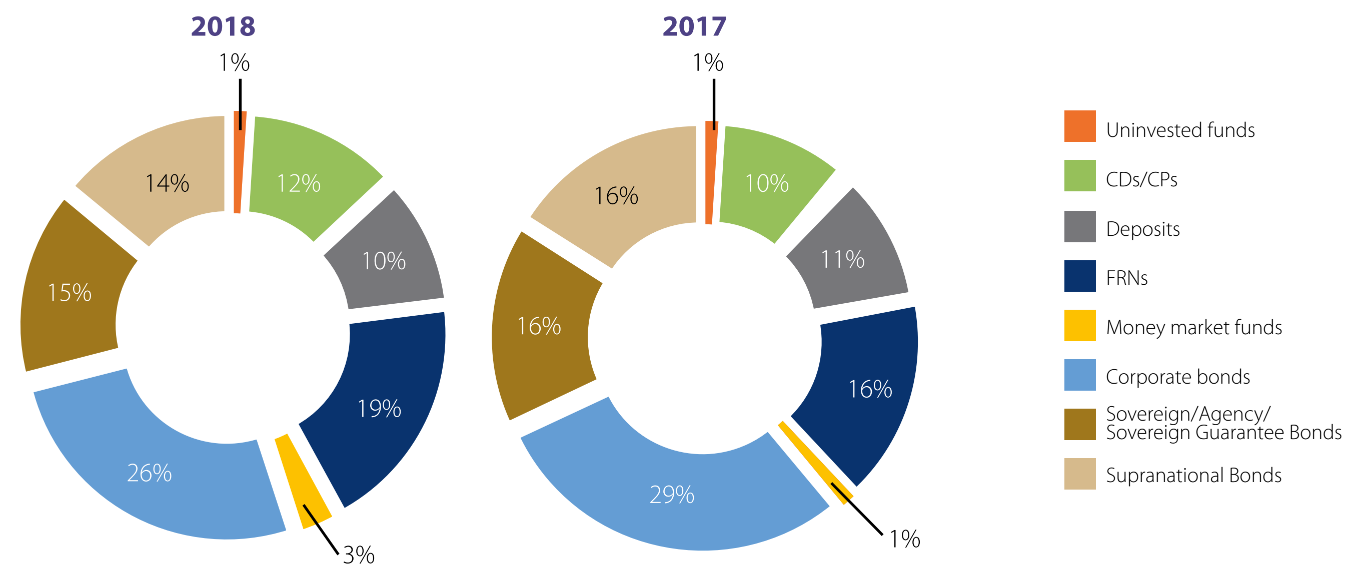
Portfolio Performance by Region (GWP) (%)



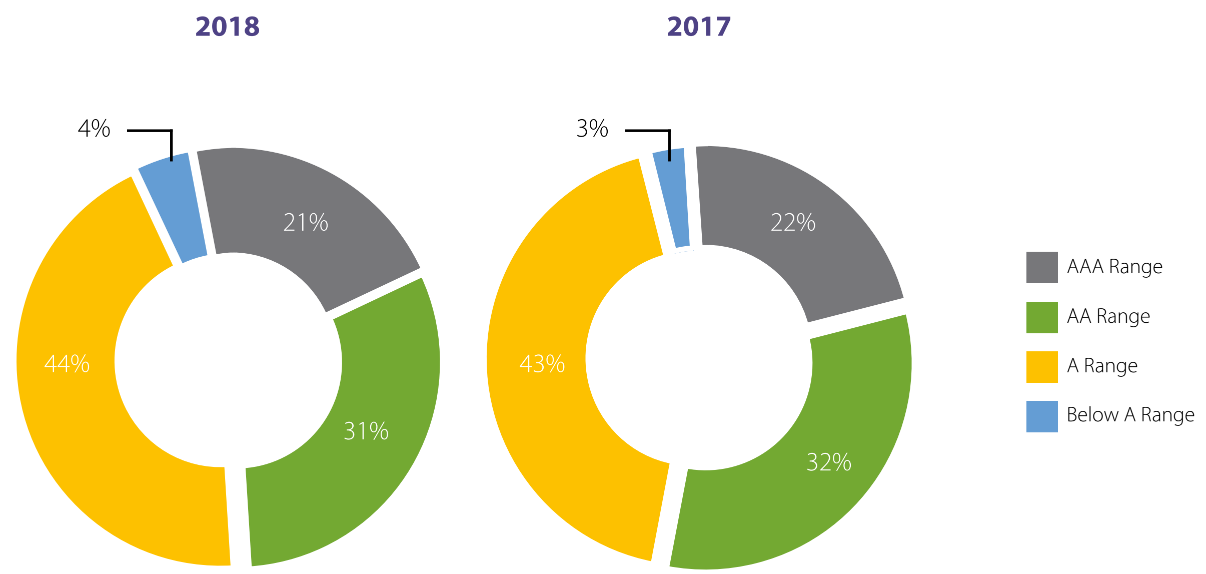
INVESTMENT PORTFOLIO

ATI's investment income increased by 62% and was 50% above budget as a result of two key factors – proactive asset allocation that enabled ATI to generate yield pick-up, combined with an increase in the investment portfolio size.

Distribution of the Investment Portfolio (%)



Credit Quality of the Investment Portfolio



STRATEGY & OUTLOOK

In 2018, we saw the fruits of our labour begin to sprout significant roots. With a new Board of Directors, an expanded member base, a soon-to-be implemented five-year strategy and a rebranding initiative due to begin in 2019, ATI is on the verge of punching its way into a new weight class that should see the organisation expand even more rapidly into new regions and continue to innovate its products to meet market demand.

Looking to the five-year horizon, innovation will be foremost in our plans as a key element to drive demand. With deals such as the balance sheet optimization and the synthetic securitization transaction with the African Development Bank now firmly under our belts, we learned that innovation can allow us to create greater impact within our current capacity.

To achieve even more innovation, we will focus on creating an enabling culture within the organisation that can remain flexible and responsive to clients' needs while staying connected and trained on the latest trends and tools in our industry. Here we plan to continue investing in infrastructure and in training our staff to ensure we adhere to industry best practice as well as paving new pathways to achieving our ultimate objective of meeting the demands of our member governments.

Second, we will continue to on-board more of the world's leading financial institutions in order to ensure that we have a seat at the table when deals are being structured. In our experience, working with leading financiers and investors is among the best motivators to create new structures in order to achieve the best possible results for our member governments.

Lastly, innovation will only be necessary if it allows us to better address the needs of our member governments. To date, the credit wrap transactions that we structured for Benin and Côte d'Ivoire have attracted significant attention and queries from other countries. This indicates that we have created a structure that is needed and that can address some of the existing borrowing and debt constraints faced by African governments. We will therefore, use this as a spring board to offer the same structure to other qualifying countries while also looking at new structures.

Each year, I have talked about expansion being the linchpin to our sustained growth and this year, I will continue. As new countries and institutional shareholders join, we are noticing several direct outcomes. First, an expansion in our share capital, second our ability to improve our spread of risk, and our ability to underwrite larger and more strategic deals. All of these factors contribute to ATI's ability to create greater visibility, a strengthened reputation and a more solid base from which to build. Given all the benefits, expansion will surely continue to be the bedrock beneath our long-term strategy.

> *Looking to the five-year horizon, innovation will be foremost in our plans as a key element to drive demand.*
>
> ATI Management

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors submit their report and the audited financial statements for the year ended 31 December, 2018, which disclose the state of affairs of the African Trade Insurance Agency (ATI).

PRINCIPAL ACTIVITY

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.

Pursuant to its objectives, ATI's main activities in 2018 were:

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

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 41. The profit for the year amounted to USD11.9M compared to USD9.9M in 2017.

DIVIDEND

The eighteenth Annual General Meeting held in Côte d'Ivoire on June 28th, 2018 approved and declared a dividend distribution of USD2.5M to ATI's members and shareholders relating to the financial year 2017.

The Directors are pleased to recommend a dividend of USD3M for the current financial year ended 31st December 2018 subject to the approval of the forthcoming Annual General Meeting.

AUDITORS

The auditors, KPMG Kenya, were appointed at the Annual General Meeting held on 29th June, 2016, for a period of three years. KPMG has indicated willingness to continue in office.

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 financial position of ATI as at the end of the financial year and its profit or loss 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 financial position of ATI and of its profit or loss.

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.

APPROVAL OF FINANCIAL STATEMENTS

The financial statements on pages 41 to 79 were approved and authorized for issue by the Board of Directors on 5 April, 2019.

Dr. Yohannes Ayalew Birru
Chairman
Board of Directors

Ms. Michal Ron
Vice - Chair
Board of Directors

Nairobi, 5 April, 2019

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of the African Trade Insurance Agency (ATI) set out on pages 41 to 79, which comprise the statement of financial position as at 31 December, 2018, and the 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 the notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of ATI as at 31 December, 2018, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of ATI in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Directors are responsible for the other information. The other information obtained at the date of this report is the information included in the Directors' Report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the financial statements

As stated on page 38, the Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the ATI treaty and for such internal control, as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing ATI's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate ATI or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing ATI's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery,

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

intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 ATI's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on ATI's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause ATI to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of ATI or its business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of ATI's audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The signing Partner responsible for the audit resulting in this independent auditors' report is CPA Alexander Mbai - P/2172.

KPMG Kenya

KPMG Kenya
Certified Public Accountants
8th Floor, ABC Towers
Waiyaki Way
P. O. Box 40612
Nairobi

5 April, 2019

1. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER, 2018

				2018			2017
(in thousands of USD)	Notes	GROSS	CEDED	NET	GROSS	CEDED	NET
Written Premiums		66,154	(54,436)	11,718	44,792	(30,736)	14,056
Change in Unearned Premiums		(15,328)	16,416	1,088	(12,532)	12,344	(188)
Earned Premiums		**50,826**	**(38,020)**	**12,806**	**32,260**	**(18,392)**	**13,868**
Commissions		(2,407)	11,214	8,807	(1,534)	6,712	5,178
Change in Unearned Commissions		394	(2,933)	(2,539)	233	(2,567)	(2,334)
Earned Commissions		**(2,013)**	**8,281**	**6,268**	**(1,301)**	**4,145**	**2,844**
Claims Paid		(4,555)	-	(4,555)	(4,832)	-	(4,832)
Change in Provisions for Incurred Claims		4,366	(472)	3,894	8,260	(8,099)	161
Recoveries & Outstanding Recoveries		(1,381)	840	(541)	(9,674)	9,419	(255)
Change in Other Claims Reserves		(41,172)	37,220	(3,952)	(1,731)	1,994	263
Claims Handling costs		(9)	3	(6)	(26)	-	(26)
Claims Net of Recoveries	6	**(42,751)**	**37,591**	**(5,160)**	**(8,003)**	**3,314**	**(4,689)**
Underwriting Profit before Operating Expenses				**13,914**			**12,023**
Net Other Income	7			649			476
Operating Expenses	8			(7,882)			(7,223)
Underwriting Profit after Operating Expenses				**6,681**			**5,276**
Interest Income	9			5,908			3,775
Dividend Income	10			58			41
Net income from Financial Instruments at Fair Value through Profit or Loss	23			96			6
Realised Losses on Disposal of Bonds				(7)			(18)
Impairment (Losses)/Gains on Financial Assets	13			(102)			1,616
Asset Management Fees				(585)			(460)
Net Investment Result				**5,368**			**4,960**
Finance Cost	11			(102)			(91)
Foreign Exchange Losses	12			(20)			(235)
PROFIT FOR THE YEAR				**11,927**			**9,910**
OTHER COMPREHENSIVE INCOME FOR THE YEAR				-			-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR				**11,927**			**9,910**

The notes on pages 45 to 79 are an integral part of these financial statements.

2. STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2018

(in thousands of USD)	Notes	31 Dec 2018	31 Dec 2017
ASSETS			
Cash and Cash Equivalents	14	73,215	52,034
Security Trust Accounts	15	-	935
Insurance and Reinsurance Receivables	16(a)	19,671	13,326
Other Assets	17	2,367	2,137
Reinsurers' Share of the Claims Reserves	18	48,925	13,922
Recoveries	18&19	2,602	4,970
Reinsurers' Share of Unearned Premiums		38,483	22,067
Deferred Acquisition costs		1,503	1,109
Vehicles and Equipment	20	285	256
Intangible Assets	21	222	210
Other Financial Assets	22	11,439	20,380
Investment in Money Market Funds	23	8,410	3,006
Investments in Floating Rate Notes	24	54,805	41,473
Investments in Bonds	25	157,519	154,780
Total Assets		**419,446**	**330,605**
LIABILITIES			
Insurance and Reinsurance Payables	16(b)	18,351	10,702
Other Liabilities	26	3,379	1,541
Claims Reserves	18	64,747	27,932
Reinsurers' Share of Recoveries	18	384	1,298
Unearned Premium Reserves		47,152	31,824
Unearned Ceding Commissions		7,682	4,749
Unearned Grant Income	27	5,645	279
Defined Benefit Post-Employment Plan	28	1,239	1,059
Financial Liabilities - IDA Loan	29	8,595	9,057
Total Liabilities		**157,174**	**88,441**
EQUITY			
Share Capital	30(a)	236,200	225,900
Share Premium Account	30(b)	60	-
Unallocated Share Capital	30(b)	850	552
Revenue Reserve		25,162	15,712
Total Equity		**262,272**	**242,164**
Total Equity & Liabilities		**419,446**	**330,605**

The financial statements on pages 41 to 79 were approved and authorized for issue by the Board of Directors on 5 April, 2019 and were signed on its behalf by:

Dr. Yohannes Ayalew Birru
Chairman
Board of Directors

M. Ron

Ms. Michal Ron
Vice-Chair
Board of Directors

3. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER, 2018

(in thousands of USD)	Notes	Share Capital	Share Premium Account	Unallocated Share Capital	Revenue Reserve	Total
At 1 January, 2018		225,900	-	552	15,712	242,164
Capital Disbursement	30(c)	5,500	-	115	-	5,615
Capital Reinstatement(*)	30(c)	4,200	-	-	-	4,200
Dividends		-	-	-	(2,477)	(2,477)
Reinvested Dividends		600	60	183	-	843
Total Comprehensive Income for the Year		-	-	-	11,927	11,927
At 31 December, 2018		**236,200**	**60**	**850**	**25,162**	**262,272**
At 1 January, 2017		202,000	-	482	5,802	208,284
Capital Disbursement	30(c)	28,100	-	70	-	28,170
Capital Reduction	19&30(c)	(4,200)	-	-	-	(4,200)
Total Comprehensive Income for the Year		-	-	-	9,910	9,910
At 31 December, 2017		**225,900**	**-**	**552**	**15,712**	**242,164**

(*) Following the recovery from the Government of Tanzania of the related claim.

The notes on pages 45 to 79 are an integral part of these financial statements.

4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER, 2018

(in thousands of USD)	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Cash Generated From Operating Activities	**31**	**24,066**	**26,082**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Vehicles and Equipment	20	(173)	(124)
Purchase of Intangible Assets	21	(116)	(3)
Proceeds from Disposal of Vehicles and Equipment	7	1	39
Net Redemptions/ (Investments) in Other Financial Assets	22	8,936	(10,885)
Investments in Money Market Funds	23	(5,308)	(3,000)
Net Investments in Floating Rate Notes	24	(13,339)	(6,018)
Net Investments in Bonds	25	(3,381)	(51,017)
Movement in Madagascar STA	15	935	(9)
Net Cash Used in Investing Activities		**(12,445)**	**(71,017)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of IDA Development Credit	29	(255)	(247)
Net Capital Increase	30(c)	9,815	23,970
Net Cash Generated from Financing Activities		**9,560**	**23,723**
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		**21,181**	**(21,212)**
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		**52,034**	**73,246**
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	**14**	**73,215**	**52,034**

The notes on pages 45 to 79 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ENTITY 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 had 14 African Member States as at 31 December, 2018 (2017: 14 Members) and 9 other shareholders (2017: 9 other shareholders).

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".*

(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, 2018

Unless where ATI had already chosen to opt for early adoption where permitted in the prior years, ATI has adopted the following new standards and amendments during the year ended 31 December, 2018, including consequential amendments to other standards with the date of initial application by ATI being 1 January, 2018 where applicable. The nature and effects of the changes are as explained here in.

Standard	Description	Effective periods beginning on or after:
IFRS 9 (2014)	Financial Instruments	1 Jan 2018
IFRS 15	Revenue from Contracts with Customers	1 Jan 2018
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	1 Jan 2018
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 Jan 2018
Amendments to IAS 40	Transfer of Investment Property	1 Jan 2018
Annual Improvements to IFRSs 2014 – 2016 Cycle	Amendments to IFRS 1 First time adoption of IFRS and IAS 28 Investment in Associates and Joint Ventures	1 Jan 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 Jan 2018

2. ACCOUNTING POLICIES (CONTINUED)

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

(i) New and revised IFRSs that are effective for the year ended 31 December, 2018 (continued)

- ATI chose to early adopt IFRS 9 (2010) in 2011 and its subsequent version of IFRS 9 (2014) in 2015:
  - Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost. Those instruments are subject to impairment. The amount of impairment is determined based on an expected credit loss model using the lifetime Expected Credit Losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition or the 12 month ECL if the credit risk on a financial instrument has not increased significantly since initial recognition as required by the standard.
  - Investments in money market funds that are held for trading are measured at FVTPL.
- Only a very small part (0.1%) of ATI's revenue (credit limit fees), falls under the scope of IFRS 15. The credit limit fees are recognized only when ATI has performed the related performance obligations. Therefore, the application of IFRS 15 has neither had a significant impact on ATI's financial position nor in its financial performance.
- The Amendments to IFRS 2 (Share-based payments); IAS 40 (Transfer of Investment Property); the annual improvements to IFRSs 2014–2016 Cycle (Amendments to IFRS 1 - First time Adoption of IFRS and IAS 28 Investment in Associates and Joint Ventures) do not apply to ATI.
- Amendments to IFRS 4 provide two optional solutions regarding the implementation of IFRS 9 for insurance companies which are yet to implement this new standard and are therefore not applicable to ATI.
- IFRIC 22 - Foreign Currency Transactions and Advance consideration - clarifies that the transaction date is the date on which the entity initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. This clarification is in line with ATI's practice, therefore no change was required in the current year.

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 ended 31 December, 2018

Below is a list of new and revised IFRSs that are not yet mandatorily effective (but allow early application) for the year ended 31 December, 2018:

Standard	Description	Effective periods beginning on or after:
IFRS 16	Leases	1 Jan 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 Jan 2019
IFRS 17	Insurance Contracts	1 Jan 2022
Annual Improvement cycle (2015 – 2017)	Amendments to IFRS 3 Business combinations, IFRS 11 Joint ventures, IAS 12 Income taxes and IAS 23 Borrowing costs.	1 Jan 2019
Amendments to IFRS 9	IFRS 9 Prepayment Features with Negative Compensation	1-Jan 2019
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures	1 Jan 2019
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement	1 Jan 2019
Amendments to References to Conceptual Framework in IFRS Standards	Amendments to References to Conceptual Framework in IFRS Standards	1 Jan 2020
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or joint venture	Available for optional adoption/effective date deferred indefinitely

- IFRS 16 Leases provide a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes IAS 17
  - IFRS 16 introduces significant changes to lessee accounting: it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases, except for short-term leases and leases of low value assets.
  - The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability.
  - The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, among others.

This new standard is not likely to significantly affect the presentation of ATI's overall financial position.

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 ended 31 December, 2018 (Continued)

- IFRIC 23 (Uncertainty over Income Tax Treatments) does not apply to ATI.
- IFRS 17 Insurance Contracts

An entity shall apply IFRS 17 Insurance Contracts to:
- insurance contracts, including reinsurance contracts, it issues;
- reinsurance contracts it holds; and
- investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts.

IFRS 17 requires an entity that issues insurance contracts to report them on the statement of financial position as the total of:
- the fulfilment cash flows—the current estimates of amounts that the entity expects to collect from premiums and pay out for claims, benefits and expenses, including an adjustment for the timing and risk of those amounts; and
- the contractual service margin—the expected profit for providing insurance coverage. The expected profit for providing insurance coverage is recognised in profit or loss over time as the insurance coverage is provided.

IFRS 17 requires an entity to recognise profits as it delivers insurance services, rather than when it receives premiums, as well as to provide information about insurance contract profits that the entity expects to recognise in the future. IFRS 17 requires an entity to distinguish between groups of contracts expected to be profit making and groups of contracts expected to be loss making. Any expected losses arising from loss-making, or onerous contracts are accounted for in profit or loss as soon as the entity determines that losses are expected.

IFRS 17 requires the entity to update the fulfilment cash flows at each reporting date, using current estimates of the amount, timing and uncertainty of cash flows and of discount rates. The entity:

(a) accounts for changes to estimates of future cash flows from one reporting date to another either as an amount in profit or loss or as an adjustment to the expected profit for providing insurance coverage, depending on the type of change and the reason for it; and

(b) chooses where to present the effects of some changes in discount rates—either in profit or loss or in other comprehensive income.

IFRS 17 also requires disclosures to enable users of financial statements to understand the amounts recognised in the entity's statement of financial position and statement of profit or loss and other comprehensive income, and to assess the risks the entity faces from issuing insurance contracts.

IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 is effective for financial periods commencing on or after 1 January, 2021. An entity shall apply the standard retrospectively unless impracticable. An entity can choose to apply IFRS 17 before that date, but only if it also applies IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers.

ATI is in the process of evaluating the impact of the implementation of this standard.

NOTES TO THE FINANCIAL STATEMENTS

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 ended 31 December, 2018 (Continued)

- The Annual Improvements to IFRSs 2015 – 2017 Cycle (amendments to: IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income taxes, IAS 23 Borrowing costs) do not apply to ATI. ATI currently does not have business combinations, joint arrangements, is not subject to income taxes and does not borrow to finance assets therefore these improvements do not apply to ATI.
- IFRS 9 Prepayment Features with Negative Compensation (Amendments to IFRS 9). The amendments clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. ATI did not hold such investments as at December 2018.
- Amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures mainly affect extractive and real estate sectors and therefore do not apply to ATI.
- Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement. The amendments clarify that: on amendment, curtailment or settlement of a defined benefit plan; ATI now uses updated actuarial assumptions to determine its current service cost and net interest for the period.

  This amendment is not expected to have any material impact on the total amount of assets or liabilities or on net income of ATI as ATI already uses updated actuarial assumptions to determine its current service costs and net interest for the period.
- Amendments to References to Conceptual Framework in IFRS Standards. These amendments aim to cover all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. Some of the changes include:
  - 'Bundles of rights' approach to assets;
  - 'Practical ability' approach for recognising liabilities; and
  - Control-based approach to derecognition.

  These amendments are not expected to have any significant implications for ATI on how and when assets and liabilities are recognised and derecognised in the financial statements.
- IFRS 10 & IAS 28 (Sale or Contribution of Assets between an Investor and its Associate or joint venture) do not apply to ATI.

(c) Foreign Currency Translation

The financial statements are presented in thousands of US Dollars (USD) unless otherwise stated.

The USD is ATI's functional and presentation currency. Transactions in currencies other than USD are converted into USD at the spot rates ruling at the dates of the transactions. Financial instruments and monetary assets and liabilities denominated in currencies other than USD are translated into USD 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.

2. ACCOUNTING POLICIES (CONTINUED)

(d) Insurance 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 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 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 end of the policy period for which the acquisition costs were calculated.

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).

(v) Provisions for incurred claims

Provisions for Incurred Claims cover the estimated total cost of reported claims that are not settled at the year-end (outstanding claims).

(vi) Recoveries

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

(vii) Other claims reserves

Other Claims Reserves are provisions for unknown claims that are determined based on "best estimate" internal methods using both internal and market information due to lack of actual claims experience.

(viii) Claims handling costs

Claims handling costs are costs incurred or expected to be incurred in connection with claims. They include, but are not limited to, legal fees.

2. ACCOUNTING POLICIES (CONTINUED)

(d) Insurance Activities and Reinsurance (continued)

(ix) 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 ATI'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 claims and share of technical provisions or recoveries are determined on the basis of the claims and technical provisions recorded either under liabilities or assets.

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. Unearned commissions are reported as a liability.

(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) Interest Income

Interest income represents interest income from bonds, notes, fixed deposits, call deposits and security trust accounts. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset.

(h) Dividend Income

Dividends from money market fund investments are recognized in the income statement when the right to receive payments are established and the amounts of dividends can be measured reliably.

(i) 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. These are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents exclude cash held in security trust accounts, which is disclosed separately in the statement of financial position.

2. ACCOUNTING POLICIES (CONTINUED)

(j) Vehicles and Equipment

Vehicles and equipment held for own use and equipment are carried at cost less accumulated depreciation and any accumulated impairment loss.

(i) Initial recognition

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

Vehicles and Equipment are measured at cost and depreciated on a straight-line basis from their purchase dates to the expiry of their expected useful life.

Items of lasting value with an initial acquisition cost of USD1,000 or above are systematically capitalised. Items with an initial acquisition cost of less than USD1,000 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.

(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 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 profit or loss in the period in which the losses arise.

(k) 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, Information Technology (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:

(k) Intangible Assets (Continued)

(i) Initial recognition (Continued)

- 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.

(l) Financial Instruments

IFRS 9 (2014) 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 the 2010 version of this standard in 2011 and has since adopted any subsequent amendments to this standard.

(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 categorises 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 fixed income assets to be measured at amortised cost as it exclusively invests in this category of assets to benefit from contractual cash flows that are solely payments of principal and interest and its principal objective is to hold those assets to collect the contractual cash flows.

ATI's investments in money market funds are measured at fair value through profit or loss.

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, 2018, all ATI's financial liabilities were measured at amortised cost.

2. ACCOUNTING POLICIES (CONTINUED)

(l) Financial Instruments (continued)

(iii) Impairment of financial assets measured at amortised cost

ATI accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect the changes in credit risk since initial recognition of the financial instrument or since the last reporting date.

(m) Employee Benefits

(i) Post-employment benefits

ATI operates a defined contribution post-employment plan for its employees. Under the defined contribution scheme, ATI pays fixed contributions into various schemes on a monthly basis, and its obligation is limited to those contributions. In consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets invested will be insufficient to meet expected benefits) fall, in substance, on the employees. ATI's contributions to the defined contribution plan are charged to the income statement in the year to which they relate.

ATI also operates a defined benefit post-employment plan for its employees. The employees' entitlements under this plan depend on each employee's years of service and terminal salary. The liability recognised in the statement of financial position in respect of the defined post-employment plan is the present value of the defined benefit obligation at the reporting date.

(ii) Other employee benefits

The estimated monetary liability for employees' accrued annual leave entitlement at the end of the reporting period is recognised as an expense accrual. Other short-term employee benefits are recognised when they accrue to employees.

(n) Taxation

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

(o) Comparatives

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

3. ACCOUNTING ESTIMATES AND JUDGMENTS

In the application of ATI's accounting policies, which are described in note 2, the directors are required to make judgements that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience, market information or other factors that are considered to be relevant. Actual results may differ from these estimates.

Following are the critical judgements or estimates, that the directors have made in the process of applying ATI's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

3. ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(a) Statistical reserves

The claims reserves for unknown claims (statistical reserves) are determined by product. Provisions for unknown claims have been determined based on "best estimate" internal methods using both internal and market information due to lack of actual claims experience. There can be no assurance that the ultimate liability will not differ from such estimates.

In 2018, an increase in statistical reserves of USD4.0M (2017: decrease of USD0.3M) was recorded in ATI's accounts bringing the total amount of statistical reserves reported on the Statement of Financial Position as at 31 December, 2018 to USD11M from USD7M as at 31 December, 2017.

(b) Defined benefit obligation

The determination of the defined benefit obligation requires actuarial assumptions on some factors, mainly demographic and financial factors. Changes in these assumptions might require ATI to recognize past service cost in future financial years. Actual settlements might also differ from the amount of the estimate defined benefit obligation carried in the balance sheet and might require the recognition of any potential gain or loss.

As at 31 December, 2018, ATI recognized a liability of USD1.2M compared to an amount of liability of USD1.1M as at 31 December, 2017.

(c) Expected credit losses (ECL)

As explained in note 2, ECL are measured as an allowance equal to 12month ECL, or to lifetime ECL depending on whether there has been a significant increase in credit risk or not. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased ATI takes into account qualitative and quantitative reasonable and supportable information.

Loss given default and probability of default constitute key inputs in measuring ECL. For publically rated instruments, ATI uses loss given default and probability of default published by external sources. For non-rated instruments ATI has to make other assumptions.

In 2018, a 12-month ECL of USD0.15M was booked on ATI's financial assets. No 12-month ECL was booked in 2017. The amount of lifetime ECL was reduced from USD0.6M to USD0.5M as at 31 December, 2018.

4. RISK MANAGEMENT

ATI recognizes 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). 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 key risks and key risk mitigations, and to adjust them if necessary. ATI also revises and updates its overall ERM framework every 3 to 4 years.

4. RISK MANAGEMENT (CONTINUED)

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.

The last level is the Board Risk Committee, which was established by the Board of Directors in May 2014, with a mandate to identify, assess, 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.

In order to prevent excessive risk concentration, ATI sets, in addition to its overall underwriting capacity, exposure limits by country, sector, buyer and project and monitors its exposures.

NOTES TO THE FINANCIAL STATEMENTS

4. RISK MANAGEMENT (CONTINUED)

(a) Underwriting Risk (continued)

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

The table below shows the risk exposure by product and by country as at 31 December, 2018 and 2017:

Exposure by product:

(in thousands of USD)	31 Dec 2018		31 Dec 2017	
	Gross Exposures	**Net Exposures**	**Gross Exposures**	**Net Exposures**
BANK PORTFOLIO COVER	473,320	100,975	16,194	16,194
BONDS	105,883	25,579	30,878	26,815
CRI-SO	1,055,229	363,297	859,413	389,881
CRI-WTO	14,811	7,405	24,436	12,218
PRI	3,112,236	484,185	1,431,975	404,349
PV & TS	25,363	25,363	28,542	28,542
TOTAL	**4,786,842**	**1,006,804**	**2,391,438**	**877,999**

Exposure by country:

(in thousands of USD)	31 Dec 2018		31 Dec 2017	
	Gross Exposures	**Net Exposures**	**Gross Exposures**	**Net Exposures**
Benin	751,556	46,055	37,432	6,432
Burundi	4,047	4,047	6,535	6,535
Côte d'Ivoire	436,813	61,105	5,000	5,000
Democratic Republic of Congo	195,180	42,425	157,455	37,878
Ethiopia	168,012	37,020	121,125	16,800
Kenya	828,040	198,365	853,555	286,091
Madagascar	1,177	1,177	2,177	1,688
Malawi	316,417	116,289	124,108	90,480
Rwanda	190,096	64,598	153,311	57,633
South Sudan	27,621	10,868	5,000	2,500
Tanzania	259,363	101,084	156,533	97,368
Uganda	182,628	71,838	212,919	107,227
Zambia	684,546	79,689	319,673	98,628
Zimbabwe	169,924	52,082	166,676	48,721
Other Non-members	571,422	120,162	69,939	15,018
TOTAL	**4,786,842**	**1,006,804**	**2,391,438**	**877,999**

4. RISK MANAGEMENT (CONTINUED)

(a) Underwriting Risk (continued)

(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 proportional and non-proportional treaties; and facultative programs. Most of the reinsurance agreements 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 of "A-" by Moody's, Standard & Poor's, Fitch or A.M. Best unless otherwise approved by the Board of Directors.

The table below shows ATI's reinsurers rating profile as per Standard & Poor's (S&P) rating as of 31 December, 2018:

S&P Rating	Weight in % of Ceded Exposures	
	31 Dec 2018	31 Dec 2017
AA	0.6%	1.2%
AA-	38.8%	44.1%
A+	54.3%	46.6%
A	-	5.4%
A-	2.8%	1.8%
Not Rated (*)	3.5%	0.9%
Total	100.0%	100.0%

(*) rated A or equivalent by at least one of the other rating agencies with the exception of one multilateral counterparty, which was approved by the Board of Directors covering 1% (2017:0.1%) of the ceded premiums.

NOTES TO THE FINANCIAL STATEMENTS

4. RISK MANAGEMENT (CONTINUED)

(a) Underwriting Risk (continued)

(ii) Reinsurance counterparty risk (continued)

The table below shows ATI's reinsurers rating profile as per A.M. Best rating as of 31 December, 2018:

A.M. Best Rating	Weight in % of Ceded Exposures	
	2018	2017
A++	-	2.5%
A+	38.8%	15.0%
A	57.3%	82.4%
A-	1.2%	-
B++ (**)	1.0%	0.1%
Not Rated (*)	1.7%	-
Total	100.0%	100.0%

(*) rated A or equivalent by at least one of the other rating agencies.
(**) multilateral counterparty approved by the Board of Directors.

(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 capital preservation.

The Management Investment Committee (MIC) ensures that investments are allocated within both the investment guidelines and the strategic asset allocation. Regularly, 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.

4. RISK MANAGEMENT (CONTINUED)

(b) Investment Risk (Continued)

(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, 2018, ATI's investment portfolio was comprised of 81% (2017: 84%) of fixed-rate instruments which largely covered its fixed-rate borrowings (IDA loan – USD8.6M against USD9.1M as of December 2017). Therefore, any increase in interest rate should not impact ATI's result negatively.

- The following table shows the potential effects of increases/decreases in LIBOR rates on ATI's interest income and net result.

USD 3m LIBOR (in bps)	**Expected Improvement of ATI's Income (in thousands of USD)**	
	2018	**2017**
(25)	(98)	(28)
(50)	(187)	(51)
25	102	52
50	195	135
75	281	230
100	362	323

Most of ATI's financial instruments were measured at amortised cost in 2018. As at year-end, only 3% (2017: 1%) of ATI's financial assets (i-e USD8.4M against USD3M as at 31 December, 2017) were invested in a money market fund and were measured at fair value through profit or loss. Therefore, changes in ***market prices*** should not have any significant impact on ATI's financial position or income statement unless the assets are sold before their maturity dates.

ATI's functional and reporting currency is the US Dollar (USD). As ATI carries out the majority of its transactions in USD, it has chosen to allocate more than 97% (2017: more than 98%) of its investments in this currency to minimise exposure to ***currency risk.***

(ii) Credit risk

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 maintains a diversified portfolio and defines various limits which can be revised periodically.

In addition to portfolio diversification, ATI permanently seeks to maintain the credit quality of its assets. As at 31 December, 2018, 96% of ATI's investment portfolio was rated above A against 97% as at 31 December, 2017.

4. RISK MANAGEMENT (CONTINUED)

(b) Investment Risk (Continued)

(ii) Credit risk (Continued)

In addition to its financial investments, ATI also monitors regularly its overall assets. The table below presents ATI's maximum exposure to credit risk:

(in thousands of USD)	**Stage 1**	**Stage 2**	**Stage 3**	**ECL**	**Total**
	Performing	Under-performnig	Non-performing	Allowance	
As at 31 December, 2018					
Cash and Bank Balances	22,630	-	544	(544)	22,630
Deposits with Financial Institutions	15,590	-	-	(100)	15,490
Money Market Instruments	34,910	-	-	(6)	34,904
Insurance & Reinsurance Receivables	19,697	131	-	(157)	19,671
Other Receivables	2,187	-	-	-	2,187
Reinsurers' Share of Claims Reserves	1,055	-	-	-	1,055
Receivable Recoveries	2,602	-	2,003	(2,003)	2,602
Other Financial Assets	11,444	-	-	(5)	11,439
Investment in Money Market Fund	8,410	-	-	-	8,410
Investment in Floating Rate Notes	54,823	-	-	(18)	54,805
Investment in Bonds	157,540	-	-	(21)	157,519
Total	**330,888**	**131**	**2,547**	**(2,854)**	**330,712**
As at 31 December, 2017					
Cash and Bank Balances	21,186	-	308	(308)	21,186
Deposits with Financial Institutions	12,157	-	268	(268)	12,157
Money Market Instruments	18,691	-	-	-	18,691
Security Trust Accounts	935	-	-	-	935
Insurance & Reinsurance Receivables	13,868	-	-	(542)	13,326
Other Receivables	1,947	-	-	(24)	1,923
Reinsurers' Share of Claims Reserves	3,273	-	-	-	3,273
Receivable Recoveries	4,970	-	1,488	(1,488)	4,970
Other Financial Assets	20,380	-	-	-	20,380
Investment in Money Market Fund	3,006	-	-	-	3,006
Investment in Floating Rate Notes	41,473	-	-	-	41,473
Investment in Bonds	154,780	-	-	-	154,780
Total	**296,666**	**-**	**2,064**	**(2,630)**	**296,100**

4. RISK MANAGEMENT (CONTINUED)

(b) Investment Risk (Continued)

(ii) Credit risk (Continued)

The following table shows the reconciliations from the opening balance to the closing balance of the loss allowance by class of financial instrument:

(in thousands of USD)	Notes	12-month ECL	Lifetime ECL
Deposits with Financial Institutions			
ECL Balance as at 31 December, 2017	14	-	576
Net Re-measurement of Loss Allowance	13	-	(32)
ECL from New Deposits	13&14	106	-
ECL Balance as at 31 December, 2018		**106**	**544**
Other Financial Assets			
ECL Balance as at 31 December, 2017		-	-
Net Re-measurement of Loss Allowance		-	-
ECL from New Other Financial Assets	13&22	5	-
ECL Balance as at 31 December, 2018		**5**	**-**
Floating Rate Notes			
ECL Balance as at 31 December, 2017		-	-
Net Re-measurement of Loss Allowance	13&24	9	-
ECL from New Floating Rate Notes	13&24	9	-
ECL Balance as at 31 December, 2018		**18**	**-**
Bonds			
ECL Balance as at 31 December, 2017		-	-
Net Re-measurement of Loss Allowance	13&25	17	-
ECL from New Bonds	13&25	4	-
ECL Balance as at 31 December, 2018		**21**	**-**
Total ECL Balance as at 31 December, 2018		**150**	**544**

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 USD)	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
As at 31 December, 2018					
Insurance and Reinsurance Payables	18,351	-	-	-	18,351
Other Liabilities	3,360	-	-	-	3,360
Claims Reserves	30	5,857	-	-	5,887
Financial Liabilities	157	157	1,575	7,410	9,299
Total Payable	**21,898**	**6,014**	**1,575**	**7,410**	**36,897`**
As at 31 December, 2017					
Insurance and Reinsurance Payables	10,702	-	-	-	10,702
Other Liabilities	1,521	-	-	-	1,521
Claims Reserves	6,362	3,787	42	54	10,245
Financial Liabilities	162	162	1,483	8,039	9,846
Total Payable	**18,747**	**3,949**	**1,525**	**8,093**	**32,314**

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.

As at 31 December, 2018, 25% (2017: 39%) of ATI's financial assets were comprised of deposits and money market instruments with maturities below one year. Besides, ATI's investments in debt securities are all tradable and can be converted into cash within less than three months. 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 USD)	2018	2017
Current Net Exposure (A)	1,006,804	877,999
Equity (B)	262,272	242,164
Capacity (C)=8*(B) (2017: 8*(B))(*)	2,098,176	1,937,312
Capital Cushion (C-A)	**1,091,372**	**1,059,313**

(*)Based on ATI's internal underwriting capacity

6. CLAIMS NET OF RECOVERIES

The claims net of recoveries for the year ended 31 December, 2018 amounted to USD5.2M (2017: USD4.7M) and included an increase in statistical reserves of USD4M (2017: decrease of USD0.3M). As at 31 December, 2018, the amount of statistical reserves reported in the Statement of Financial Position amounted to USD11M (note 18) compared to USD7M as at 31 December, 2017.

7. NET OTHER INCOME

(in thousands of USD)	2018	2017
Earned Grants	586	320
Gain on Sale of Disposal of Equipment and Vehicles (note 31)	1	39
Net Credit Limit Charges	52	103
Miscellaneous	10	14
Total Net Other Income for the Year Ended 31 December	**649**	**476**

Grants

ATI received grants from the Fund for African Private Sector Assistance (FAPA) managed by the African Development Bank amounting to USD1M 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 2017, ATI entered into a financing agreement with KfW, the German Development Bank, whereby it shall receive a financial contribution - Technical Assistance (TA) not exceeding EUR1.3M (USD1.5M) to help it implement the Regional Liquidity Support Facility (RLSF) project. This grant is earned when related eligible expenses are recognized in the accounts. The grant is on a reimbursement basis.

7. NET OTHER INCOME (CONTINUED)

Grants (Continued)

The table below shows the grant income earned during the year.

(in thousands of USD)	2018	2017
FAPA - Grant	129	94
RLSF - Technical Assistance	457	226
Total Grant Income for the Year Ended 31 December	586	320

8. OPERATING EXPENSES

(in thousands of USD)	2018	2017
Salaries & Other Short-Term Benefits	(4,678)	(4,126)
Defined Contribution Post-Employment Plan	(433)	(373)
Defined Benefit Post-Employment Plan (note 28)	(199)	(126)
General Administration Costs	(643)	(558)
Consultancy Fees	(533)	(423)
Depreciation on Vehicles and Equipment (notes 20 & 31)	(144)	(121)
Travel Costs	(487)	(328)
Recruitment Expenses	(10)	(44)
Annual General Meeting	(267)	(150)
Board Expenses	(266)	(247)
Marketing Costs	(369)	(288)
Amortisation of Intangible Assets (note 21 & 31)	(104)	(85)
Change in Provision for Bad Debts	251	(354)
Total Operating Expenses for the Year Ended 31 December	**(7,882)**	**(7,223)**

9. INTEREST INCOME

(in thousands of USD)	2018	2017
Interest from Time Deposits and Money Market Instruments	1,475	1,122
Interest from Investments in Floating Rate Notes	1,004	630
Floating Rate Note Amortisation (note 24 & 31)	11	(20)
Interest from Investments in Bonds	3,826	2,572
Bond Amortisation (notes 25 & 31)	(621)	(556)
Other Interest Income	213	27
Total Interest Income for the Year Ended 31 December	**5,908**	**3,775**

Investments in bonds and other notes 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. DIVIDEND INCOME

(in thousands of USD)	2018	2017
Dividend Income from Money Market Funds	58	41
Total Dividend Income for the Year Ended 31 December	**58**	**41**

ATI holds Money Market Fund units which pay dividends.

11. FINANCE COSTS

(in thousands of USD)	2018	2017
IDA Service Charges	(72)	(72)
Bank Charges	(30)	(19)
Total Finance Costs for the Year Ended 31 December	**(102)**	**(91)**

ATI pays a service charge of 0.75% per annum on the outstanding principal amount on the IDA Development Credit (note 29).

NOTES TO THE FINANCIAL STATEMENTS

12. FOREIGN EXCHANGE LOSSES

(in thousands of USD)	2018	2017
IDA Loan-Foreign Exchange Losses (note 29 & 31)	(207)	(512)
Other Foreign Exchange Gains	187	277
Total Foreign Exchange Losses for the Year	**(20)**	**(235)**

The IDA loans (note 29) were issued and are payable in SDR and are translated into USD using the spot rate as at each reporting period.

13. IMPAIRMENT (LOSSES)/GAINS ON FINANCIAL ASSETS

(in thousands of USD)	2018	2017
Change in Lifetime ECL on Deposits and Cash Balances (note 14)	32	1,657
Change in 12-month ECL on Cash and Cash Equivalents (note 14)	(106)	-
Change in 12-month ECL on Floating Rate Notes (note 24)	(18)	-
Change in 12-month ECL on Bonds (note 25)	(21)	-
Change in 12-month ECL on Other Financial Assets (note 22)	(5)	-
Change in Lifetime ECL on Interest Receivable Impairment (note 17)	24	55
Foreign Exchange Loss on Impairment	(8)	(96)
Total Impairment (Losses)/Gains for the Year Ended	**(102)**	**1,616**

14. CASH AND CASH EQUIVALENTS

(in thousands of USD)	31 Dec 2018	31 Dec 2017
Cash and Bank Balances	23,365	21,494
Deposits with Financial Institutions	15,590	12,425
Money Market Instruments	35,200	18,691
Discount on Money Market Instruments	(290)	-
Provision for Impaired Deposits and Cash Balances (note 13)	(544)	(576)
12-month ECL(note 13)	(106)	-
Total Cash and Cash Equivalents as at	**73,215**	**52,034**

Included in cash and cash equivalents is an amount of USD0.5M (2017: USD0.6M) held at a bank which was put under receivership in 2016. This amount was fully impaired as at 31 December, 2018 as was the case in 2017.

Cash and cash equivalents also included an Expected Credit Loss (ECL) on performing assets of USD0.1M. No ECL was booked in the prior year.

14. CASH AND CASH EQUIVALENTS (CONTINUED)

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

	31 Dec 2018		31 Dec 2017	
	Amount (USD'000s)	Weighted Average Interest Rate	*Amount (USD'000s)*	Weighted Average Interest Rate
Fixed Deposits in USD	10,266	2.88%	7,542	2.15%
Fixed Deposits in EUR	2,688	1.47%	2,535	3.50%
Fixed Deposits in KSH	2,636	6.90%	2,348	8.01%
Deposits as at	**15,590**	**3.30%**	**12,425**	**3.50%**
Money Market Instruments in USD	**35,200**	**2.52%**	**18,691**	**1.63%**
Deposits & Money Market Instruments as at	**50,790**	**2.76%**	**31,116**	**2.27%**

15. SECURITY TRUST ACCOUNTS

(in thousands of USD)	31 Dec 2018	31 Dec 2017
Madagascar – Principal	-	900
Madagascar - Capitalised Interest	-	35
Security Trust Accounts as at	**-**	**935**

The Madagascar STAs were closed in 2018 as all the legal requirements were satisfied. The balances in these accounts were transferred to an ATI account.

16. INSURANCE AND REINSURANCE RECEIVABLES AND PAYABLES

(in thousands of USD)	31 Dec 2018	31 Dec 2017
(a) Insurance and Reinsurance Receivables		
Insurance & Inward Reinsurance Balances Receivable	19,848	13,888
Outward Reinsurance Balances Receivable	(20)	(20)
Provision for Bad Debts	(157)	(542)
Insurance and Reinsurance Receivables as at	**19,671**	**13,326**

NOTES TO THE FINANCIAL STATEMENTS

16. INSURANCE AND REINSURANCE RECEIVABLES AND PAYABLES (CONTINUED)

(in thousands of USD)	31 Dec 2018	31 Dec 2017
(b) Insurance and Reinsurance Payables		
Insurance & Inward Reinsurance Balances Payable	7,665	3,289
Outward Reinsurance Balances Payable	10,686	7,413
Insurance and Reinsurance Receivables as at	**18,351**	**10,702**

17. OTHER ASSETS

(in thousands of USD)	31 Dec 2018	31 Dec 2017
Pre-payments	180	214
Staff Loans and Advances	227	224
Interest Receivable	1,614	1,432
Provision for Interest Receivable Impaired (note 13)	-	(24)
VAT Receivable	133	72
VAT Impaired	(126)	(71)
Others	339	290
Total Other Assets as at	**2,367**	**2,137**

18. CLAIMS RESERVES

(in thousands of USD)	31 Dec 2018			31 Dec 2017		
	Incurred & IBNER(*)	Statistical Reserves	Total	Incurred & IBNER(*)	Statistical Reserves	Total
Claims	(5,887)	(58,860)	(64,747)	(10,245)	(17,687)	(27,932)
Reinsurers' Share of Claims	1,055	47,870	48,925	3,273	10,649	13,922
Recoveries (note 19)	2,602	-	2,602	4,970	-	4,970
Reinsurance Share of Recoveries	(384)	-	(384)	(1,298)	-	(1,298)
Total Net Claims Reserves	**(2,614)**	**(10,990)**	**(13,604)**	**(3,300)**	**(7,038)**	**(10,338)**

(*) IBNER stands for Incurred But Not Enough Reported

18. CLAIMS RESERVES (CONTINUED)

The table below shows the gross claims development for the past seven years:

Accident year (in thousands of USD)	Y1	Y2	Y3	Y4	Y5	Y6	Gross Claims Outstanding as at 31 Dec 2018	Gross Claims Outstanding as at 31 Dec 2017
2012	100	18						
2013	6,362	4,968	4,310	1, 037	588	212	212	570
2014	1,179	72	60	263	128		128	60
2015	6,430	1,529	310	18			18	468
2016	15,620	3,698	1,931				1,931	3,829
2017	5,386	3,598					3,598	5,318
2018								
Grand Total							**5,887**	**10,245**

19. RECOVERIES

(in thousands of USD)	31 Dec 2018			
	Receivable Recoveries	**Capital Reduction**	**Bad Debt**	**Net Receivable Recoveries**
Recoveries Receivable on Political Risk Insurance	2,003	-	(2,003)	-
Other Recoveries	2,602	-	-	2,602
Total Recoveries as at	**4,605**	**-**	**(2,003)**	**2,602**

(in thousands of USD)	31 Dec 2017			
	Receivable Recoveries	**Capital Reduction**	**Bad Debt**	**Net Receivable Recoveries**
Recoveries Receivable on Political Risk Insurance	6,961	(4,200)	(1,488)	1,273
Other Recoveries	3,697	-	-	3,697
Total Recoveries as at	**10,658**	**(4,200)**	**(1,488)**	**4,970**

NOTES TO THE FINANCIAL STATEMENTS

20. VEHICLES AND EQUIPMENT

(in thousands of USD)	Motor Vehicles	Computers & Office Equipment	Furniture & Fittings	Total
As at 31 December, 2018				
Cost				
As at 1 January, 2018	187	735	561	1,483
Additions	59	85	29	173
Disposals	-	(36)	(3)	(39)
As at 31 December, 2018	**246**	**784**	**587**	**1,617**
Depreciation				
As at 1 January, 2018	(82)	(588)	(557)	(1,227)
Charge for the Year	(45)	(92)	(7)	(144)
Eliminated on Disposals	-	36	3	39
As at 31 December, 2018	**(127)**	**(644)**	**(561)**	**(1,332)**
As at 31 December, 2017				
Cost				
As at 1 January, 2017	271	617	558	1,446
Additions	2	119	3	124
Disposals	(86)	(1)	-	(87)
As at 31 December, 2017	**187**	**735**	**561**	**1,483**
Depreciation				
As at 1 January, 2017	(133)	(509)	(551)	(1,193)
Charge for the Year	(35)	(80)	(6)	(121)
Eliminated on Disposals	86	1	-	87
As at 31 December, 2017	**(82)**	**(588)**	**(557)**	**(1,227)**
Net Book Value				
As at 31 December, 2018	**119**	**140**	**26**	**285**
As at 31 December, 2017	**105**	**147**	**4**	**256**

21. INTANGIBLE ASSETS

(in thousands of USD)	31 Dec 2018	31 Dec 2017
Cost		
As at 1 January	555	552
Additions	116	3
As at	**671**	**555**
Amortisation		
As at 1 January	(345)	(260)
Charge for the Year (notes 8 & 31)	(104)	(85)
As at	**(449)**	**(345)**
Net Book Value		
As at	**222**	**210**

The intangible assets represent the computer software's book value.

22. OTHER FINANCIAL ASSETS

(in thousands of USD)	31 Dec 2018	31 Dec 2017
Outstanding Value as at 1 January	20,380	9,495
New Placements	11,444	16,301
Maturities	(20,380)	(5,416)
12-month ECL (notes 13 & 31)	(5)	-
Total Other Financial Assets as at	**11,439**	**20,380**

These represent USD deposits with an average yield of 2.92% and a weighted average maturity period of 10 months (2017: 1.75% and an average maturity period of 9 months).

23. INVESTMENTS IN MONEY MARKET FUNDS

(in thousands of USD)	31 Dec 2018	31 Dec 2017
Outstanding Value as at 1 January	3,006	-
New Purchases	5,250	3,000
Dividend Capitalised	58	-
Change in Fair Value (note 31)	96	6
Total Investments in Money Market Funds as at	**8,410**	**3,006**

24. INVESTMENTS IN FLOATING RATE NOTES

(in thousands of USD)	31 Dec 2018	31 Dec 2017
Outstanding Value as at 1 January	41,473	35,475
New Placements	27,062	11,018
Maturities	(13,723)	(5,000)
Amortisation (notes 9 & 31)	11	(20)
12-month ECL (notes 13 & 31)	(18)	-
Total Floating Rate Notes as at	**54,805**	**41,473**

The effective interest rate on the floating rate notes as at 31 December, 2018 was 3.0% (2017: 1.72%).

25. INVESTMENTS IN BONDS

The table below shows the carrying amount of the investments in bonds:

(in thousands of USD)	31 Dec 2018	31 Dec 2017
Outstanding Value as at 1 January	154,780	104,319
New Purchases	38,329	78,492
Sales and Redemptions	(34,851)	(27,575)
Amortisation (notes 9 & 31)	(621)	(556)
Change in Accrued Interest on Bonds Purchased	(97)	100
12-month ECL (notes 13 & 31)	(21)	-
Total Investments in Bonds as at	**157,519**	**154,780**

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

Maturity	**31 Dec 2018**		**31 Dec 2017**	
	Face Value (in USD'000)	**Weight (%)**	**Face Value (in USD'000)**	**Weight (%)**
2018	-	-	34,145	22.3%
2019	51,173	32.6%	46,423	30.3%
2020	53,995	34.4%	39,945	26.1%
2021	31,600	20.1%	21,875	14.3%
2022	17,170	10.9%	10,760	7.0%
2023	3,235	2.0%	-	-
Total as at	**157,173**	**100.0%**	**153,148**	**100.0%**

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

(in thousands of USD)	2018	2017
Bond Portfolio's Average Maturity	1.63 years	1.97 years
Bond Portfolio's Gross Average Yield	2.17%	1.84%

26. OTHER LIABILITIES

(in thousands of USD)	31 Dec 2018	31 Dec 2017
Accrued Expenses	1,185	804
Defined Contribution Post-Employment Plan Payable	464	419
Non-Trade Accounts Payable	77	298
IDA Service Charges	19	20
Dividend Payable	1,634	-
Total Other Liabilities as at	**3,379**	**1,541**

27. UNEARNED GRANT INCOME

(in thousands of USD)	31 Dec 2018	31 Dec 2017
FAPA - Unearned Grant as at 1 January	279	373
FAPA - Expenditure Incurred (notes 7 & 31)	(129)	(94)
RLSF Funds (note 31)	5,495	-
Unearned Grant as at	**5,645**	**279**

In addition to the technical assistance (see note 7), KfW, the German development bank, agreed to extend a grant of up to EUR31.6M in two tranches to ATI for the purposes of implementing the Regional Liquidity Support Facility (RLSF) project. The funds are to be utilized to provide cash collaterals for letters of credit issued in respect of the qualifying projects and as a first loss position in case of any claim. The disbursement amounts are determined based on the anticipated amount of cash collaterals required. A first disbursement of EUR4.8M (USD5.5M) was received by ATI in 2018. These funds are held in a designated holding account approved by KfW. ATI shall transfer the relevant amounts from the RLSF holding account to RLSF Security Account once qualifying projects have been approved. In the event of any claim, ATI shall use funds in the security account to fully settle the claim (if claim value is same or lower than funds in security account). If claim value is more than funds in the security account then ATI will meet the balance. No risks had been attached to this facility as at 31 December, 2018.

28. DEFINED BENEFIT POST-EMPLOYMENT PLAN

(in thousands of USD)	31 Dec 2018	31 Dec 2017
As at 1 January	1,059	1,075
Defined Benefit Obligation Accrual for the Year (note 8)	199	126
Withdrawals	(19)	(142)
Defined Benefit Post-Employment Plan as at	**1,239**	**1,059**

28. DEFINED BENEFIT POST-EMPLOYMENT PLAN (CONTINUED)

Actuarial Basis

Actuarial Method	:	Projected Unit Method
Rate of interest	:	4.2% per annum (2017: 3.7% p.a.)
Rate of salary escalation	:	4.3% per annum (2017: 3.3% p.a.)
Retirement Age	:	62 years (2017: 62 years)
Pre-retirement mortality	:	A1949/52 Ultimate
Withdrawal	:	Based on the average experience of other similar Arrangement

Sensitivity Tests

Additional actuarial calculations to show the impact of change in the economic assumptions on the present value of the accrued benefits at the valuation date have been considered. Sensitivity tests have been done assuming the following bases:

2018 (in thousands of USD)	Status Quo	Basis A	Basis B	Basis C
Discount Rate	4.2%	5.2%	4.2%	5.2%
Salary Escalation Rate	4.3%	4.3%	3.4%	5.3%
Present Value of the Accrued (Past Service) Benefits	**1,239**	**1,109**	**1,120**	**1,238**

2017 (in thousands of USD)	Status Quo	Basis A	Basis B	Basis C
Discount Rate	3.70%	4.70%	3.70%	4.70%
Salary Escalation Rate	3.30%	3.30%	2.40%	4.30%
Present Value of the Accrued (Past Service) Benefits	**1,059**	**947**	**956**	**1,059**

29. FINANCIAL LIABILITIES - IDA DEVELOPMENT CREDIT (LOAN)

(in thousands of USD)	31 Dec 2018	31 Dec 2017
As at 1 January	9,057	8,792
Foreign Exchange (Losses)/Gains (notes 12 & 31)	(207)	512
Repayments	(255)	(247)
IDA Loan as at	**8,595**	**9,057**

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 SDR7.2M 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, 2011 to 15 March, 2036; and (b) the supplemental credit, from 15 September, 2015 to 15 March, 2040.

30. SHARE CAPITAL AND SHARE PREMIUM

In accordance with the ATI Treaty, ATI has an open-ended capital stock based on an initial authorized nominal capital stock of USD1Bn divided into 10,000 shares with a par value of USD100,000 each, which are available for subscription by members and shareholders.

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 and shareholders present; and, voting save as expressly provided by the ATI Treaty.

In 2018:

- ATI recorded a capital increase of USD5.5M (2017: USD28M) from Madagascar (USD4.4M), and South Sudan (USD1.1M).
- ATI reinstated the amount of USD4.2M deducted from Tanzania's Capital contribution in 2017 following the recovery of the related claim payment.
- ATI capitalized a total of USD0.6M dividends for Democratic Republic of Congo (USD0.2M), Malawi (USD0.2M), and Zambia (USD0.2M) at those countries' request to reinvest their dividends. A conversion price of USD 110,000 per share was applied as per the Board decision.

(a) Share Capital

The status of the issued and called share capital at 31 December, 2018 is shown below:

(in thousands of USD)	31 Dec 2018		31 Dec 2017	
Member/Shareholder	**Number Of Shares**	**Paid Up Capital**	**Number Of Shares**	**Paid Up Capital**
Benin	139	13,900	139	13,900
Burundi	153	15,300	153	15,300
Côte d'Ivoire	135	13,500	135	13,500
Democratic Republic of Congo	194	19,400	192	19,200
Ethiopia	69	6,900	69	6,900
Kenya	283	28,300	283	28,300
Madagascar	54	5,400	10	1,000
Malawi	174	17,400	172	17,200
Rwanda	87	8,700	87	8,700
South Sudan	89	8,900	78	7,800
Tanzania	169	16,900	127	12,700
Uganda	229	22,900	229	22,900
Zambia	171	17,100	169	16,900
Zimbabwe	128	12,800	128	12,800
Total Country Members	**2,074**	**207,400**	**1,971**	**197,100**
Kenya Reinsurance Corporation	10	1,000	10	1,000
Total Public Entities	**10**	**1,000**	**10**	**1,000**
African Development Bank	150	15,000	150	15,000
Africa Reinsurance Corporation	10	1,000	10	1,000
Atradius	1	100	1	100
COMESA	1	100	1	100
TDB (formerly PTA Bank Limited)	10	1,000	10	1,000
ZEP-RE (PTA Reinsurance Company)	5	500	5	500
SACE SpA	100	10,000	100	10,000
UK Export Finance	1	100	1	100
Other Shareholders	**278**	**27,800**	**278**	**27,800**
TOTAL SHARES	**2,362**	**236,200**	**2,259**	**225,900**

30. SHARE CAPITAL AND SHARE PREMIUM (CONTINUED)

(b) Share Premium and Unallocated Share Capital

The following table is the breakdown of the share premium and unallocated share capital:

(in thousands of USD)	31 Dec 2018			31 Dec 2017		
Country Member	**Paid up Share Capital**	**Unallocated Share Capital**	**Share Premium**	**Paid up Share Capital**	**Unallocated Share Capital**	**Share Premium**
Benin	13,900	68	-	13,900	2	-
Burundi	15,300	91	-	15,300	91	-
Côte d'Ivoire	13,500	32	-	13,500	11	-
Democratic Republic of Congo	19,400	54	20	19,200	44	-
Ethiopia	6,900	37	-	6,900	37	-
Kenya	28,300	15	-	28,300	15	-
Madagascar	5,400	80	-	1,000	0	-
Malawi	17,400	92	20	17,200	75	-
Rwanda	8,700	79	-	8,700	79	-
South Sudan	8,900	51	-	7,800	16	-
Tanzania	16,900	70	-	12,700	70	-
Uganda	22,900	37	-	22,900	37	-
Zambia	17,100	83	20	16,900	60	-
Zimbabwe	12,800	55	-	12,800	15	-
Kenya Re	1,000	6	-	1,000	-	-
TOTAL	**208,400**	**850**	**60**	**198,100**	**552**	**-**

(c) Net Capital Increase

(in thousands of USD)	31 Dec 2018			31 Dec 2017		
Member/Shareholder	**Share Capital**	**Unallocated Share Capital**	**Total**	**Share Capital**	**Unallocated Share Capital**	**Total**
Benin	-	-	-	6,700	-	6,700
Côte d'Ivoire	-	-	-	13,500	-	13,500
Madagascar	4,400	80	4,480	-	-	-
Malawi	-	-	-	100	50	150
South Sudan	1,100	35	1,135	7,800	20	7,820
Tanzania	4,200	-	4,200	(4,200)	-	(4,200)
TOTAL	**9,700**	**115**	**9,815**	**23,900**	**70**	**23,970**

31. NOTE TO THE STATEMENT OF CASH FLOWS

(in thousands of USD)	2018	2017
Profit for the Year	**11,927**	**9,910**
Adjustments for:		
Depreciation -Vehicles and Equipment (notes 8 & 20)	144	121
Amortisation - Intangible Assets (notes 8 & 21)	104	85
Amortisation - Bonds (notes 9 & 25)	621	556
Amortisation – Floating Rate Notes (notes 9 & 24)	(11)	20
Gain on Disposal of Vehicles and Equipment (note 7)	(1)	(39)
Foreign Exchange Loss/(Gains) on IDA Loan (notes 12 & 29)	(207)	512
Change in Financial Instruments at Fair Value Through P&L (note 23)	(96)	(6)
ECL on Other Financial Assets (notes 13 & 22)	5	-
ECL on Floating Rate Notes (notes 13 & 24)	18	-
ECL on Bonds (notes 13 & 25)	21	-
Movements in Working Capital Items:		
Increase in Insurance and Reinsurance Receivables	(6,345)	(2,200)
Increase in Other Assets	(230)	(517)
(Increase)/Decrease in Reinsurers' Share of the Claims Reserves	(35,003)	6,105
Decrease in Recoveries	2,368	22,271
Increase in Reinsurers' Share of Unearned Premiums	(16,416)	(12,344)
Increase in Deferred Acquisition Costs	(394)	(233)
Increase in Insurance and Reinsurance Payables	7,649	3,569
Increase/(Decrease) in Other Liabilities	204*	(1,421)
Increase/(Decrease) in Claims Reserves	36,815	(6,290)
Decrease in Reinsurers' Share of Recoveries	(914)	(9,006)
Increase in Unearned Premiums Reserve	15,328	12,532
Increase in Unearned Ceding Commissions	2,933	2,567
Increase/(Decrease) in Unearned Grant Income (note 27)	5,366	(94)
Net Increase/(Decrease) in Defined Benefit-Post Employment Plan (note 28)	180	(16)
NET CASH GENERATED FROM OPERATING ACTIVITIES	24,066	26,082

**Excluded within this movement is the dividend payable of USD 1,634 thousand included in other liablities.*

32. 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 USD)	31 Dec 2018	31 Dec 2017
Fair Value of Bonds	156,017	153,672
Book Value of Bonds (note 25)	157,519	154,780
Unrealised Loss as at	**(1,502)**	**(1,108)**

33. RELATED PARTY DISCLOSURES

(in thousands of USD)	2018	2017
(i) Key Management Compensation;		
- Salaries & Other Short-Term Benefits	1,080	1,047
- Defined Contribution Post-Employment Plan	131	128
- Defined Benefit Post-Employment Plan	375	337
- Leave Encashment	36	-
- Education Allowance	77	69
Total Key Management Compensation	**1,699**	**1,581**
(ii) Directors - Sitting Allowances & Per Diem	**219**	**207**

(in thousands of USD)	31 Dec 2018	31 Dec 2017
(iii) Loans Advanced to Management;		
- As at 1 January	12	36
- Loan Repayment Received	(12)	(24)
Loans Advanced to Management as at	**-**	**12**

COMPANY INFORMATION

ATI's Governance Structure

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 2018, met four times. Board members are appointed for a term of three years that is renewable once 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. To streamline their processes and to better support ATI, the Board established three committees:

- 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 reference.

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. The committee met three times in 2018.

The Risk Committee

This committee is responsible for adopting policies and to determine and govern the nature and extent of any significant risk that ATI is willing to take in achieving its strategic objectives. The committee met three times in 2018.

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. The committee met four times in 2018.

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

Member States (As of 31 December, 2018)

Benin
Burundi
Côte d'Ivoire
Democratic Republic of Congo
Ethiopia
Kenya
Madagascar
Malawi
Rwanda
South Sudan
Tanzania
Uganda
Zambia
Zimbabwe

Institutional Shareholders

African Development Bank
African Reinsurance Corporation (Africa Re)
Atradius Participations Holding
Kenya Reinsurance Corporation (Kenya Re)
SACE SpA
The Common Market of Eastern and Southern Africa (COMESA)
The PTA Re Insurance company (Zep Re)
Trade Development Bank – formerly trading as PTA Bank
UK Export Finance (UKEF)

Dr. Yohannes Ayalew
Chairman & Director,
A Group, Constituency 3, Ethiopia

Ms. Michal Ron
Vice Chair & Director,
Class D Shareholders, Constituency 2, Italy

Mr. Tharcisse Rutomo
Director, A Group, Constituency 1, Burundi

Ms. Esther Koimett
Director, A Group, Constituency 2, Kenya

Mr. Mukuli Sibbuku Chikuba
Director, A Group, Constituency 4, Zambia

Mr. Ira Kirungi John Byaruhanga
Director, A Group, Constituency 5, Uganda

Mr. Guy M'Bengue
Director, A Group, Constituency 6, Côte d'Ivoire

DIRECTORS

Dr. Yohannes Ayalew
Chairman & Director,
A Group, Constituency 3, Ethiopia

Ms. Michal Ron
Vice Chair & Director,
Class D Shareholders, Constituency 2, Italy

Mr. Tharcisse Rutomo
Director, A Group, Constituency 1, Burundi

Ms. Esther Koimett
Director,
A Group, Constituency 2, Kenya

Mr. Mukuli Sibbuku Chikuba
Director, A Group, Constituency 4, Zambia

Mr. Ira Kirungi John Byaruhanga
Director, A Group, Constituency 5, Uganda

Mr. Guy M'Bengue
Director, A Group, Constituency 6, Côte d'Ivoire

Not pictured

Ms. Hope Murera
Director, Class D Shareholders, Constituency 1, Kenya

ALTERNATE DIRECTORS

Ms. Josephine Winnie Birungi
Alt. Director, A Group, Constituency 2, Rwanda

Mr. Misheck Esau
Alt. Director, A Group, Constituency 4, Malawi

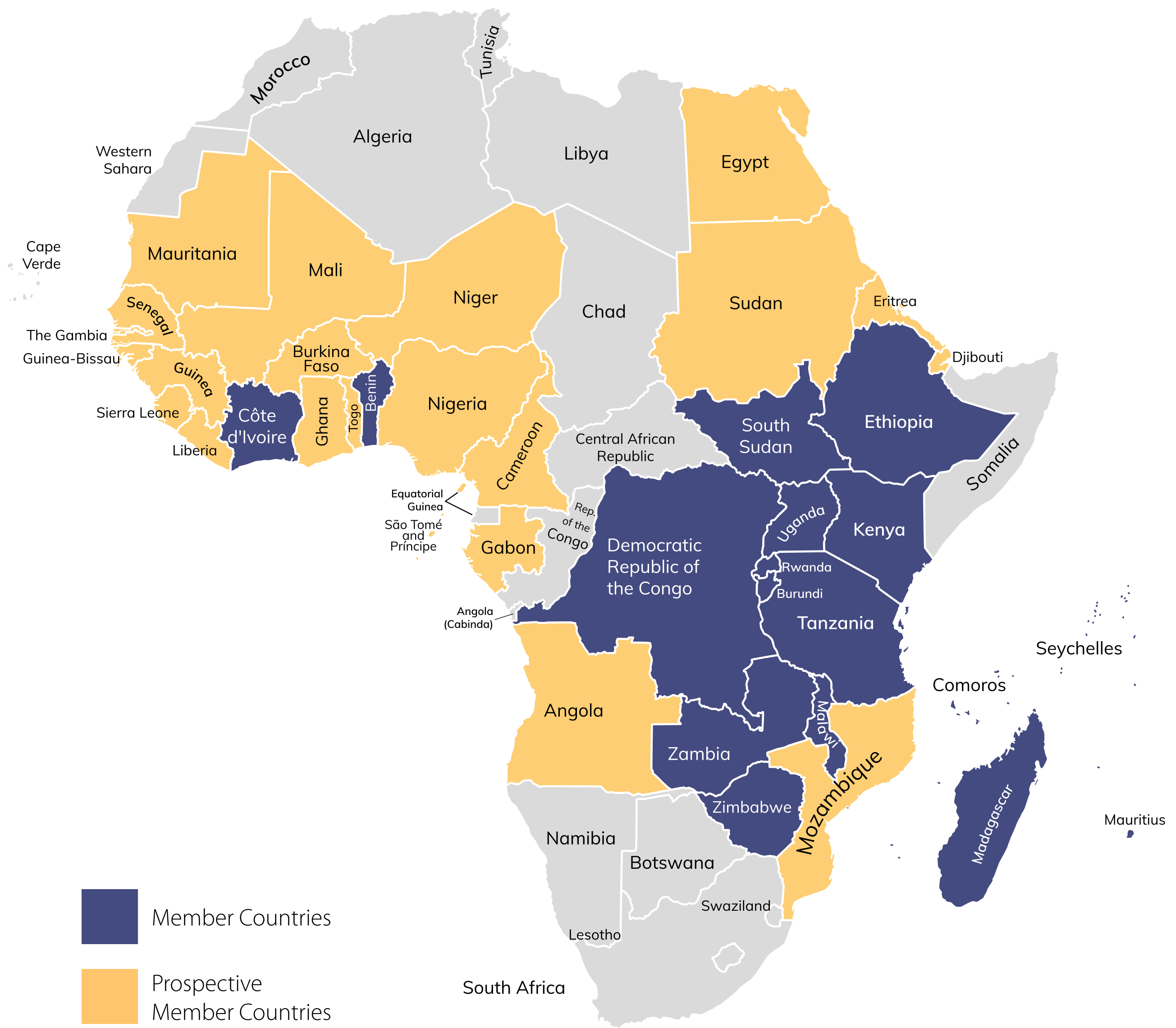
Mr. Godfrey Simbeye
Alt. Director, A Group, Constituency 5, Tanzania

Ms. Joy Ntare
Alt. Director, Class D Shareholders, Constituency 1, Kenya

Mr. Corneille Karekezi
Alt. Director, Class D Shareholders, Constituency 2, Nigeria

Mr. Mohamed Kalif
Alt. Director, Class E Shareholders, Côte d'Ivoire

CURRENT & PROSPECTIVE MEMBERS



ATI'S PRODUCTS

TRADE CREDIT INSURANCE

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

There are two types of Trade Credit Products:

1. For multiple buyers we can insure your 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 two 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 delays your payment beyond the agreed credit period (protracted default)
- Public buyers (public institutions) can also be included

POLITICAL RISK / INVESTMENT INSURANCE

This insurance protects your 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 your 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 your assets due to war or civil disturbance
- Breach of contract by a host government
- Unilateral cancellation of your 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 refuses to reimburse you 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).

GET STARTED

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

AfDB	African Development Bank
ATI	African Trade Insurance Agency
COMESA	Common Market for Eastern & Southern Africa
CRI	Credit Risk Insurance
CRI/PRI	Combined policies: Credit Risk Insurance/Political Risk Insurance
CRI-SO	Credit Risk Insurance-Single Obligor
CRI-WTO	Credit Risk Insurance-Whole Turnover
DCA	Development Credit Agreement
ECL	Expected Credit Losses
FAPA	Fund for African Private Sector Assistance
FVTPL	Fair Value Through Profit or Loss
IAS	International Accounting Standards
IDA	International Development Association
IFRS	International Financial Reporting Standards
KfW	Kieditanstalt für Wiederafbau (German Development Bank)
P&L	Profit or Loss
PRI	Political Risk Insurance
PV&TS	Political Violence and Terrorism & Sabotage Insurance
SDR	Special Drawing Rate
S&P	Standard & Poor's
STA	Security Trust Account
STAA	Security Trust Account Agreement
TDB	Trade and Development Bank
ZEP-RE	Zone d'échanges Préférentiels Reinsurance

COMPANY INFORMATION

CREDITS

External Auditors
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