



H1 2020 Financial Brief

Financial Strength. Proven Impact.



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Disclaimer

The enclosed Management accounts are provided for information purposes only and have not been subject to external audit or review. Figures disclosed may be subject to amendments. ATI makes no representations or warranties about the accuracy, completeness or reliability of this information and specifically disclaims any responsibility for any liability, loss or risk that is incurred from the use or application of the information provided herein.

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About ATI

Africa's Multilateral Guarantee Institution

- ▶ One of Africa's largest Development Finance Institutions: *As measured by portfolio size*
- ▶ One of Africa's most robust financial institutions: *Rated A/Stable (S&P) & A3/Stable (Moody's)*
- ▶ Deep knowledge of Africa: *With offices in 6 countries, ATI has been guaranteeing cross-border trade and investments across Africa since 2001*
- ▶ Able to de-risk the full spectrum of debt and equity across the continent
- ▶ Focused on development impact in ATI member countries and on ATI's commercial success: *ATI currently insures an average of 1 to 2% of member countries' GDP annually*

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Key Events H1 2020

- ▶ To support its rapid growth, ATI hired Deepak Dave, Chief Risk Officer (CRO), who leads the newly created Risk Department
- ▶ Niger and Togo finalised membership and some member states further reinvested dividends, contributing to a 12% increase in Equity to US\$391m
- ▶ ATI received three new membership applications worth US\$47m further strengthening its US\$91m existing membership pipeline
- ▶ A potential claim of US\$40.7m in Zambia was successfully prevented, owing to proactive management of distressed transactions and monitoring of the portfolio
- ▶ Despite the COVID-19 pandemic, which has negatively affected many economies since March 2020, ATI achieved a net profit of US\$16.3m in the first half-year, an increase of 27% compared to H1 2019

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COVID-19 Preparedness



The unexpected onset and projected economic impact of the COVID-19 pandemic caused ATI, like other institutions around the world, to re-examine its portfolio and to devise a strategy to ensure sustainability now and beyond the pandemic. As a result, ATI put in place these measures to ensure operational and administrative continuity:

Business Operational Measures	<ul style="list-style-type: none">▶ Teleconference & video briefings with key stakeholders underway since March▶ Stress testing the portfolio to flag risks that may be problematic▶ Careful screening of new transactions limiting to country priority projects▶ Exploring initiatives with partner DFIs to boost available insurance capacity and equity
Internal Operational Measures	<ul style="list-style-type: none">▶ Implemented a Work-from-Home framework with fully functional systems & IT support▶ Preparation for a safe work environment underway with masks, hand sanitizers and socially distanced work spaces▶ Staff travel restricted for the remainder of 2020▶ Internal communication enhanced with a newsletter and WhatsApp group for staff along with regular virtual staff meetings



Strategic Partnerships

We rely on a global network of strong partners committed to supporting Africa's development. These partners include African Development Bank, European Investment Bank, KfW, World Bank and Global Reinsurance Partners. In addition, partners have come to rely on our risk assessments because of ATI's credibility, financial strength and underwriting capacity.

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Strategic Partnerships: Membership Support



- ▶ ATI works in partnership with various multilateral and development institutions to help African countries fund their membership contributions: African Development Bank (AfDB), European Investment Bank (EIB), KfW, and World Bank
- ▶ The EIB and the AfDB are expected to support six African countries (5 new countries and 1 existing member) with an amount of US\$91 million within the next six to eighteen months
- ▶ Three new membership applications worth US\$47m were received in the first half-year including one from a AAA-rated non-African country





Renewable Energy Products

European Investment Bank & Munich Re	Launched the Africa Energy Guarantee Facility (AEGF) in 2018 to provide added insurance capacity of US\$1.4Bn for clean energy investments across Africa.
KfW (financed by the German Development Cooperation)	Launched the Regional Liquidity Support Facility (RLSF) in 2017 and provided technical assistance with a total value of €65m to protect the small-scale renewable projects of Independent Power Producers against payment default risks, helping more clean energy projects reach financial close.

Increased Insurance Capacity in Africa

African Development Bank, GuarantCo & ICIEC	Joined the Co-Guarantee Platform for Africa to increase availability of insurance & guarantees for project sponsors & their banks.
Global Reinsurance Partners	A significant portion of ATI's insurance risk is ceded to well-rated external reinsurers, allowing it to support sustained growth in Gross Exposures across Africa.



Development Impact

ATI is actively working on ways to optimize ESG impacts to more effectively support African member countries. We have a portfolio of projects near US\$285m to address these areas of sustainability.

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Environment

- ▶ Greenhouse gas emissions
- ▶ Natural conditions
- ▶ Pollution
- ▶ Other environmental factors
- ▶ Environmental benefits



Social

- ▶ Human capital management
- ▶ Social benefits



Governance

- ▶ Strategy execution & monitoring
- ▶ Risk management & internal controls
- ▶ Transparency

ATI's Response:

- ▶ Increased focus on Renewable Energy projects (nearly US\$285m Gross Exposure)
- ▶ Regional Liquidity Support Facility (RLSF) in partnership with KfW
- ▶ The Africa Energy Guarantee Platform (AEGF) in partnership with EIB & Munich Re
- ▶ Projects supported are in line with IFC and EU standards

ATI's Response:

- ▶ Revised processes to improve the monitoring of job creation and other social impacts in supported projects
- ▶ More focus on economic impact that empowers women

ATI's Response:

- ▶ Creation of a new management level position of Chief Risk Officer tasked with ESG oversight & a new Risk Department
- ▶ Transparency Tool – created in partnership with KfW
- ▶ Strengthened KYC process



ATI's Global Footprint

ATI can underwrite transactions across Africa and globally enabling an increased diversity and spread of risks. In H1, ATI underwrote projects in 15 non-member African countries and 6 countries from Europe, Asia and North America.

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Financials

ATI is financially sound. This has been reflected in our rating since 2008, which places us as one of the highest-rated African insurer. Our credibility has attracted a client base that includes major banks, equity and debt investors, infrastructure contractors and suppliers of goods .

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Capital* (As at 30.06.20)



Central Africa		Southern Africa		Non-African Member Countries	
DR Congo	19.5	Malawi	17.5	India (ECGC)	11.7
		Madagascar	7.1		
		Zambia	17.4		
		Zimbabwe	13.0		

East Africa		West Africa		Institutional Members	
Burundi	15.4	Benin	14.1	African Development Bank	15.0
Ethiopia	7.0	Côte d'Ivoire	20.1	Chubb	10.0
Kenya	28.7	Ghana	17.6	Sace SpA	10.0
Rwanda	8.8	Nigeria	14.1	African Reinsurance Corp.	1.0
S. Sudan	9.1	Niger	12.5	Kenya Reinsurance Corp.	1.0
Tanzania	17.0	Togo	12.3	Trade Development Bank	1.0
Uganda	23.0			ZEP-Re	0.5
				COMESA	0.1
				UK Export Finance	0.1
				Atradius	0.1

Total Capital
US\$ 324.7

Total Equity
US\$ 390.8



Equity grew by 12% with the addition of capital from new members – Niger and Togo.

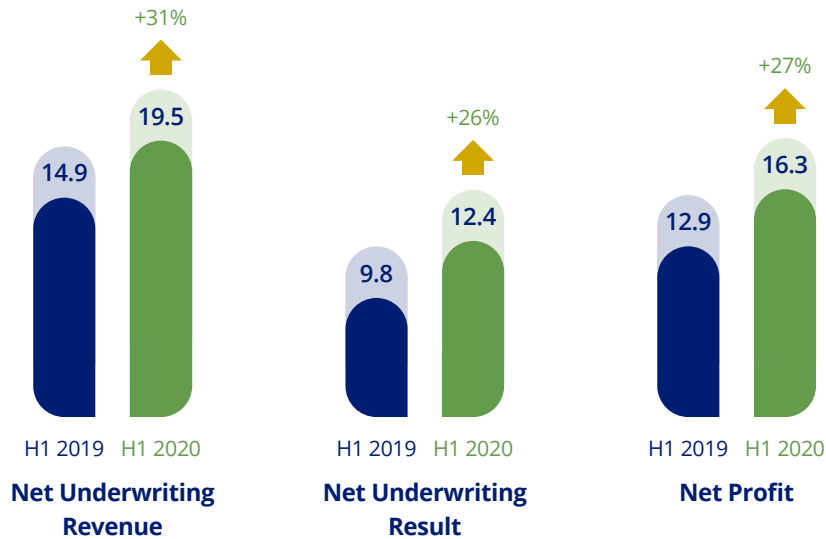
* Unaudited H1 2020 figures

Financial Performance Highlights*

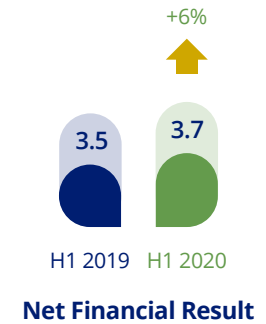


► *Growth remains strong reflecting demand.*

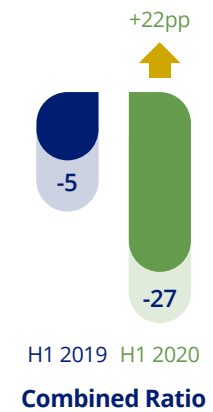
Earnings (in M US\$)



Financial Income (in M US\$)



Combined Ratio (%)



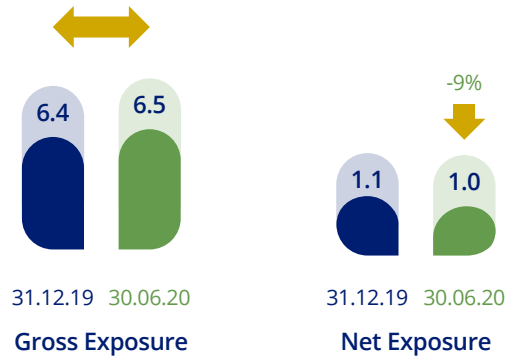
* Unaudited H1 2019 and H1 2020 figures

Financial Position*

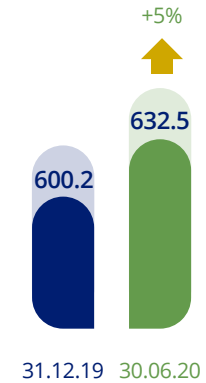


► *Near US\$400m in total equity.*

Total Exposure (in Bn US\$)



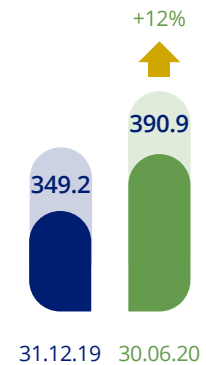
Total Assets (in M US\$)



Credit Ratings

S&P Global Ratings A/Stable
MOODY'S A3/Stable

Total Equity (in M US\$)



* Unaudited H1 2020 figures

Summarized Income Statement*



► *Financial performance.*

(in '000 US\$)	H1 2020	H1 2019	Growth
Gross Written Premiums (GWP)	57,364	42,936	34%
Net Earned Premiums	9,639	9,003	7%
Net Commissions	9,891	5,938	67%
Net Operating Expenses	(3,691)	(3,940)	6%
Net Claims	(3,427)	(1,178)	-191%
Net Underwriting Profit After Claims	12,412	9,823	26%
Net Financial Income	3,708	3,507	6%
Other Gains/Losses	220	(457)	148%
Net Profit	16,340	12,873	27%
Cost Ratio on Net Earned Premiums	-63%	-18%	
Loss Ratio on Net Earned Premiums	36%	13%	
Combined Ratio on Net Earned Premiums	-27%	-5%	

* Unaudited H1 2019 and H1 2020 figures

Financial Position



(in '000 US\$)	30.06.2020*	31.12.2019
ASSETS		
Cash and Cash Equivalents	78,633	125,765
Insurance and Reinsurance Receivables	15,666	21,029
Recoveries & Reinsurers' Share of the Claims Reserves	109,867	86,149
Claims Recoveries	6,017	32,495
Reinsurers' Share of Unearned Premiums	44,306	48,348
Deferred Brokerage Commissions	1,710	1,921
Other Assets	3,217	3,512
Other Financial Assets	58,550	27,100
Investments in Money Market Funds	7,732	8,429
Investments in Floating Rate Notes	61,646	75,680
Investments in Bonds	245,123	169,748
Total Assets	632,467	600,176
LIABILITIES		
Insurance and Reinsurance Payables	20,974	24,312
Other Liabilities	2,592	4,064
Claims Reserves	129,764	118,375
Reinsurers' Share of Recoveries	4,608	15,021
Unearned Premiums	52,543	57,604
Unearned Ceding Commissions	9,885	10,337
Unearned Grant Income	11,404	11,329
Defined Benefit Post-Employment Plan	1,700	1,658
IDA Loan	8,130	8,297
Total Liabilities	241,600	250,997
EQUITY		
Share Capital	307,300	289,100
Share Premium Account	16,337	9,319
Unallocated Share Capital	1,032	902
Retained Earnings	66,198	49,858
Total Equity	390,867	349,179
Total Equity & Liabilities	632,467	600,176

* Unaudited H1 2020 figures



Risk Portfolio: Exposures



► Commitment to developing Africa.

(in '000 US\$)	H1 2020*		31.12.2019	
	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure
Benin	1,049,665	70,958	1,055,544	71,293
Burundi	-	-	-	-
Côte d'Ivoire	1,029,960	82,132	1,084,912	99,545
DR Congo	222,667	42,025	230,045	46,881
Ethiopia	321,125	25,550	346,125	25,550
Ghana	123,250	32,473	170,500	44,473
Kenya	694,668	144,830	724,771	165,993
Madagascar	12,683	5,270	4,649	2,801
Malawi	210,500	28,042	200,000	25,417
Niger	219,216	24,687	-	-
Nigeria	262,570	63,004	293,970	64,664
Rwanda	145,460	48,201	173,122	60,323
South Sudan	102,000	25,500	125,696	33,943
Tanzania	443,217	89,071	447,041	99,727
Togo	305,132	30,674	-	-
Uganda	247,542	72,643	251,360	84,029
Zambia	491,780	43,682	522,628	56,820
Zimbabwe	120,502	33,211	152,149	40,811
Sub-Total Member Countries	6,001,937	861,953	5,782,512	922,270
Sub-Total Non-Members & Multilaterals	475,171	142,244	666,762	151,371
Grand Total	6,477,108	1,004,197	6,449,273	1,073,640

* Unaudited H1 2020 figures



Risk Portfolio: Exposures (Continued)



(in '000 US\$)	H1 2020*		31.12.2019	
	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure
Country Risk Exposure				
Sub-Total Member Countries	6,001,937	861,953	5,782,512	922,270
Multilaterals				
Multilateral	91,967	14,082	156,822	20,585
Non-Member Countries**				
Angola	34,099	2,875	44,099	6,208
Burkina Faso	17,970	4,505	10,353	2,602
Cameroon	19,168	5,556	19,168	5,556
Central African Republic	2,125	531	-	-
China	27,803	9,250	10,803	5,000
Egypt	44,356	2,643	66,498	8,000
Eritrea	25,000	5,000	-	-
Gabon	29,250	7,313	29,250	7,313
Guinea	-	-	9,000	3,000
Japan	8,457	8,457	8,457	8,457
Luxembourg	2,760	1,656	2,760	1,656
Mali	1,948	487	-	-
Mauritania	8,922	2,711	9,967	3,233
Mauritius	13,573	4,930	18,402	6,283
Mozambique	27,084	13,542	26,648	6,662
South Africa	31,528	8,964	32,113	8,284
South Korea	10,803	5,000	10,803	5,000
Togo	-	-	125,790	7,748
Tunisia	20,221	4,927	30,391	7,468
United Kingdom	21,735	19,635	19,035	18,135
United States of America	36,402	20,180	36,402	20,180
Sub-Total Non-Members	383,204	128,162	666,761	151,370
Grand Total	6,477,108	1,004,197	6,449,273	1,073,640

* Unaudited H1 2020 figures

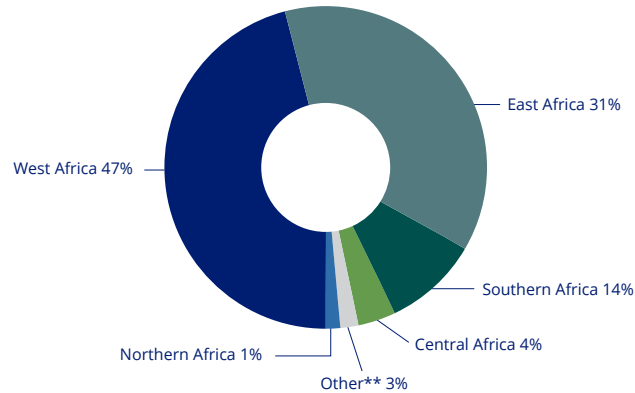
**ATI supports investments & trade, including exports, explaining the exposures in non-African countries



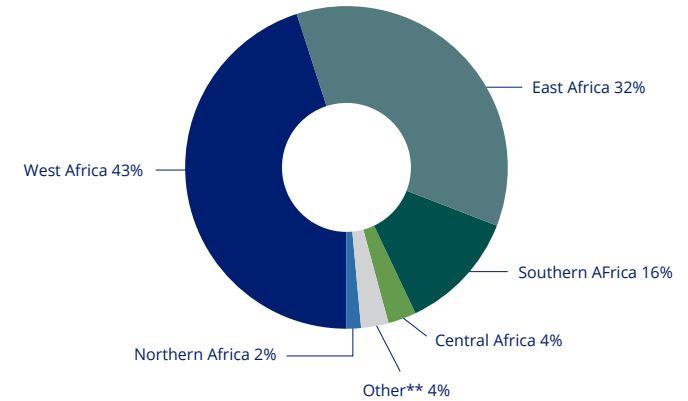
Risk Portfolio: Regional Exposures*



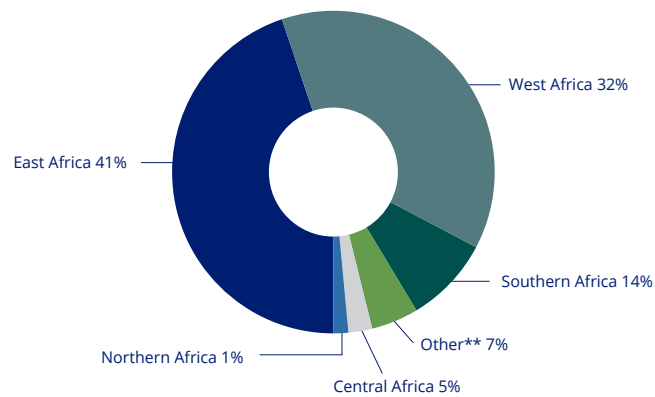
H1 2020: Gross Exposures



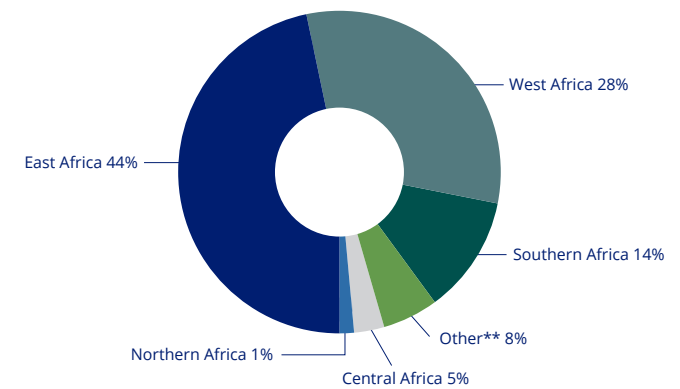
2019: Gross Exposures



H1 2020: Net Exposures



2019: Net Exposures



* Unaudited H1 2020 figures

** Other = Countries outside Africa & Multilaterals

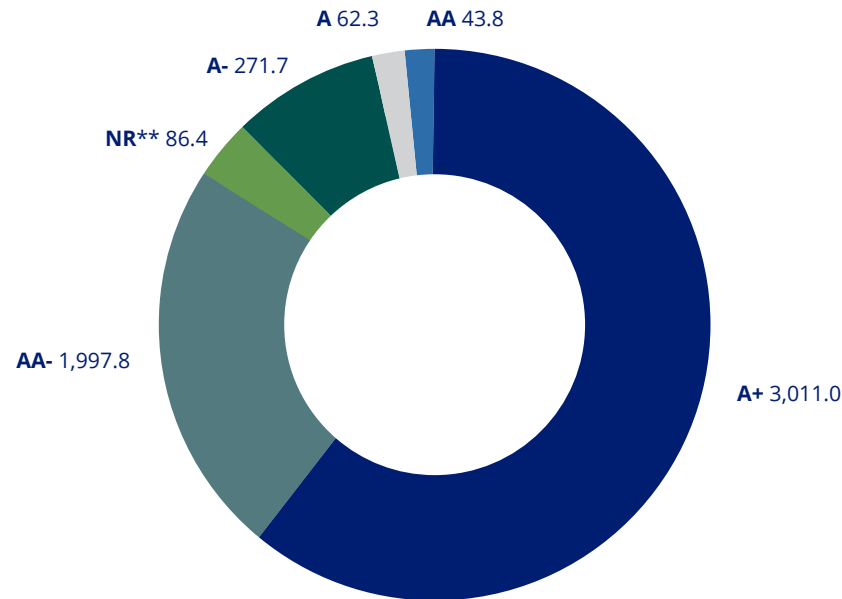
Risk Portfolio: Reinsurance - Ceded Risk Distribution*



▶ *ATI has strong reinsurance partners with a minimum 'A' credit rating from internationally recognised credit rating agencies.*

(M US\$)

Reinsurance as per S&P Rating of Reinsurers as at 30.06.20



* Unaudited H1 2020 figures

** NR refers to 'Not Rated' - ATI's usual minimum rating threshold for reinsurers is A-/A3 from S&P, Moody's, Fitch and AM Best. Thus the NR amount are simply reinsurers who do not have an S&P rating.

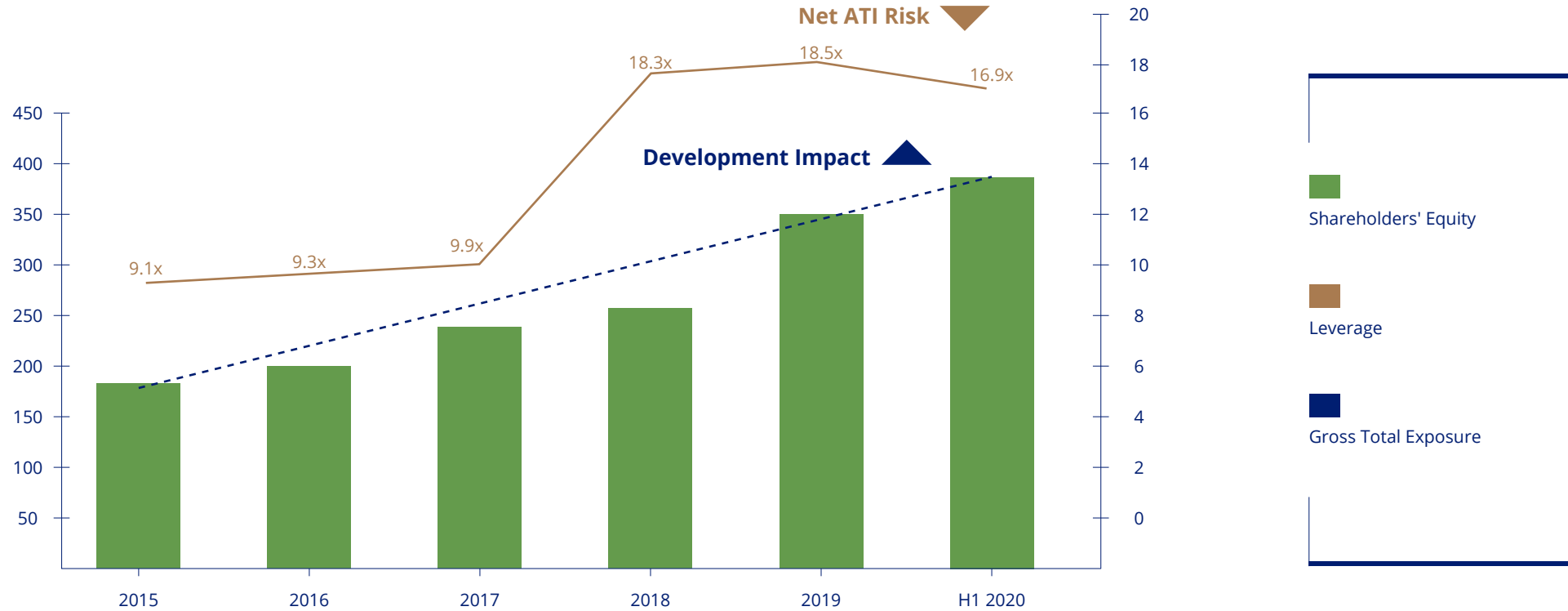
Currently, 62 reinsurers collectively cover ATI's US\$5.3bn in ceded risk.

Equity & Portfolio Leverage*



Gross Exposure by Lines of Business

(in Bn US\$)



* Unaudited H1 2020 figures

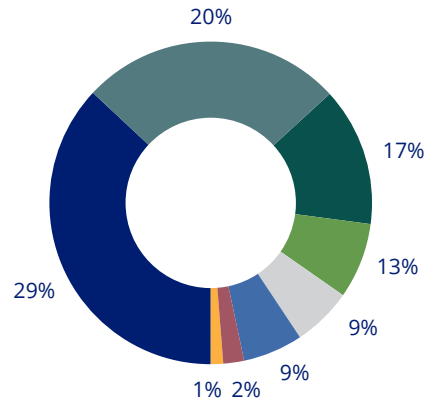
Investment Portfolio: Type of Investments



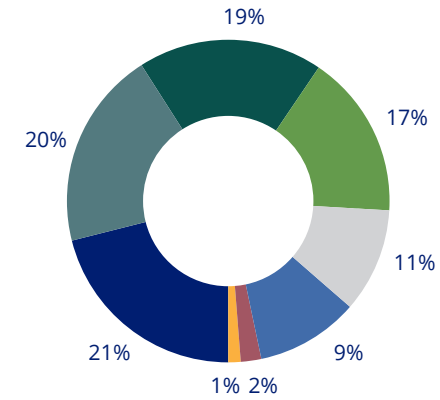
► *High liquidity ensures our continued flexibility.*

H1 2020*

31.12.2019



- Corporate Bonds
- Sovereign/Agency/Sovereign Guaranteed Bonds
- FRNs
- CDs/CPs
- Deposits
- Supranational Bonds
- Money Market Funds
- Uninvested Funds



- Corporate Bonds
- Sovereign/Agency/Sovereign Guaranteed Bonds
- FRNs
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- Deposits
- Supranational Bonds
- Money Market Funds
- Uninvested Funds

* Unaudited H1 2020 figures



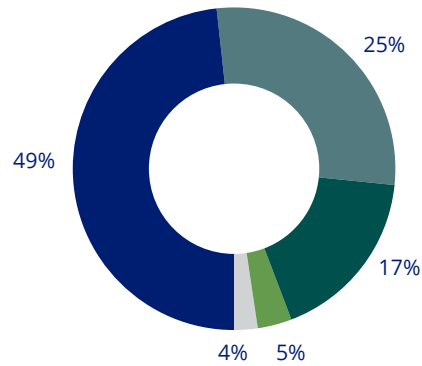
Investment Portfolio: By Rating



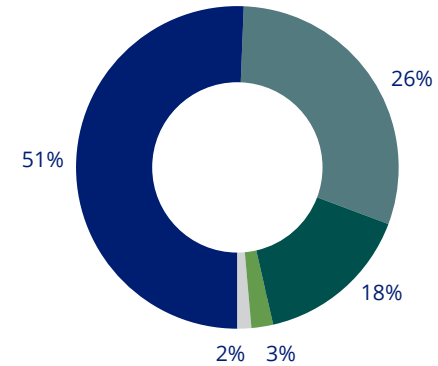
► *High credit quality.*

H1 2020*

31.12.2019



- A Range
- AA Range
- AAA Range
- BBB Range
- Non-investment Grade



- A Range
- AA Range
- AAA Range
- BBB Range
- Non-investment Grade

* Unaudited H1 2020 figures



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