ati | aca

African Trade Insurance Agency

Agence pour l'Assurance du Commerce en Afrique

2019 Annual Report

& Financial Statements

Expansion & Growth

> When a king reigns, it is thanks to the people. When a river sings, it is thanks to the stones.
>
> **- AFRICAN PROVERB**

Gurara Falls, Nigeria

This Report celebrates the 54 countries of Africa.

Together they represent a rich and dynamic tapestry of culture and economic innovation. ATI is proud to be a key strategic development partner to this diverse continent that we call home.

Lake Malawi sunset in Kande Beach, Malawi

Contents

01 2019 Overview

02 Management and Business Review

03 Corporate Information

04 Financial Statements

2019 Overview

Skyline photo of Lusaka City at night, Zambia

Key Data

01 **USD 62 bn** (+36%)
Volume of Investments & Trade supported since inception

02 **Ratings**
A/Stable S&P
A3/Stable Moody's

03 **USD 6.4 bn** (+35%)
Gross Exposure

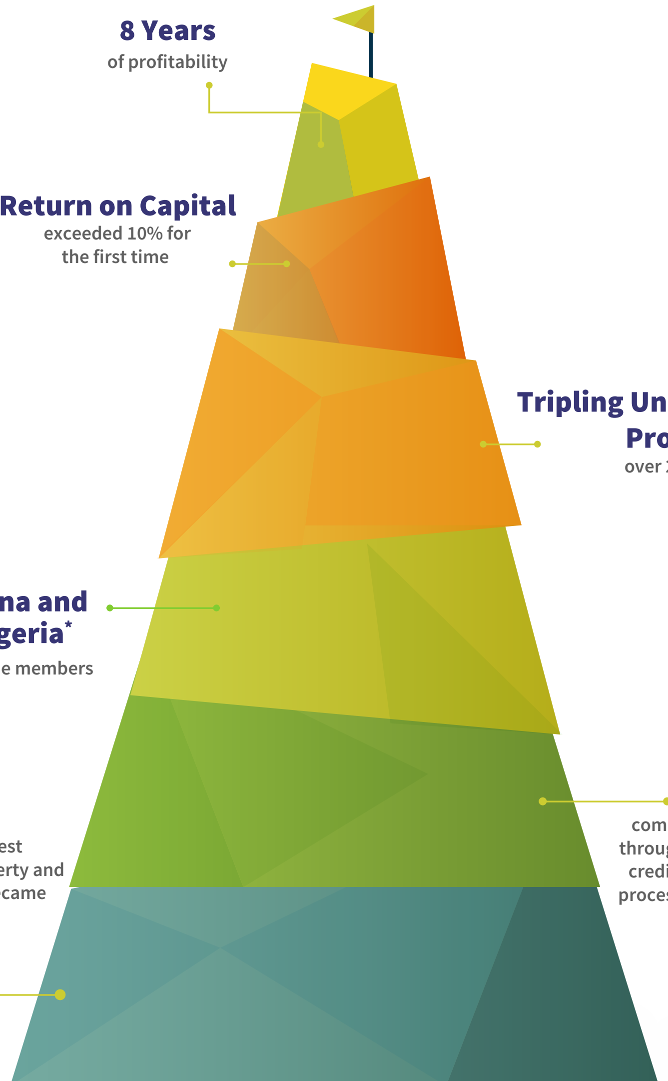
04 **USD 111.9 m** (+69%)
Gross Written Premiums

05 **USD 27.7 m** (+132%)
Net Profit

06 **USD 349.2 m** (+33%)
Equity

07 **10.3%** (+101 %)
Return on Capital

ATI Milestones



8 Years
of profitability

Return on Capital
exceeded 10% for the first time

Tripling Underwriting Profit
over 2018

Ghana and Nigeria*
became members

India
completed membership through its national export credit agency, ECGC, in a process that began in 2018

Chubb
the world's largest publicly traded property and casualty insurer became a member

** Pending instrument of ratification by the Federal Government of Nigeria.*

Message from the Chairman of the General Meeting of Shareholders

H.E. Romuald Wadagni
Minister of Economy and Finance
Republic of Benin

A year of historic performance in a challenging global context

2019 was a challenging year worldwide. Indeed, global economic growth experienced its slowest performance since the economic crisis of 2008. On a structural level, the emergence of new barriers to trade and the resulting uncertainty eroded business confidence and disrupted global economic activity. Other factors, more specific to individual countries or regions, explain the disintegration of the global economic climate (slowdown of growth in China, armed conflicts in the Middle-East, worsening geopolitical and macroeconomic tensions linked to the tightening of financial conditions).

In the context of this uncertainty and global economic sluggishness, Africa proved to be the exception with a stable GDP growth rate of 3.4% and forecasts of a 3.95% increase. According to the World Bank and the IMF, six of the ten most dynamic economies in the world in 2019 were on the continent (Benin 6.7%, Côte d'Ivoire 7.4%, Ethiopia 7.4%, Ghana 7.1%, Rwanda 8.7% and Tanzania 6.8%), and all are members states of ATI.

Consistent with its mandate to support the development and growth of trade and Foreign Direct Investments (FDI) on the continent, ATI has contributed to the consolidation of efforts to develop dynamic economies, by providing insurance cover for large-scale projects, in Benin, Côte d'Ivoire and other member countries. ATI has also contributed to the consolidation of the continent's economic development efforts. Thus, ATI recorded exceptional results as an outcome of its new strategy of accompanying its member states in their reform and development policies. This enabled ATI to close the year with a gross exposure of USD 6.4 billion with a 35% increase over the previous year and a net profit of USD 30 million, representing a jump of 150%.

These new solutions have enabled member states to access loans at preferential rates on the international financial markets, supported by ATI's network of global insurers and lenders. In addition, ATI has intensified its outreach to all countries on the continent to promote membership. In recent months, several countries (Ghana, Niger and Cameroon among others) have joined ATI or have started the membership process. This expansion is part of ATI's strategy to strengthen its capacity for intervention on the continent and to attract more international investors.

In these times of global uncertainty, Africa has a unique opportunity to diversify and strengthen its resilience in order to remain a competitive investment destination

2020 is set to bring on a new global economic crisis, the beginning of which were felt in 2019. The fragility of the economic situation, induced by the "Novel Coronavirus" COVID-19, discovered in February 2020, exacerbates an already gloomy global economic outlook. Its adverse effects are expected to be both economic and social, with a heavy humanitarian price tag, demonstrating the vulnerability of our societies to global health threats and the need for rapid and effective solutions to boost investment in health infrastructure and to facilitate the acquisition of medical equipment and consumables.

Africa will not be spared from the collateral effects of this health crisis. The COVID-19 pandemic could probably plunge the continent into its first recession in 25 years, with an expected decline in GDP of between 3.4% and 4.1% in 2020, according to the World Bank. Although the continent is showing signs of resilience, it could yet feel massive economic and social consequences in the face of this economic and health crisis: the risk or outright loss of human lives; shrinking economies; limited employment prospects and increased political and regulatory uncertainties; and increased public debt and the risk of over-indebtedness, to name but a few. The continent's challenges, will intensify with the heightened need for investment in the health and education sectors and the development of strong local industries, which require the effective implementation of South-South partnerships.

More than ever, ATI has a role to play alongside African governments to tackle this situation by contributing to the facilitation of innovative solutions. With the support of its network of insurers, reinsurers, investors, and lenders, in coordination with leading global and regional financial institutions, ATI is positioned to support its member states with diversified innovative responses and strengthened resilience enabling it to emerge from this period of uncertainty more attractive for both inter-African and foreign investments.

> ***"Let's develop innovative financing solutions for a more resilient and investment-friendly Africa.***

Message from the Chairman of the Board of Directors

Dr. Yohannes Ayalew Birru
Chairman of the Board of Directors

Bigger and Better

Each step that the Board of Directors took this year, was guided by one principal objective: to maintain and improve ATI's long-term financial soundness. To this end, in 2019, we continued improving risk management and governance processes and facilitating an efficient transition as we worked to finalise the recruitment of a new CEO.

Specifically, the Board reinforced the management team through establishing a new risk department and the subsequent hiring of Mr. Deepak Dave to the post of Chief Risk Officer, effective in February 2020. The Chief Risk Officer is empowered to undertake all necessary steps to ensure that ATI's risk management strategy allows the business to achieve a high level of sustainable developmental impact within Africa, while adhering to the global best practices of ATI's peer group and maintaining the institution's financial strength.

In addition, the Board took a decision to regularize Mr. Benjamin Mugisha as the substantive Chief Underwriting Officer (CUO), which will be effective in Q-3, 2020.

In addition, after a robust recruitment process, the Board expects the Annual General Assembly to appoint a substantive CEO in July 2020.

At this point, on behalf of the Board, I would like to acknowledge the tremendous and transformational leadership provided by Mr. John Lentaigne as Acting CEO and, prior to this, as ATI's CUO. In these roles, Mr. Lentaigne has helped ATI evolve into a nimble and innovative partner, providing African governments with solutions that have been recognised by the IMF as viable options to help governments manage their debt levels in a sustainable manner.

There is no doubt that ATI has now realised the vision of its founders and evolved to become one of Africa's most important development institutions.

Increased Capital & Regional Growth

ATI's support to member states is bearing fruit and is continuing to propel membership expansion. In the last five years, from 2015 to 2019, ATI has attracted six new African member countries. We expect ATI's membership expansion to continue to move at a rapid pace in the coming years, underpinned by ATI's increasing relevance and support from a wide range of institutions to grow membership (including the African Development Bank, the European Investment Bank, KfW and the World Bank).

On behalf of the Board, I would like to congratulate the Governments of our newest African member countries, Ghana and Nigeria, which joined in 2019, Niger and Togo, which finalized their membership in Q-1,2020, and Cameroon, expected to join later in 2020, for taking the decision to be part of this vibrant institution.

I would also like to thank the two newest institutional shareholders, ECGC, the Indian export credit agency, which finalized their equity investment in ATI on behalf of the Indian Government; and, Chubb, the largest publicly traded property and casualty insurance company in the world, which is now one of the largest institutional shareholders of ATI.

Importantly, these new shareholders have helped increase ATI's equity to near USD 350 million.

Lastly, I would like to extend the Board's appreciation to the existing member countries which have shown their strong support to ATI either through capital increases (Côte d'Ivoire and Madagascar) or through dividend reinvestments.

Here for the Long-Term

At the time of writing, with the Coronavirus (COVID-19) pandemic absorbing the world's resources and attention, the Board's goal is to provide adequate oversight to help ATI shepherd resources that fill the region's expected insurance capacity gaps. Although COVID-19 appears to be an all-consuming phenomena, we are preparing for a post-COVID period because our sights are firmly set on the long-term prospects for ATI and for Africa.

> ***"Our sights are firmly set on the long- term prospects for ATI and for Africa.***

Message from the Ag. Chief Executive Officer

John Lentaigne
Ag. Chief Executive Officer

Another Year for the Record Books

It has truly been a year to remember and I have enjoyed every minute of working with a team that is among the best in the world. Despite a period of rapid change in the management-level composition, the team remained steadfast. As a result of this dedication and focus, we recorded the best results in ATI's history.

To highlight, here are some of the top line results:

- A record Gross Exposure of USD 6.4 billion, representing a 35% increase over 2018;
- A record Gross Written Premium of USD 111.9 million, representing a 69% increase over 2018;
- A record Net Profit of USD 27.7 million, a 132% increase over 2018; and
- A Return on Capital (ROC) exceeding 10% for the first time in ATI's history.

Prudent Risk Management

As we record the eighth consecutive year of growth, ATI is aware of the need to ensure the appropriate systems are in place to ensure a strong risk management foundation. Of course, our reinsurance partners play a big role in ATI's ability to continue filling the insurance capacity gaps across Africa, as well as helping us effectively cap our exposures.

In addition, two important elements continue to factor into our success. First, a rapidly expanding shareholder base along with a mandate to underwrite limited transactions in all African markets has helped ATI diversify risk across the continent and drive these higher results. Also, the restructuring of our products to focus on high demand areas and a consistent review and enhancement of our risk management framework has helped us expand our business prudently.

These measures will, no doubt, be even more critical as ATI turns its focus on ways to mitigate the expected impacts of the COVID-19 Coronavirus strain.

Changing Dynamics as a Result of COVID-19

The post COVID-19 landscape may look quite different. For Africa, this pandemic may require an increased focus on vital health infrastructure, a need to more expansively re-profile existing debt loads and a continued expansion of private sector partners, who, together with development finance institutions, can more nimbly provide needed support and long-term investment commitments. These are all areas, where ATI, as a key partner, is well-positioned to provide significant value addition. In preparation, ATI is retooling its resources to ensure that we are here for the long run, for Africa.

> ***"For Africa, this pandemic may require an increased focus on vital health infrastructure, a need to more expansively re-profile existing debt loads and a continued expansion of private sector partners.***

Management and Business Review

Sunset panorama of Dar es Salaam City Centre, Tanzania

Management Report

Benjamin Mugisha
Acting Chief Underwriting Officer

Toavina Ramamonjiarisoa
Chief Financial Officer

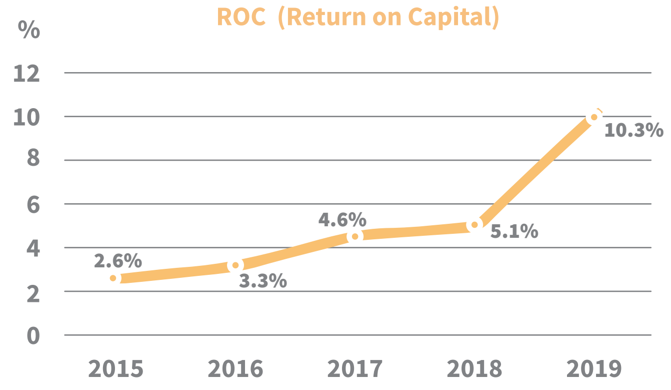
John Lentaigne
Acting Chief Executive Officer

Deepak Dave
Chief Risk Officer

Cyprien Sakubu
General Counsel & Corporate Secretary

Key Highlights

- Eighth consecutive profitable year with a 132% increase in the net profit
- Return on capital exceeded 10% for the first time since ATI's inception
- Threefold increase in the net underwriting profit owing to a significant portfolio expansion and a low level of claims
- Strengthened equity with four new members and shareholders joining ATI
- Reinforced risk management framework with the creation of a new risk department



Effective Risk Management Measures Underpin ATI's Stellar Results

Considering its rapid expansion, ATI believes it is essential to strengthen its risk management framework in order to stay on track with fast-paced yet controlled growth and ensure financial sustainability. In 2019, ATI's Board approved the creation of a new risk department and subsequently hired a Chief Risk Officer, Mr. Deepak Dave, in February 2020, to lead this department. This new risk department will add a new layer to ATI's current four-layered framework and will help enhance portfolio data analysis, complex transaction risk management and Environment, Social & Governance (ESG) impact evaluation.

Key Highlights

Effective Risk Management Measures Underpin ATI's Stellar Results (continued)

With the newly created risk department, ATI now has five principal levels of risk control:

- LEVEL 01 Operational Controls
- LEVEL 02 Enterprise Risk Management (ERM)
- LEVEL 03 Internal Audit
- LEVEL 04 Risk Departement
- LEVEL 05 Board Risk Committee

In the new structure, the addition of a Risk Department will strengthen ATI's risk management capability. The department will consist of the Credit and Country Risk analysis functions, Environment, Social & Governance (ESG) monitoring and impact evaluation. It will also develop further actuarial and business analysis capacity within a robust Enterprise Risk Management (ERM) Framework.

A Strengthened PCS

ATI's business model is premised on the strength of its Preferred Creditor Status (PCS) amongst other factors.

Through these legal instruments, ATI is guaranteed preferential payment/ reimbursement by member states for any claims resulting from their payment delays or breach of sovereign or sub-sovereign obligations. In recent years, ATI has taken practical measures to boost its PCS: increased liaison with member state governments, the hire of a full time membership liaison officer, extension of the reimbursement period to 360 days, introduction of a penalty after 180 days and mandatory notification / no objection letters.

The fundamental objective of ATI is to manage the risks it insures. The Claims unit continues to be strengthened, which contributed to the record underwriting results in 2019, and importantly, the unit has been able to post record recoveries and reductions in claims losses.

Key Highlights

Total amount of claims paid by ATI in the last 5 years

USD 27 m

USD 19 m

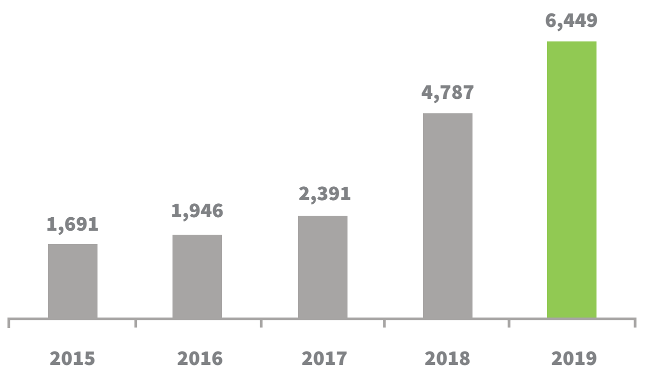
Total recoveries of paid claims in the last 5 years

USD 91 m
Total mitigated claims before payment

Sustained Growth Leading to Greater Development Impact Across Africa

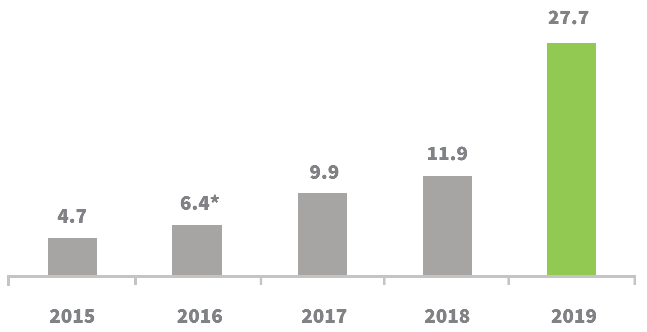
ATI believes one of the best ways to measure its impact is by looking at the Gross Exposure insured annually. In the last five years, this has grown from USD 1.7 billion to USD 6.4 billion in 2019. This growth trend is projected to accelerate in the coming years as countries continue to approach ATI for innovative insurance solutions to attract more competitively priced and flexible lending options. We owe a great deal of our success to African governments, who have entrusted ATI to support their development objectives.

Key Achievements



Gross Exposure (USD m)

A 35% increase in Gross Exposure linked to a rapid expansion of ATI's footprint across Africa, successful penetration in the newest markets including Côte d'Ivoire, Ghana, Nigeria and South Sudan as well as increased strategic support to member countries.

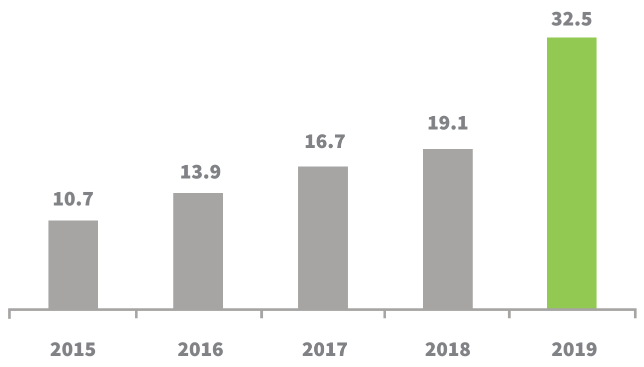


Net Result (USD m)

An impressive 132% Net Profit growth owing to an increased portfolio and a low level of claims.

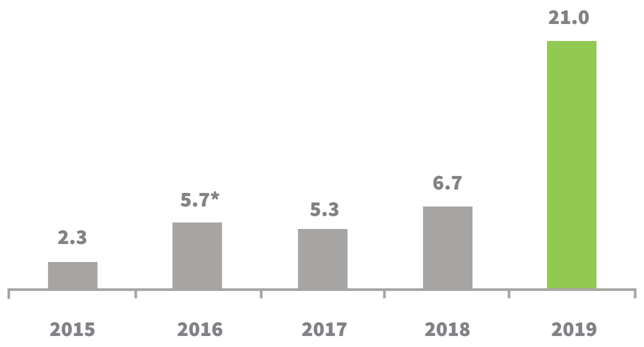
**Adjusted to reflect the impact of a new reserving methodology*

Key Achievements



Total Net Earned Underwriting Income (**) (USD m)

An exponential growth of the Net Earned Underwriting Income, which is correlated with the portfolio growth.

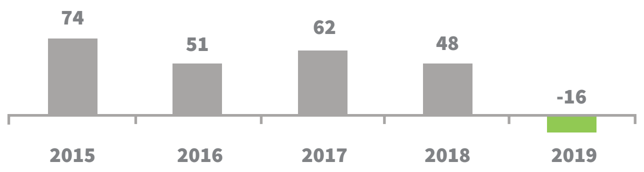


Net Underwriting Result (USD m)

A tripling of the Net Underwriting Result driven by a growing footprint that is the result of a three-pillar underwriting strategy initiated in 2017: greater focus on member states' priority projects; bigger development impact across the continent; and tailored and innovative solutions.

*** Net premiums and net commissions*
**Adjusted to reflect the impact of a new reserving methodology*

Key Achievements



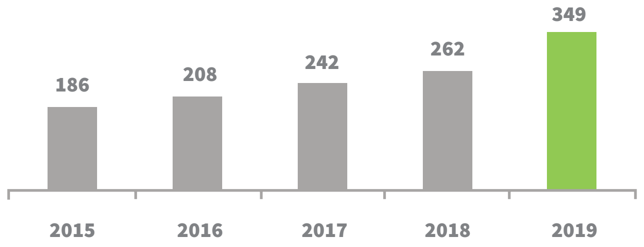
Combined Ratio on the Net Earned Premium (%)

Higher ceding commissions coupled with reduced claims payments on ATI's retention resulted in a significant decrease in the combined ratio.

An Accelerated Membership Growth

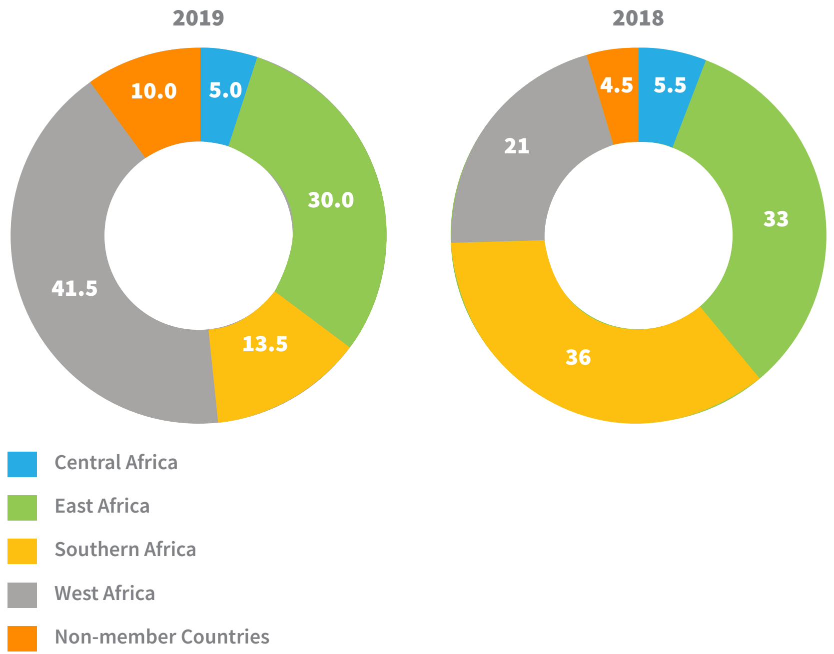
An accelerated membership expansion expected to continue into the future with the financial support of the African Development Bank, the European Investment Bank and KfW.

Key Achievements



Equity Growth (USD m)

An 88% Equity growth in the last five years is linked to an increase in shareholders; support from member states in the form of reinvested dividends and capital increases; and stronger performance. In 2019 alone, ATI posted a 33% increase in Equity, with two new countries (Ghana and Nigeria), a new corporate shareholder (Chubb), and a new non-African country shareholder (India, through ECGC).



Business Portfolio (Based on Gross Exposure)

With a growing number of West African members and a pan-African mandate that meant 10% of ATI's business is in non-member countries, ATI's portfolio continues to reflect a robust risk diversification strategy.

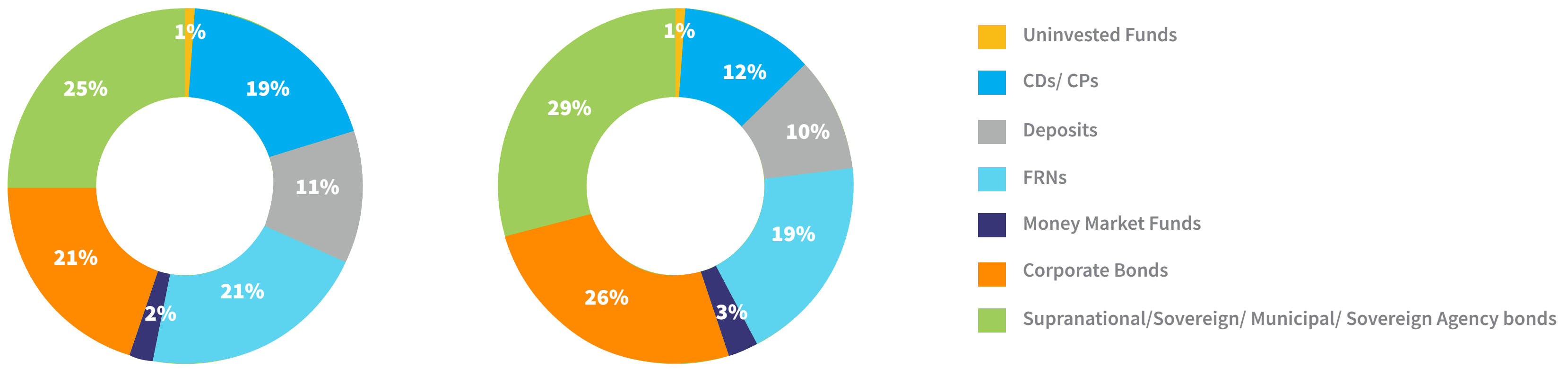
Key Achievements

Investment Portfolio

Even with a backdrop of decreased market interest rates, ATI's investment portfolio continued to perform well with a 36% increase in the net investment income, a positive result, which stemmed from shrewd portfolio management.

2019 Distribution of the Investment portfolio (%)

2018 Distribution of the Investment portfolio (%)



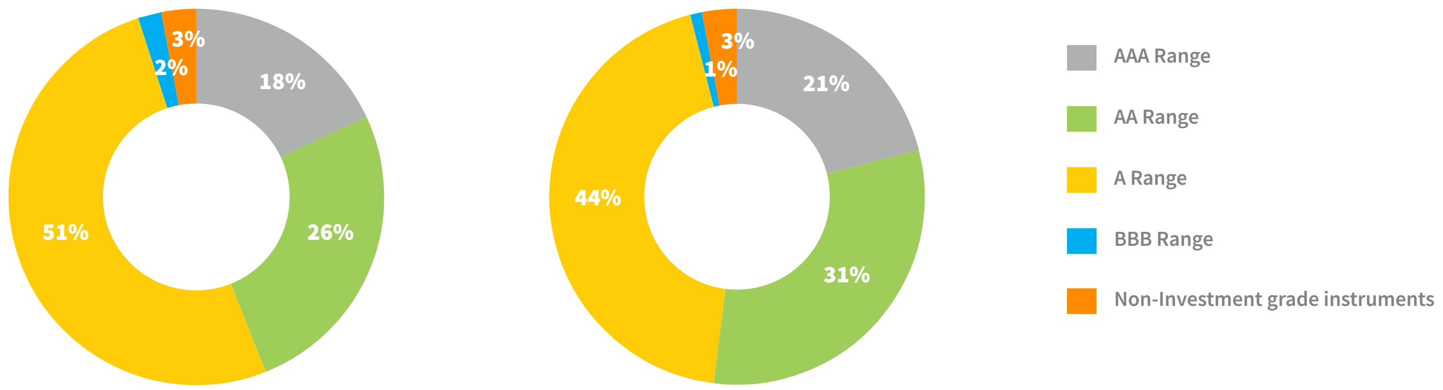
Key Achievements

Credit Quality of the Investment Portfolio

In addition to investment portfolio diversification, ATI permanently seeks to maintain the credit quality of its assets. As at 31 December 2019, 97% of ATI's investment portfolio continues to be comprised of investment grade instruments.

2019 Distribution of the Investment portfolio (%)

2018 Distribution of the Investment portfolio (%)



Strategy & Outlook

2019 was a model year in all respects. There were many milestones achieved, and indeed surpassed. While we reflect on these achievements and recognize the tremendous contributions of staff to this success, we continue to focus on the horizon. In this case, our horizon is a time frame that goes beyond five-years, allowing us to move forward with contingencies in place.

In the near-term, two important outstanding items are expected to be resolved and clarified. First, the CEO position is on track to be filled by the next AGM, in July 2020. The litigation of ATI's previous CEO is ongoing. ATI's external counsel believe that the court will likely dismiss the entire petition and, as a result of this legal opinion and, in line with International Accounting Standard (IAS) 37, no provision has been booked in the 2019 financial statements specific to this litigation.

Moving forward, we will continue our efforts to shore up governance and risk management functions. These areas will help us strengthen ATI's resilience and enable the institution to withstand potential headwinds and, at the same time, to better support our member countries through potential turbulence. Our main priorities will be:

1. People
Enhance capacity development and expansion of staff resources

2. Structure
Revisit our organisational structure with a double objective: ensure proximity to our clients and implement an adequate succession plan

3. Products
Continue focusing on demand

4. Brand
Strengthen the brand to align with ATI's increasingly global reach

5. ESG
Streamline our ESG evaluation and monitoring processes

Strategy & Outlook

We are committed to incorporating an Environmental, Social And Governance (ESG) impact evaluation in all areas of our operations. As a start, we will continue collecting data and reporting on operation and project level impacts. In addition, we will continue to emphasise risk management, an area that will touch upon all five strategic priorities. Specifically, through deeper portfolio data analysis and processing of complex transactions, both areas of further development for which we intend to add new resources.

As predictions of the potentially devastating impacts of the COVID-19 pandemic begin to be felt, at the time of publishing, ATI's approach to risk management and our ability to reach out to an expansive global network of partners will put us in a good position to support the region through the pandemic. Continued prudence should also help the institution to continue facilitating investments into the region well after the pandemic.

Interview with the Ag. CUO

Benjamin Mugisha
Ag. Chief Underwriting Officer (CUO)

Benjamin Mugisha was recently confirmed as the substantive CUO effective in Q-3, 2020. He has been Acting CUO for the past year and, prior to that, he rose through the ranks from an Underwriter in 2010 to a Sr. Underwriter in 2014. In addition, Benjamin has over 20 years of experience in the banking and insurance sectors. He holds a Bachelor of Science Degree in Civil Engineering and an MSc in Construction Management from Makerere University, and an MBA from the East & Southern Africa Management Institute. Here, Benjamin sheds light on his plans for the new role.

Q. What has motivated you the most about wielding the 'big pen'?

I am motivated to drive ATI's business growth in what is a critical decade of Africa's economic development. I always felt that, I joined ATI at just the right time when the organisation was starting to truly establish its business model and deliver on its mandate. Over the last 10 years, we have had a strong track record of operational excellence, client focus and noteworthy results. For example, GWP has grown from USD 4.7 million to USD 111.9 million and Gross Exposure from USD 383.8 million to USD 6.4 billion.

I am a great believer in the potential of our continent to achieve truly sustainable economic growth, despite existing cyclical and unforeseen challenges. ATI remains pivotal in sustaining this growth momentum.

Q. What objectives have you set for the team in the near and long-term?

Currently, we live in a world reeling from the COVID-19 pandemic. The impacts on the global economy remain unquantified and the outlook is significantly muted from what it was at the beginning of 2020. However, it is at times like this that ATI's role in sustaining trade and investment on the continent is brought to the fore.

In the short term, our objective will be to support our economies to continue attracting trade and investments. Over the next few years, I expect ATI to make a quantum leap, with an increased footprint on the continent and truly remain the engine of private sector-driven foreign direct investment.

Q. What is your vision for ATI?

My vision is simple. ATI will be the political and commercial risk insurer of choice on the African continent. In order to do so, we will have to continue to be innovative and respond to the needs of all our stakeholders especially our member States. For example, in the last few years, we have achieved significant traction with African Sovereigns who see the value in attracting commercial debt with an ATI credit wrap.

In addition, we have been working on innovative solutions to assist projects to achieve bankability. In this respect, we pioneered two facilities in the energy space. Given the push to meet the infrastructure needs of Africa, we aim to leverage this experience in other infrastructure related sectors.

Lastly, ATI will look to support domestic financial institutions to access international financial markets at competitive rates. It is early days, and these are challenging times, but we will be there to help our stakeholders navigate these times.

Q. What key risks are you anticipating in the coming months and how are you preparing for them?

The COVID-19 pandemic will, predictably, affect the quantum and pricing of much needed liquidity on the continent. Therefore, the major challenges will relate to how long it takes for the pandemic to peak and, subsequently, how long it takes for markets to recover. A Nigerian proverb mentions that "In the moment of crisis, the wise build bridges and the foolish build dams." As a development finance institution, we must be that bridge and look to identify the areas of this cycle where ATI can play a strategic role in supporting African economies. This will sometimes involve candid discussions on what is the best use of our capacity as well as strong relationships with our partners, whether multilateral, private sector reinsurers, export credit agencies or other financial institutions. The challenges will be real BUT I truly believe, so will be the opportunities. Our local knowledge and international relationships make this an exciting time to be part of the narrative.

Q. What gives you comfort regarding the current business landscape?

Ultimately, our goal is to positively impact on people's lives and livelihoods. To achieve this, we need synergetic relationships and partnerships. I have incredible confidence in the resilience of Africa.

> ***In the moment of crisis, the wise build bridges and the foolish build dams.***

Interview with the CRO

Deepak Dave
Chief Risk Officer (CRO)

Deepak Dave is the first person to occupy the newly created management position of Chief Risk Officer in ATI. He will officially start in February 2020. Deepak brings an impressive global track record of over 20 years in banking and finance in senior positions at GE Capital, Export Development Canada and Barclays Investment Bank. He holds a Bachelor of Commerce Degree in Accounting & Finance from McGill University (Montreal) and an MSc in Banking and Finance from the University of London. Deepak joins ATI with a mandate to strengthen the institution's risk management functions. Here, he explains his role and how he plans to shape ATI's risk framework.

Q. What attracted you to this position in ATI?

The remarkable mandate ATI has to support Trade and Investment, which in the increasingly complex markets we are in, means there is considerable innovation to come, and I felt my experience would be relevant. I have dealt with ATI since its founding, and of course have been very impressed by how much the institution achieves, with restricted resources, in a difficult set of circumstances.

Q. You have worked in many global regions, including Africa, what would you say are the biggest challenges and benefits in African markets?

The greatest challenges we face are the perception of the continent being too difficult to operate in, lack of depth in local capital markets and, ultimately, the abundance of too many good projects chasing limited capital. The benefits are in fact the mirror of these since our markets show higher returns to counter that perceived risk, the ability of institutions like ATI to curate projects deserving of support and the opportunity to grow our resources from a low base and see the tangible outcomes in front of us.

Q. Explain how you see your role and what contributions you think you can make to ATI?

Risk Management should be an embedded part of everything we do, from the actions taken at governance, operational and transactional levels. The protection of ATI's rating, capital and resources are the most crucial aspects of the job.

Working through existing practices and to optimise them in conjunction with the various stakeholders and partners to allow ATI to fully embed Risk Management into the fabric of the organisation is the core of what we will do.

Q. What is your vision for ATI's risk framework and how much of a stretch will it be to achieve?

ATI's stakeholders expect us to embed Enterprise Risk Management more firmly within the business. Thus fully embrace the optimisation of our policies, processes and procedures in relation to our product offering, while giving the best training to our people in the concept of risk management.

ATI now has the sort of influence where we need to more firmly take Environmental, Social and Governance (ESG) factors into account in transactions, and of course, we must have the resources within the team to contribute meaningfully to the protection of the franchise. Along the way, we will need to add resources, change some procedures and communicate clearly and honestly at all times.

Q. What key risks are you anticipating in the coming months and how are you preparing for them?

We will see disruption in each of our regional economies to various levels of intensity due to the growing impacts in Africa of the COVID-19 pandemic. This will have a knock-on effect on our relationships with buyers and reinsurers, and being able to communicate the possible restructures or refinancing, our own actions in relation to all of this and making sure our risk-reward framework stays the same will be vital. We will face some losses, but there will in fact be a considerable amount of work to be done supporting member states during a difficult time.

> *"The protection of ATI's rating, capital and resources are the most crucial aspects of the job.*

ATI's Impact

ATI is actively working on ways to optimise Environment, Social & Governance (ESG) impacts to more effectively support African member countries. A big focus is on our own internal procedures and project portfolio. Currently we have a USD 500 million portfolio of projects addressing these areas of sustainability. We are also striving for gender parity at all levels of the institution, and an environmental conservation approach to all our business activities.

Environment

ATI's Response

- The Regional Liquidity Support Facility (RLSF) created in partnership with KfW
- The African Energy Guarantee Facility (AEGF) set up in partnership with EIB & Munich Re to support renewable energy projects
- Projects supported are in line with IFC and EU standards

Our Carbon Footprint

8,936 tons of CO_{2e} avoided as a result of ATI-backed projects

Social Safeguards

ATI's Response

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

Governance

ATI's Response

- Creation of a new Management level position of Chief Risk Officer tasked with ESG oversight
- Transparency Tool – created in partnership with KfW
- Strengthened KYC (Know Your Client) and CDD (Customer Due Diligence) processes

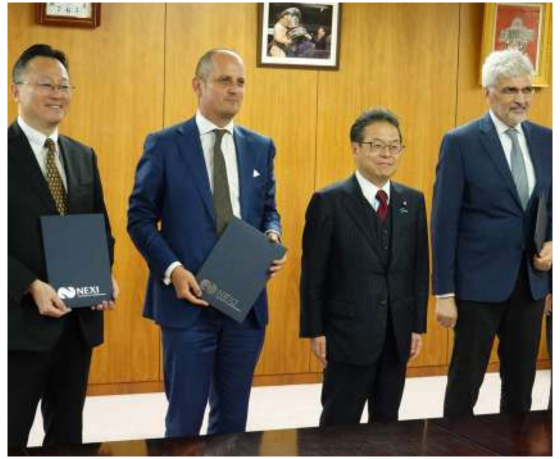
Our Workplace

47% of ATI's workforce are women, many in Senior positions

Outreach Activities

A record of 3 MOUs signed at TICAD7

ATI participated in events and meetings at the Tokyo International Conference of Africa's Development (TICAD7) signing MOUs with two of Japan's largest banks, Mizuho, SMBC, and, just prior to TICAD, with MUFG. ATI also signed an MOU with Japan's export credit agency, NEXI, agreeing to host a Japan desk to ease the process of doing business in Africa for Japanese companies. A significant uptick in transactions with a Japanese element has already resulted.



Madagascar & Côte d'Ivoire signed onto the RLSF

Madagascar and Côte d'Ivoire signed onto the Regional Liquidity Support Facility (RLSF), a renewable energy facility supporting Independent Power Producers and backed by KfW. They joined Benin, Burundi, Malawi, Uganda and Zambia, which all signed in the past two years. More countries are expected to join the initiative in 2020.

Received funding of USD 37.5 m from EIB

On the sidelines of the Africa Investment Forum, ATI signed an agreement with the European Investment Bank (EIB) for a funding package of USD 37.5 m to support the shareholding capital of Cameroon, Niger and Togo. More financing will be available for prospective member countries in 2020.

ATI launched in South Sudan

ATI organised a series of events in Juba to raise awareness of its presence in South Sudan. This included a workshop, which showcased packaged risk mitigation and financing solutions available to the country from ATI and regional partners, Afreximbank and TDB, who participated in the event.

ATI & KfW launched the Transparency Tool - a green energy initiative

The Transparency Tool is an online platform that will record the effective payment behavior of African utilities and, periodically, make the records public. Over time, the objective is to align the perceived risk with the real liquidity risk that could help energy sector stakeholders better assess the credit worthiness of off-takers. The KfW backed Tool and RLSF both work to attract more investments to the renewable energy sector in Africa.

Chubb made a USD 10 m equity investment in ATI

Chubb, the world's largest publicly traded property and casualty insurer, became an institutional shareholder. Chubb's equity stake boosts ATI's technical capacity and its network of global insurance partners.

In 2019, ATI's project portfolio size for the Central Africa region was USD 250 million

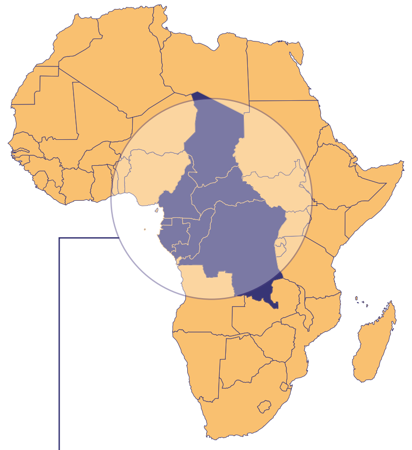
138 M
Total Population

3.2%
Average GDP growth for the entire region

Central Square, City Center - Douala, Cameroon

** In this section, references to economic analysis and country composition of regions are taken from the African Development Bank's 2020 African Economic Outlook, while population statistics are from the World Bank's population database.*

Central Africa



Countries in the Region

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

ATI Member Countries in the Region

Cameroon (membership to be finalised later in 2020) and DRC

Cocoa Exports Drive Cameroon's Economy

Cocoa production and exports represent a strategic sector for the government of Cameroon. Highlighting this point, the President of Cameroon, H.E. Biya, noted that the increase in agricultural output in different sectors would make Cameroon an emergent country by 2035. To date, Cameroon is the fourth largest cocoa producer in Africa and fifth in the world with ambitions of scaling up production. The crop contributes over 15% to the country's GDP and provides a source of income for 90% of its rural population.

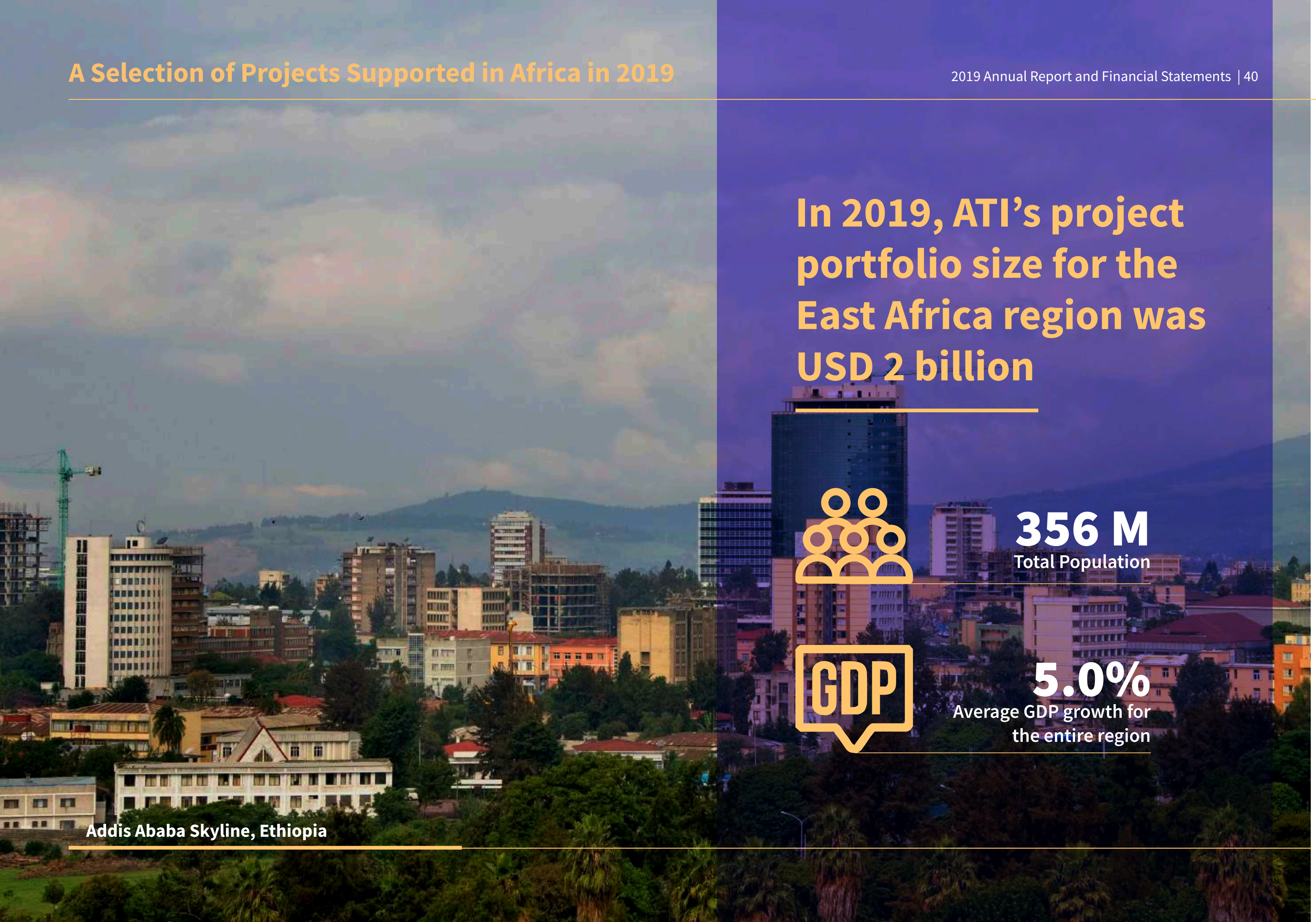
To support Cameroon's quest to ramp up cocoa exports, ATI covered a revolving pre-payment facility valued at €25 million. The facility enabled a Cameroon-based exporter to ship 30,000 MT of cocoa beans to a buyer in France. ATI insured the risk of non-delivery in the event that the Cameroon cocoa trader failed to honour its delivery obligations under the facility due to cash flow challenges or lack of adequate supply of cocoa beans. In addition, ATI covered the risks of confiscation, expropriation, nationalisation, deprivation and political violence or war.

ATI supported this project ahead of Cameroon's membership, which is expected to be completed in H2, 2020.

In 2019, ATI's project portfolio size for the Central Africa region was USD 250 million consisting of the member countries of DR Congo, the soon-to-be member, Cameroon and Gabon, where, as a non-member country, ATI has a more limited mandate and can therefore only underwrite smaller transactions.

> ***This transaction underscores the importance of ATI's role in providing comfort to foreign buyers and lenders. Filling this gap is critical to boosting Africa's exports but this gap can only be filled with a certain level of trust that is earned over time. ATI's presence helps to nurture such trust.***

Albert Rweyemamu, Sr. Underwriter



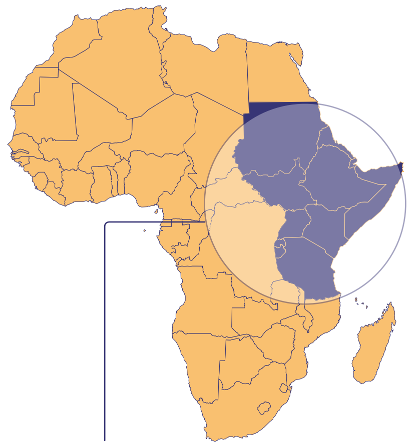
In 2019, ATI's project portfolio size for the East Africa region was USD 2 billion

356 M
Total Population

5.0%
Average GDP growth for the entire region

Addis Ababa Skyline, Ethiopia

East Africa



Countries in the Region

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

ATI Member Countries in the Region

Burundi, Ethiopia, Kenya, Rwanda, South Sudan, Tanzania and Uganda

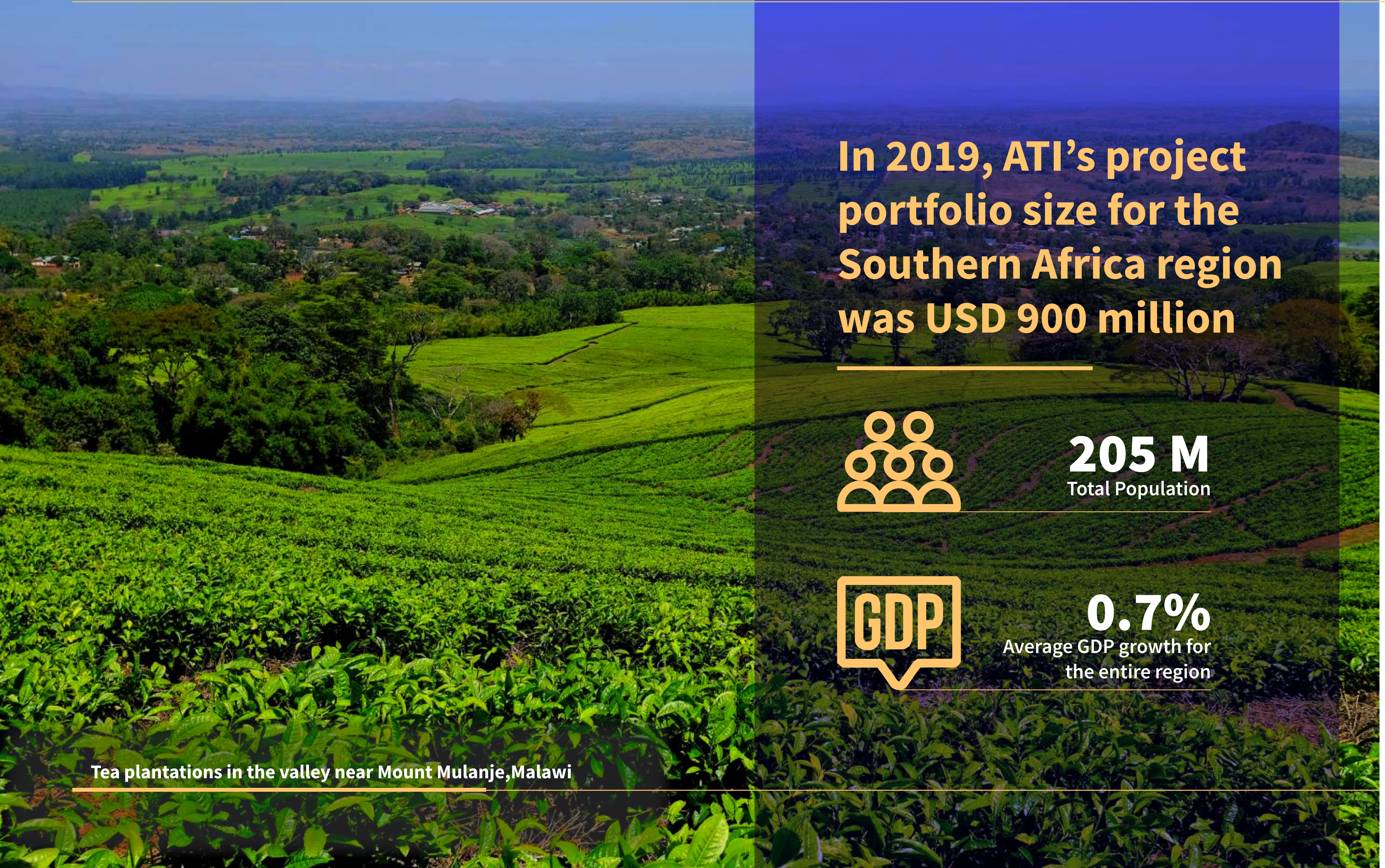
Regional DFIs Partner to Ensure the Flow of Strategic Imports to Ethiopia

For the last decade, Ethiopia has been among the world's fastest growing economies. Ethiopia is also one of the largest countries in Africa by population and land mass. Rapid growth coupled with significant infrastructure needs have increased the demand for foreign exchange. These challenges have impacted the country's ability to import strategic commodities such as fertiliser, equipment, sugar, wheat and petroleum products.

A regional development finance institution (DFI) stepped in to provide a solution with the issuance of revolving short-term trade finance of USD 450 million to one of Ethiopia's largest domestic banks. The limit can be utilised for forfaiting, confirmation, reissuance and discounting/refinancing of Letters of Credit issued by the Bank. Under the ongoing program, for example, the DFI confirms and discounts the Letters of Credit in favour of the overseas supplier, and subsequently pays the supplier, providing much needed liquidity to the banking sector. ATI is covering this transaction with a USD 100 million cover against the risk of non-honouring of the Banks obligations.

In 2019, ATI's project portfolio size for the East Africa region was USD 2 billion consisting of projects in the member countries of Ethiopia, Kenya, Rwanda, South Sudan, Tanzania and Uganda.

> ***Regional development finance institutions in Africa are increasingly teaming up to provide integrated solutions because we have understood for some time that, together, we can all do much more. This transaction is a natural extension of the partnerships that continue to be fostered throughout the continent.***
>
> **Annabelle Kaze Buzingo, Underwriter**



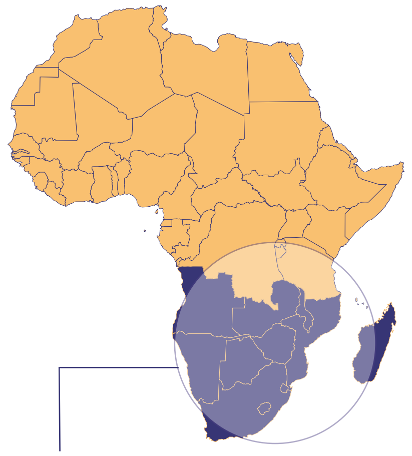
In 2019, ATI's project portfolio size for the Southern Africa region was USD 900 million

205 M
Total Population

0.7%
Average GDP growth for the entire region

Tea plantations in the valley near Mount Mulanje,Malawi

Southern Africa



Countries in the Region

- Angola
- Botswana
- Eswatini
- Lesotho
- Madagascar
- Malawi
- Mauritius
- Mozambique
- Namibia
- South Africa
- Zambia
- Zimbabwe

ATI Member Countries in the Region

Madagascar, Malawi, Zambia and Zimbabwe

Innovative Currency Swap Stabilises Malawi's Forex in the 'Lean Season'

Malawi is largely an agrarian economy that relies on tobacco, which accounts for 53% of the country's exports and foreign exchange. As tobacco is a seasonal crop, Malawi's foreign currency reserves are subject to a recurrent pattern of highs and lows, with periods in the market when there is an excess of liquidity (May to November) and shortages during the off-season (December to April).

In order to stabilize the exchange rate, the Reserve Bank of Malawi (RBM) historically engages regional development finance institutions and banks to arrange short-term liquidity support facilities.

Under an innovative currency swap exchange arrangement, structured in partnership with ATI, Malawi was able to more efficiently manage forex availability during the 'lean season'. ATI backed two separate short-term facilities of USD 70 million and USD 50 million. A financial institution selected as a mandated lead arranger led each facility and provided RBM with the dollar amount of each facility and, in turn, RBM issued the financial institution the Malawi Kwacha equivalent of each facility. At final settlement of the facilities, the parties potentially reimburse each other (principal plus interest).

In 2019, ATI's project portfolio size for the Southern Africa region was USD 0.9 billion consisting of projects in the member countries of Madagascar, Malawi, Zambia, Zimbabwe and projects of much smaller values in the non-member countries of Angola, Mauritius, Mozambique and South Africa.

> *We are constantly looking for solutions that will bring value to our member governments. This currency swap option was not widely offered in Africa but through ATI's global network, we were able to bring together a number of lenders that stood behind the transaction. This is the real value that ATI brings to each solution.*

Pizzaro Lukhanda, Sr. Underwriter responsible for Southern Africa

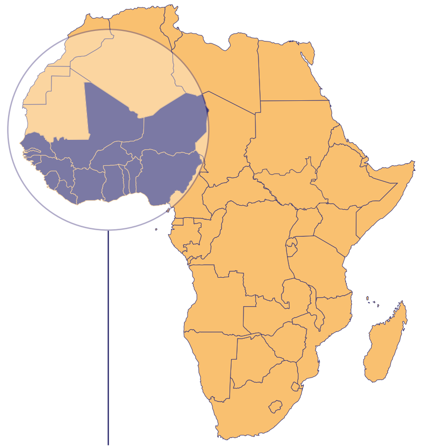
In 2019, ATI's project portfolio size for the West Africa region was USD 2.6 billion

369 M
Total Population

3.7%
Average GDP growth for the entire region

Independence Square, the center of the country, Lomé, Togo

West Africa



Countries in the Region:

- Benin
- Burkina Faso
- Capo Verde
- Côte D'ivoire
- Gambia
- Ghana
- Guinea
- Guinea-Bissau
- Liberia
- Mali
- Niger
- Nigeria
- Senegal
- Sierra Leone
- Togo

ATI Member Countries in the Region:

Benin, Cote d'Ivoire, Ghana, Niger, Nigeria and Togo (Niger and Togo, finalised their membership in Q-1,2020, and Cameroon is expected to join later in 2020)

ATI Membership Eases Togo's Access to International Financial Markets

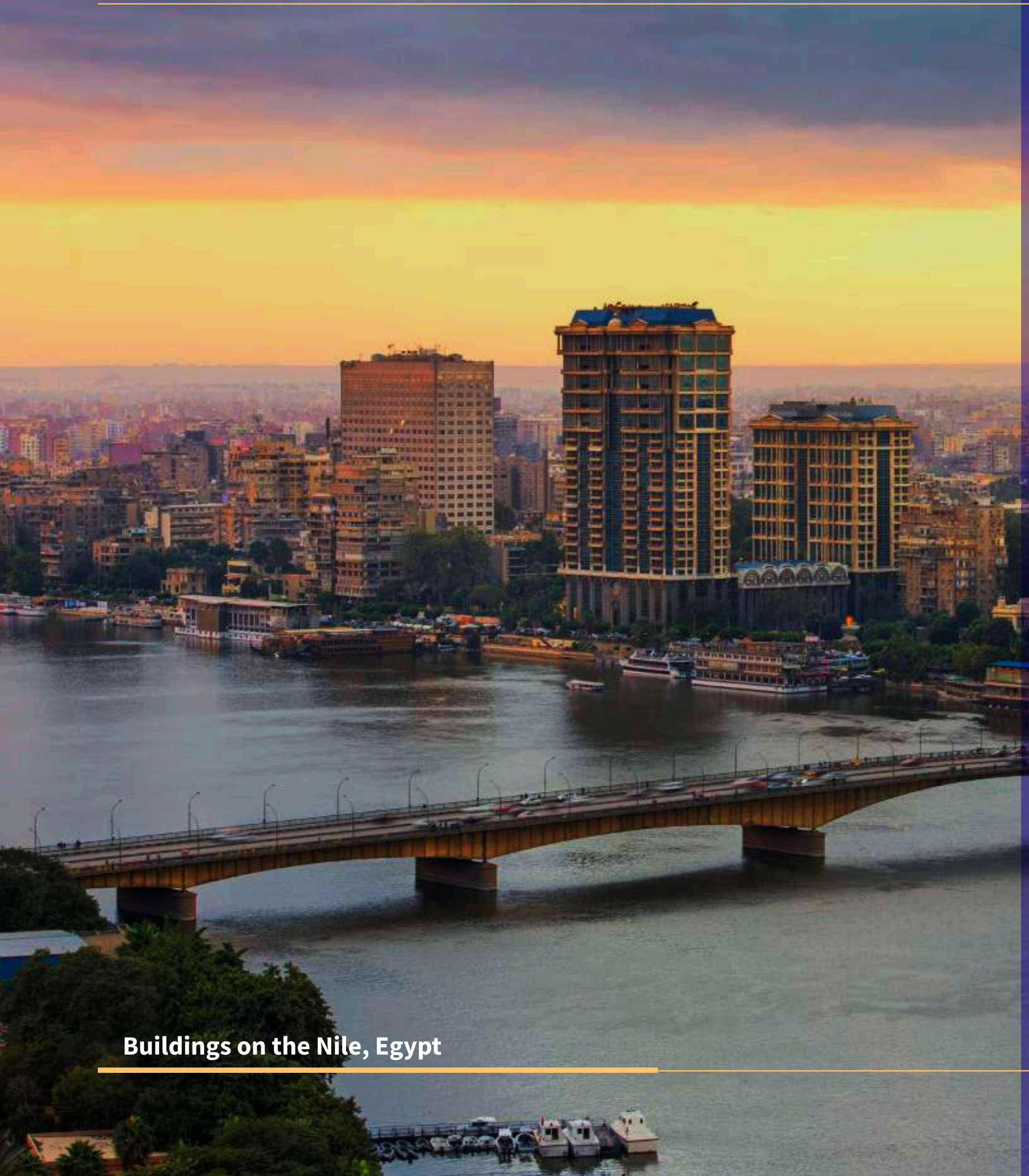
Togo, along with Cameroon and Niger, received a concessional loan from the European Investment Bank (EIB) to finance their shareholding in ATI. While membership in ATI opens a path for countries to reduce their debt levels, it equally provides global investors and financiers with comfort that sovereign transactions and other investments are back-stopped by a highly rated and reputable insurer.

In tandem with finalising its shareholding, ATI backed Togo's first foray in the international financial markets, with the country obtaining a quasi-concessional 10-year loan to reprofile and refinance a portion of its short-term and more expensive public debt. Togo was able to use ATI's credit wrap to package the debt, helping the country achieve a borrowing rate in the low single digits. Partly due to this initiative, IMF's assessment of Togo's overall public debt sustainability is expected to improve, while the risk of external public debt distress is expected to remain "moderate".

In 2019, ATI's project portfolio size for the West Africa region was USD 2.6 billion consisting of projects in the member countries of Benin, Côte d'Ivoire, Ghana and Nigeria, and a range of smaller transactions in the non-member countries of Burkina Faso, Guinea, Mauritania and Togo.

> ***There is a perpetual shortage of investment insurance in most African markets and, without it, vital investments, both equity and debt, as well as cross border trade will remain sub-optimal. Togo joins other West African countries that ATI has supported to find a more cost-effective path to sustainable debt management.***

Kodjo Attaty, Francophone Underwriter for West Africa



Buildings on the Nile, Egypt

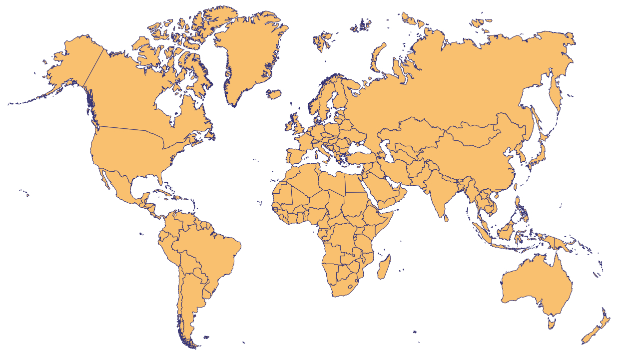
In 2019, ATI's project portfolio size in non-member countries was USD *650 million

2 B
Total Population

USD 650 M
Gross Exposures in non-member countries in 2019

**this figure includes projects supported with multilateral development institutions in the region*

Non-Member Countries



Countries supported in 2019

- Angola
- Burkina Faso
- Central African Republic
- Egypt
- Gabon
- Guinea
- Mali
- Mauritania
- Mauritius
- Mozambique
- South Africa
- Tunisia

In addition, ATI supported non-regional countries of

- China
- Japan
- Luxembourg
- South Korea
- The United Kingdom
- The United States

ATI's pan African mandate allows it to underwrite strategic transactions in non-member countries across Africa. In 2019, ATI supported transactions in 12 countries across the continent in addition to six countries in Asia, Europe and North America. With involvement in strategic projects across Africa such as the transaction in Egypt profiled below, many countries have fast-tracked their membership in ATI resulting in a 60% increase in membership in the last five years, from 2015 to 2019.

Egypt's Energy Sector Receives Oil Imports to Fuel Expansion

Petroleum products are one of Egypt's top imports with domestic consumption forecasted to increase to 92.4 million tonnes in FY2019/20 up from 89.7 million tonnes the previous year. The forecasted increase in consumption covers the electricity sector's need for petroleum products and natural gas, which extends to several anticipated oil and gas projects scheduled for completion in the coming months.

To facilitate the increased demand, ATI backed a transaction that supports Egypt's national oil company to import oil from a regional supplier. ATI provided insurance against the risk of non-honouring of a USD 60.3 million Letter of Credit, enabling the oil to be imported.

While Egypt is not yet a member country, ATI has a modest project portfolio in the country of USD 66.5 million that includes transactions in sectors deemed priorities for the government. With full membership, ATI will be able to unlock much more investments in Egypt. ATI is currently in membership discussions with Egypt.

> ***We have been actively engaged with companies in Egypt for several years helping us make inroads with the government and the private sector. This transaction demonstrates ATI's value as a partner. As a member, ATI could help attract much more investments to strategic sectors of Egypt's economy.***
>
> **Philip Mulaki, Sr. Credit Analyst**

Corporate Information

The Capial City, Nairobi, Kenya

ATI's Board 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 2019, met five 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, the Board established three committees to better support ATI:

- 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 2019.

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 2019.

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 three times in 2019.

ATI's Governance Structure

Board of Directors

Dr. Yohannes Ayalew
Chairman of the Board of Directors, Director representing A Group, Constituency 3 (Ethiopia, Madagascar, Zimbabwe)

Ms. Michal Ron
Vice Chairperson of the Board of Directors, Director representing D Group, Constituency 2 (SACE S.p.A, Africa Re)

Mr. Tharcisse Rutumo
Director, A Group, Constituency 1 (Burundi, DRC)

Ms. Esther Koimett
Director, A Group, Constituency 2 (Kenya, Kenya Re, Rwanda)

Our Workplace
38% Women on ATI's Board of Directors

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

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

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

Not Pictured

Ms. Hope Murera
Director, D Group, Constituency 1 (COMESA, Trade & Development Bank, Zep-Re)

Alternate Directors

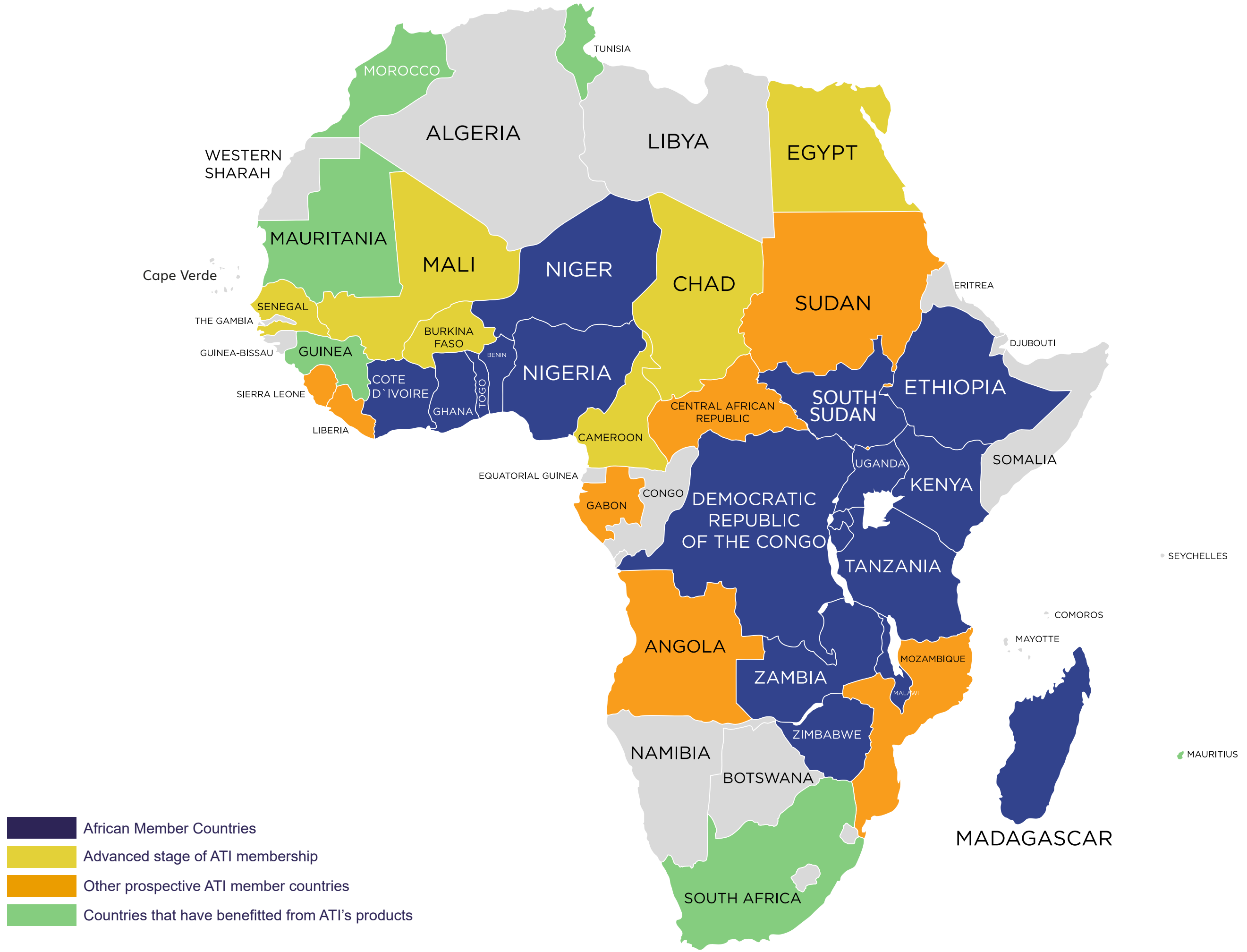
Ms. Josephine Winnie Birungi
Alternate Director, A Group, Constituency 2 (Kenya, Kenya Re, Rwanda)

Mr. Godfrey Simbeye
Alternate Director, A Group, Constituency 5 (Uganda, Tanzania)

Ms. Joy Ntare
Alternate Director, D Group, Constituency 1 (COMESA, Trade & Development Bank, Zep-Re)

Mr. Corneille Karekezi
Alternate Director, D Group, Constituency 2 (SACE S.p.A, Africa Re)

Mr. Cheikh Balley Mbaye
Alternate Director, E Group Constituency (African Development Bank)



**Niger and Togo, finalised their membership in Q-1,2020, and Cameroon is expected to join later in 2020.*

Current Members & Shareholders

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

Member States

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

** Pending instrument of ratification by the Federal Government of Nigeria.*

Institutional Shareholders

- African Development Bank
- African Reinsurance Corporation (Africa Re)
- Atradius Participations Holding
- Chubb
- Export Credit Guarantee Corporation of India (ECGC) – Representing the Ministry of Finance, India
- 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)

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

ATI's Products

Political Violence, Terrorism & Sabotage Insurance

This insurance protects you against financial losses directly resulting from politically motivated violence or terrorism and sabotage events. The demand for this product is shrinking as the local market has now gained enough capacity to supply the product without ATI's support.

Risks Covered:

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

RLSF (Support to Energy Sector Projects)

ATI offers a product to address short-term liquidity risk of small scale Independent Power Producers (IPPs). Most lenders to an energy project will ask to mitigate the liquidity risk, which is the risk that the debt cannot be serviced if the off-taker does not pay on time. Historically, the off-taker was asked to make cash collateral available however, utilities are increasingly reluctant to do this. The Regional Liquidity Support Facility (RLSF), which is backed by KfW, fills this gap.

How it Works

- ATI selects a bank that issues stand-by letters of credit to approved IPPs, with the backing of the RLSF
- The amount will enable the IPP to continue to operate for at least six months in the event of off-taker default
- The RLSF will back the lender so that the bank does not take any risk on its own

The RLSF has two components:

1. **Cash collateral**, which the bank can use to immediately pay the Independent Power Producer (IPP) if the Letter of Credit (LC) is called. The German Government, through KfW, supports the Facility.
2. **An on-demand guarantee** for the same amount as the cash collateral component, provided by ATI. This is used in the event that the cash collateral is exhausted.

Qualifying Projects

To be eligible for the RLSF, projects must meet these criteria:

- Power producer is located in an ATI member country, or in a non-member country in which ATI can develop necessary agreements with the government
- Have an installed capacity of up to 50 MW; in exceptional cases up to 100 MW
- Use a supported technology: solar PV, hydro, onshore wind, geothermal, biomass, or cogeneration
- Be underwritten by ATI
- Have sufficient support of the host government and the utility

ATI's Products

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 member countries).

For Trade 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.

Notes

Financial Statements

Mount Kilimanjaro, Tanzania

The Directors submit their report and the audited financial statements for the year ended 31 December, 2019, 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 2019 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 66. The profit for the year amounted to USD27.7M compared to USD11.9M in 2018.

Dividend

The nineteenth Annual General Meeting held in Benin on 5 July, 2019 approved and declared a dividend distribution of USD 3M to ATI's members and shareholders relating to the financial year 2018.

The Directors are pleased to recommend a dividend of USD 6.9M for the current financial year ended 31 December, 2019 subject to the approval of the forthcoming Annual General Meeting.

Auditor

The auditor, KPMG Kenya, was appointed at the Annual General Meeting held on 5 July, 2019, for a period of one year. 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 (IFRSs) 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 (IFRSs) 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 66 to 98 were approved and authorized for issue by the Board of Directors on 27 March, 2020.

Dr. Yohannes Ayalew Birru	**Ms. Michal Ron**
Chairman of the Board of Directors	**Vice - Chair of the Board of Directors**

Nairobi, 27 March, 2020

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 66 to 98, which comprise the statement of financial position as at 31 December, 2019, 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 the ATI as at 31 December, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 auditors' 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 62, the Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with (IFRSs) 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.

Auditor's 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, 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.

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 auditor's report is CPA Alexander Mbai - P/2172.

KPMG Kenya

KPMG Kenya
Certified Public Accountants
8th Floor, ABC Towers
Waiyaki Way
P. O. Box 40612 - 00100
Nairobi
27 March, 2020

1. Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December, 2019

		2019			2018		
(in thousands of USD)	Notes	Gross	Ceded	Net	Gross	Ceded	Net
Written Premiums		111,892	(93,244)	18,648	66,154	(54,436)	11,718
Change in Unearned Premiums		(10,452)	9,865	(587)	(15,328)	16,416	1,088
Earned Premiums		**101,440**	**(83,379)**	**18,061**	**50,826**	**(38,020)**	**12,806**
Commissions		(3,882)	20,510	16,628	(2,407)	11,214	8,807
Change in Unearned Commissions		418	(2,655)	(2,237)	394	(2,933)	(2,539)
Earned Commissions		**(3,464)**	**17,855**	**14,391**	**(2,013)**	**8,281**	**6,268**
Claims Paid		(2,196)	335	(1,861)	(4,555)	-	(4,555)
Change in Provisions for Incurred Claims		(27,603)	14,160	(13,443)	4,366	(472)	3,894
Recoveries and Outstanding Recoveries		29,986	(14,637)	15,349	(1,381)	840	(541)
Change in Other Claims Reserves		(26,015)	23,095	(2,920)	(41,172)	37,220	(3,952)
Claims Handling Costs		(51)	-	(51)	(9)	3	(6)
Claims Net of Recoveries	6	**(25,879)**	**22,953**	**(2,926)**	**(42,751)**	**37,591**	**(5,160)**
Underwriting Profit before Operating Expenses				**29,526**			**13,914**
Net Other Income	7			474			649
Operating Expenses	8			(8,978)			(7,882)
Underwriting Profit after Operating Expenses				**21,022**			**6,681**
Interest Income	9			7,539			5,908
Dividend Income	10			429			58
Changes in Fair Value of Financial Assets	22			(201)			96
Realised Losses on Disposal of Bonds				(3)			(7)
Impairment Losses on Financial Assets	13			(129)			(102)
Asset Management Fees				(642)			(585)
Net Investment Result				**6,993**			**5,368**
Finance Costs	11			(165)			(102)
Foreign Exchange Losses	12			(172)			(20)
PROFIT FOR THE YEAR				27,678			11,927
OTHER COMPREHENSIVE INCOME FOR THE YEAR				-			-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR				27,678			11,927

The notes on pages 70 to 98 are an integral part of these financial statements.

2. Statement of Financial Position as at 31 December, 2019

(in thousands of USD)	Notes	31-Dec-19	31-Dec-18
ASSETS			
Cash and Cash Equivalents	14	125,765	73,215
Insurance and Reinsurance Receivables	15(a)	21,029	19,671
Other Assets	16	2,735	2,367
Reinsurers' Share of the Claims Reserves	17	86,149	48,925
Recoveries	17&18	32,495	2,602
Reinsurers' Share of Unearned Premiums		48,348	38,483
Deferred Acquisition Costs		1,921	1,503
Vehicles and Equipment	19	462	285
Intangible Assets	20	315	222
Other Financial Assets	21	27,100	11,439
Investments in Money Market Funds	22	8,429	8,410
Investments in Floating Rate Notes	23	75,680	54,805
Investments in Bonds	24	169,748	157,519
Total Assets		**600,176**	**419,446**
LIABILITIES			
Insurance and Reinsurance Payables	15(b)	24,312	18,351
Other Liabilities	25	4,064	3,379
Claims Reserves	17	118,375	64,747
Reinsurers' Share of Recoveries	17	15,021	384
Unearned Premium Reserves		57,604	47,152
Unearned Ceding Commissions		10,337	7,682
Unearned Grant Income	26	11,329	5,645
Defined Benefit Post-Employment Plan	27	1,658	1,239
Financial Liabilities - IDA Loan	28	8,297	8,595
Total Liabilities		**250,997**	**157,174**

(in thousands of USD)	Notes	31-Dec-19	31-Dec-18
EQUITY			
Share Capital	29(a)	289,100	236,200
Share Premium Account	29(b)	9,319	60
Unallocated Share Capital	29(b)	902	850
Revenue Reserve		49,858	25,162
Total Equity		**349,179**	**262,272**
Total Equity & Liabilities		**600,176**	**419,446**

The financial statements on pages 66 to 98 were approved and authorized for issue by the Board of Directors on 27 March, 2020 and were signed on its behalf by:

Dr. Yohannes Ayalew Birru
Chairman of the Board of Directors

Ms. Michal Ron
Vice - Chair of the Board of Directors

3. Statement of Changes in Equity for the Year Ended 31 December, 2019

(in thousands of USD)	Notes	Share Capital	Share Premium Account	Unallocated Share Capital	Revenue Reserve	Total
At 1 January, 2019		**236,200**	**60**	**850**	**25,162**	**262,272**
Capital Disbursements	29(c)	52,400	9,055	90	-	61,545
Transfers from Unallocated Share Capital	29(e)	100	148	(248)	-	-
Dividends		-	-	-	(2,982)	(2,982)
Reinvested Dividends	29(d)	400	56	210	-	666
Total Comprehensive Income for the Year		-	-	-	27,678	27,678
At 31 December, 2019		**289,100**	**9,319**	**902**	**49,858**	**349,179**
At 1 January, 2018		**225,900**	**-**	**552**	**15,712**	**242,164**
Capital Disbursements	29(c)	5,500	-	115	-	5,615
Capital Reinstatement(*)	29(c)	4,200	-	-	-	4,200
Dividends		-	-	-	(2,477)	(2,477)
Reinvested Dividends	29(d)	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**

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

The notes on pages 70 to 98 are an integral part of these financial statements.

4. Statement of Cash Flows for the Year ended 31 December, 2019

(in thousands of USD)	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Cash Generated from Operating Activities	**30**	**37,594**	**24,066**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Vehicles and Equipment	19	(377)	(173)
Purchase of Intangible Assets	20	(189)	(116)
Proceeds from Disposal of Vehicles and Equipment		1	1
Net (Investments)/Redemptions in Other Financial Assets	21	(15,680)	8,936
Investments in Money Market Funds	22	(220)	(5,308)
Net Investments in Floating Rate Notes	23	(21,110)	(13,339)
Net Investments in Bonds and Accrued Interest thereon	24	(12,571)	(3,381)
Movement in Madagascar STA		-	935
Net Cash Used in Investing Activities		**(50,146)**	**(12,445)**
CASH FLOWS FROM FINANCING ACTIVITIES			
RLSF Disbursements	26	5,740	-
IDA Development Credit Repayments	28	(250)	(255)
Net Capital Increase	29(c)	61,545	9,815
Dividends Paid		(1,933)	-
Net Cash Generated from Financing Activities		**65,102**	**9,560**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**52,550**	**21,181**
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		73,215	52,034
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	14	**125,765**	**73,215**

The notes on pages 70 to 98 are an integral part of these 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 16 African Member States as at 31 December, 2019 (2018: 14 Members) and 11 other shareholders (2018: 9 other shareholders).

2. Accounting Policies

(a) Basis of Preparation

ATI's financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs). 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 (IFRSs) 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, 2019

ATI has adopted the following new standards and amendments during the year ended 31 December, 2019, including consequential amendments to other standards with the date of initial application by ATI being 1 January, 2019 where applicable. The nature and effects of the changes are as explained here in.

Standard	Description	Effective periods beginning on or after:
IFRS 16	Leases	1-Jan-2019
IFRIC 23	Uncertainty over Income Tax Treatments	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
Annual Improvements to IFRSs 2015 – 2017 Cycle	Amendments to IFRS 3 Business combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs	1-Jan-2019

- IFRS 16 Leases

In 2019, ATI adopted IFRS 16 Leases (as issued by the IASB in January, 2016) that is effective for annual periods that begin on or after 1 January, 2019 and which replaces IAS 17.

IFRS 16 introduces the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted.

As ATI's active leases in 2019 were all deemed to be short-term, ATI has elected for the recognition exemptions and has continued to recognise the lease payments associated with those leases as an expense on a straight-line basis over the lease terms as permitted by IFRS 16.6 and as was the case under

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, 2019 (continued)

IAS 17. Therefore, the adoption of IFRS 16 had no impact on ATI's financials.

The rent expenses, excluding service charges, relating to the short-term leases accounted for applying IFRS 16.6 amounted to USD0.2M in 2019.

- IFRIC 23 - (Uncertainty over Income Tax Treatments) does not apply to ATI as ATI is exempted from income tax.

- Amendments to 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 31 December, 2019.

- Amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures. ATI did not have financial instruments in associates or joint ventures as at 31 December, 2019 therefore those amendments 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, an entity now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI). ATI did not have any amendments, curtailments or settlements of its defined benefit post-employment plan in 2019 and therefore the amendments to IAS 19 did not have any impact on its financial statements.

- 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 any specific assets therefore, these improvements do not apply to ATI.

(ii) New and revised IFRSs in issue but not yet effective (but allow for early application) for the year ended 31 December, 2019

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, 2019:

Standard	Description	Effective periods beginning on or after:
IFRS 17	Insurance Contracts	1-Jan-2021 (with a proposed amendment to defer to 1-Jan-2022 or later)
Amendments to References to Conceptual Framework in IFRS Standards	Amendments to References to Conceptual Framework in IFRS Standards	1-Jan-2020
Amendments to IFRS 3	Definition of a Business	1-Jan-2020
Amendments to IAS 1 and IAS 8	Definition of Material	1-Jan-2020
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined

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, 2019 (continued)

- 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:

- 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,
- 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. One of the main changes proposed is the deferral of the initial application of IFRS 17 by one year (or two) to annual periods beginning on or after 1 January, 2022 (or 1 January, 2023). 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.

The adoption of IFRS 17 is expected to have significant impacts on ATI's financial statements, operations and key performance indicators. A first gap analysis was initiated in 2018 and completed in 2019. ATI will continue to work towards ensuring operational and technical readiness and timely implementation of this standard.

- Amendments to References to Conceptual Framework in IFRS Standards.
Together with the revised Conceptual Framework, which became effective upon publication on 29 March, 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document

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, 2019 (continued)

- Amendments to References to Conceptual Framework in IFRS Standards. (continued)

contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements. The amendments, which are actually updates, are effective for annual periods beginning on or after 1 January, 2020, with early application permitted. IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 34, IFRIC 12, IFRIC 19, IFRIC 20 do not apply to ATI.

- Amendments to IFRS 3 Definition of a Business. ATI does not have any transaction falling within the scope of IFRS 3 therefore, these amendments do not apply to ATI.

- Amendments to IAS 1 and IAS 8 Definition of Material seeks to refine this definition to make it easier to understand and aligned across IFRS Standards and the Conceptual Framework. The new definition is as follows: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The key amendments include:

- Replacing the existing requirement in ias 1 to disclose significant accounting policies with a requirement to disclose material accounting policies to clarify the threshold for disclosing information;
- Clarifying that accounting policies related to immaterial transactions, other events or transactions are themselves immaterial and as such need not be disclosed; and
- Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to an entity's financial statements.

ATI does not expect to have any material impact on its financial statements arising from these refinements as they are not intended to alter the concept of materiality.

- 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.

(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

2. Accounting Policies (continued)

(d) Insurance Activities and Reinsurance (continued)

(ii) Unearned premiums (continued)

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.

(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 the 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).

2. Accounting Policies (continued)

(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.

(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 lives based on the following annual rates:

Motor Vehicles - 25%
Computers and Related Equipment -33 $^{1}/_{3}$ %
Other Office Equipment - 20%
Furniture and Fittings - 20%

Items of lasting value with an initial acquisition cost of 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

2. Accounting Policies (continued)

(k) Intangible Assets (continued)

(i) Initial recognition (continued)

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:

- 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

(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

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

All ATI's financial liabilities are measured at amortised cost.

(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

2. Accounting Policies (continued)

(m) Employee Benefits (continued)

(i) Post-employment benefits (continued)

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 benefit 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 the 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:

(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 2019, an increase in statistical reserves of USD2.9M (2018: increase of USD4.0M) was recorded in ATI's accounts bringing the total amount of statistical reserves reported on the Statement of Financial Position as at 31 December, 2019 to USD13.9M from USD11.0M as at 31 December, 2018.

(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, 2019, ATI recognized a liability of USD1.7M compared to an amount of liability of USD1.2M as at 31 December, 2018.

(c) Expected credit losses (ECL)

ECL are measured as an allowance equal to 12 month 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.

3. Accounting Estimates and Judgments (continued)

(c) Expected credit losses (ECL) (continued)

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 on a case by case basis.

A 12-month ECL of USD0.3M was booked on ATI's financial assets as at 31 December, 2019 compared to USD0.15M as at 31 December, 2018. The amount of lifetime ECL remained more or less at the same level of USD0.5M as at 31 December, 2018.

(d) Lease terms

In determining the lease terms and assessing the length of the non-cancellable period of its leases, ATI has determined the period for which the contracts are enforceable. For that purpose, for each of the contracts allowing each contracting party (the lessee and the lessor) to terminate without permission from the other party, ATI has assessed the termination penalty by considering the broader economics which include qualitative and quantitative elements using market information and estimates. Termination penalties for all the concerned lease agreements were deemed to be insignificant.

4. Risk Management

ATI recognizes the importance of risk management and that robust internal control and informed oversight are essential for effective risk management. Commencing January, 2020 a full-time Chief Risk Officer has been appointed as an independent voice within the management team with oversight of policies, processes and procedures within ATI related to all aspects of risk management.

ATI currently has four levels of risk control.

The first level are the permanent operational controls, which are governed by ATI's various policies and involve process and procedure performed by each department. These collectively form the risk-managed outcome of every individual contribution to ATI's success.

The second level is the Enterprise Risk Management Framework (ERM). The Framework involves staff, management and the Board of Directors, and is designed to identify potential events – internal and external - that may affect ATI in a tangible or intangible way, and to subsequently manage the quantifiable value of these events to be within ATI's Risk Appetite.

Quarterly ERM monitoring is conducted to identify, review and assess the key risks and their mitigation. This entails use of a Risk Register, updated to reflect interim adjustments to business conditions. ATI then revises and updates its overall ERM Framework approximately every 3 years.

The third level is the internal audits performed by an independent audit firm of processes and procedures, including the maintenance of the Risk Register. The Board has chosen to externalize ATI's internal audit function since 2011, to a globally known Audit firm.

The uppermost level is the Board Risk Committee (BRC), 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. The quarterly review of the Risk Register is discussed with the BRC and particular points may then be flagged to the main Board.

Moving forward, portfolio data analysis, complex transaction risk management and enhanced Environmental, Social And Governance (ESG) impact evaluation are further areas of development through intake of new resources.

4. Risk Management (continued)

(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.

The next two tables show the risk exposure by product and by country as at 31 December, 2019 and as at December, 2018:

Exposure by product:

(in thousands of USD)	31-Dec-2019		31-Dec-2018	
	Gross Exposures	Net Exposures	Gross Exposures	Net Exposures
BANK PORTFOLIO COVER	405,267	91,921	473,320	100,975
BONDS	110,067	27,935	105,883	25,579
CRI-SO	1,126,650	321,645	1,055,229	363,297
CRI-WTO	8,456	4,228	14,811	7,405
PRI	4,778,148	607,226	3,112,236	484,185
PV & TS	20,685	20,685	25,363	25,363
TOTAL	**6,449,273**	**1,073,640**	**4,786,842**	**1,006,804**

4. Risk Management (continued)

(a) Underwriting Risk (continued)

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

Exposure by country:

(in thousands of USD)	31-Dec-2019 Gross Exposures	31-Dec-2019 Net Exposures	31-Dec-2018 Gross Exposures	31-Dec-2018 Net Exposures
Benin	1,055,544	71,293	751,556	46,055
Burundi	-	-	4,047	4,047
Côte d'Ivoire	1,084,912	99,545	436,813	61,105
Democratic Republic of Congo	230,045	46,881	195,180	42,425
Ethiopia	346,125	25,550	168,012	37,020
Ghana	170,500	44,473	18,000	5,973
Kenya	724,771	165,993	828,040	198,365
Madagascar	4,649	2,801	1,177	1,177
Malawi	200,000	25,417	316,417	116,289
Nigeria	293,970	64,664	200,447	42,461
Rwanda	173,122	60,323	190,096	64,598
South Sudan	125,696	33,943	27,621	10,868
Tanzania	447,041	99,727	259,363	101,084
Uganda	251,360	84,029	182,628	71,838
Zambia	522,628	56,820	684,546	79,689
Zimbabwe	152,149	40,811	169,924	52,082
Other Non-members	666,761	151,370	352,975	71,728
TOTAL	**6,449,273**	**1,073,640**	**4,786,842**	**1,006,804**

(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, 2019:

S&P Rating	Weight in % of Ceded Exposures 31-Dec-2019	Weight in % of Ceded Exposures 31-Dec-2018
AA	0.8%	0.6%
AA-	36.0%	38.8%
A+	55.7%	54.3%
A	0.9%	-
A-	3.2%	2.8%
Not Rated (*)	3.4%	3.5%
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 0.4% (2018:1%) of the ceded exposures.

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, 2019:

A.M. Best Rating	Weight in % of Ceded Exposures 31-Dec-2019	Weight in % of Ceded Exposures 31-Dec-2018
A+	38.5%	38.8%
A	57.8%	57.3%
A-	2.3%	1.2%
B++(**)	0.4%	1.0%
Not Rated (*)	1.0%	1.7%
TOTAL	**100.0%**	**100.0%**

(*) Rated A (or equivalent) or above 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.

(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, 2019, ATI's investment portfolio was comprised of 77% (2018: 81%) of fixed-rate instruments which largely covered its fixed-rate borrowings (IDA loan – USD8.3M against USD8.6M as of 31 December, 2018). 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)* 2019	2018
(25)	(155)	(98)
(50)	(309)	(187)
25	155	102
50	309	195
75	463	281
100	618	362

4. Risk Management (continued)
(b) Investment Risk (continued)

(i) Market risk (continued)

Most of ATI's financial instruments were measured at amortised cost in 2019. As at year-end, only 2% (2018: 3%) of ATI's financial assets (i.e USD8.4M against USD8.4M as at 31 December, 2018) 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 95% (2018: more than 97%) 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, 2019, 97% of ATI's investment portfolio was comprised of investment grade instruments against 97% as at 31 December, 2018.

4. Risk Management (continued)
(b) Investment Risk (continued)

(ii) Credit risk (continued)

The table below summarises the expected credit losses on ATI's financial assets:

(in thousands of USD)	Stage 1 Performing	Stage 2 Under performing	Stage 3 Non-performing (Lifetime ECL)	ECL Allowance (12-Month ECL)	Total
As at 31 December, 2019					
Cash and Bank Balances	38,869	-	(540)	-	38,329
Other Receivables	2,751	-	(173)	-	2,578
Deposits with Financial Institutions	17,204	-	-	(185)	17,019
Money Market Instruments	70,448	-	-	(31)	70,417
Other Financial Assets	27,120	-	-	(20)	27,100
Investments in Money Market Fund	8,429	-	-	-	8,429
Investments in Floating Rate Notes	75,705	-	-	(25)	75,680
Investments in Bonds	169,770	-	-	(22)	169,748
TOTAL	**410,296**		**(713)**	**(283)**	**409,300**
As at 31 December, 2018					
Cash and Bank Balances	23,174	-	(544)	-	22,630
Other Receivables	2,312	-	(126)	-	2,186
Deposits with Financial Institutions	15,590	-	-	(100)	15,490
Money Market Instruments	34,910	-	-	(6)	34,904
Other Financial Assets	11,444	-	-	(5)	11,439
Investments in Money Market Fund	8,410	-	-	-	8,410
Investments in Floating Rate Notes	54,823	-	-	(18)	54,805
Investments in Bonds	157,540	-	-	(21)	157,519
TOTAL	**308,203**	**-**	**(670)**	**(150)**	**307,383**

4. Risk Management (continued)
(b) Investment Risk (continued)
(ii) Credit risk (continued)

The table below summarises the exposure to credit risk relating to insurance or reinsurance contracts ATI entered into:

(in thousands of USD) **As at 31 December, 2019**	Gross	Written off	Net
Insurance & Reinsurance Receivables (note 15a)	21,035	(6)	21,029
Reinsurance share of claims (note 17)	15,184	-	15,184
Recoveries (note 18)	34,899	(2,404)	32,495
TOTAL	**71,118**	**(2,410)**	**68,708**

(in thousands of USD) **As at 31 December, 2018**	Gross	Impaired/ Written off	Net
Insurance & Reinsurance Receivables (note 15a)	19,828	(157)	19,671
Reinsurance share of claims (note 17)	1,055	-	1,055
Recoveries (note 18)	4,605	(2,003)	2,602
TOTAL	**25,488**	**(2,160)**	**23,328**

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, 2018		106	544
New Re-measurement of Loss Allowance		(106)	(4)
ECL from New Deposits		216	-
ECL Balance as at 31 December, 2019	**14**	**216**	**540**
Other Financial Assets			
ECL Balance as at 31 December, 2018		5	-
Net Re-measurement of Loss Allowance	13,21&30	6	-
ECL from New Other Financial Assets	13,21&30	9	-
ECL Balance as at 31 December, 2019		**20**	**-**
Floating Rate Notes			
ECL Balance as at 31 December, 2018	14	18	-
Net Re-measurement of Loss Allowance	13,23&30	(4)	-
ECL from New Floating Rate Notes	13,23&30	11	-
ECL Balance as at 31 December, 2019		**25**	**-**
Bonds			
ECL Balance as at 31 December, 2018	14	21	-
Net Re-measurement of Loss Allowance	13,24&30	(7)	-
ECL from New Bonds	13,24&30	8	-
ECL Balance as at 31 December, 2019		**22**	**-**
Total ECL Balance as at 31 December, 2019		**283**	**540**

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, 2019					
Insurance and Reinsurance Payables (note 15b)	24,312	-	-	-	24,312
Other Liabilities	4,046	-	-	-	4,046
Claims Reserves (note 17)	33,500	-	-	-	33,500
Financial Liabilities	156	155	1,691	6,932	8,934
Total Payable	**62,014**	**155**	**1,691**	**6,932**	**70,792**
As at 31 December, 2018					
Insurance and Reinsurance Payable (note 15b)	18,351	-	-	-	18,351
Other Liabilities	3,360	-	-	-	3,360
Claims Reserves (note 17)	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 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, 2019, 25% (2018: 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.

(c) Contingent Liability – Pending Litigation
ATI's previous CEO, Mr. George Otieno, has filed a lawsuit against the institution for early termination of his contract. As per the Court documents presented by Mr. George Otieno, he claimed an amount of KSH151.9M (around USD1.5M). According to ATI's lawyers, this amount and other attendant costs as the Court may direct would only be payable to Mr. George Otieno, if the Court agrees with his claim as filed. ATI's lawyers also believe that the Court can dismiss the entire Petition.

Based on the above and in line with IAS 37, no provision was booked in the 2019 financial statements on this case.

5. Capital Management

(in thousands of USD)	31-Dec- 2019	31-Dec- 2018
Current Net Exposure (A)	1,073,640	1,006,804
Equity (B)	349,179	262,272
Capacity (C)=8*(B) (2018: 8*(B))(*)	2,793,432	2,098,176
Capital Cushion (C-A)	**1,719,792**	**1,091,372**

(*)Based on ATI's internal underwriting capacity

6. Claims Net of Recoveries
The claims net of recoveries for the year ended 31 December, 2019 amounted to USD2.9M (2018: USD5.2M) and included an increase in statistical reserves of USD2.9M (2018: increase of USD4.0M). As at 31 December, 2019, the amount of statistical reserves reported in the Statement of Financial Position amounted to USD13.9M (note 17) compared to USD11.0M as at 31 December, 2018.

7. Net Other Income

(in thousands of USD)	2019	2018
Earned Grants	420	586
Gain on Sale of Disposal of Equipment and Vehicles	1	1
Net Credit Limit Charges	43	52
Miscellaneous	10	10
Total Net Other Income for the Year Ended 31 December	**474**	**649**

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 financial statements. The grant is on reimbursement basis.

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

(in thousands of USD)	2019	2018
FAPA – grant	70	129
RLSF - technical assistance	350	457
Total Grant Income for the Year Ended 31 December	**420**	**586**

8. Operating Expenses

(in thousands of USD)	2019	2018
Salaries & Other Short-Term Benefits	(5,185)	(4,678)
Defined Contribution Post-Employment Plan	(444)	(433)
Defined Benefit Post-Employment Plan (note 27)	(419)	(199)
General Administration Costs	(712)	(643)
Consultancy Fees	(472)	(533)
Depreciation on Vehicles and Equipment (notes 19 & 30)	(200)	(144)
Travel Costs	(455)	(487)
Recruitment Expenses	(225)	(10)
Annual General Meeting	(277)	(267)
Board Expenses	(252)	(266)
Marketing Costs	(263)	(369)
Amortisation of Intangible Assets (note 20 & 30)	(96)	(104)
Change in Provision for Bad Debts	22	251
Total Operating Expenses for the Year Ended 31 December	**(8,978)**	**(7,882)**

9. Interest Income

(in thousands of USD)	2019	2018
Interest from Time Deposits and Money Market Instruments	2,181	1,475
Interest from Investments in Floating Rate Notes	1,752	1,004
Floating Rate Note Amortisation (note 23 & 30)	(147)	11
Interest from Investments in Bonds	4,022	3,826
Bond Amortisation (notes 24 & 30)	(341)	(621)
Other Interest Income	72	213
Total Interest Income for the Year Ended 31 December	**7,539**	**5,908**

9. Interest Income (continued)

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)	2019	2018
Dividend Income from Money market funds	429	58
Total Dividend Income for the Year Ended 31 December	**429**	**58**

ATI holds Money Market Fund units which pay dividends.

11. Finance Costs

(in thousands of USD)	2019	2018
IDA Service Charges	(63)	(72)
In Bank Charges	(102)	(30)
Total Finance Costs for the Year Ended 31 December	**(165)**	**(102)**

ATI pays a service charge of 0.75% per annum on the outstanding principal amount on the IDA Development Credit (note 28).

12. Foreign Exchange Losses

(in thousands of USD)	2019	2018
IDA Loan-Foreign Exchange Losses (note 28 & 30)	(48)	(207)
Other Foreign Exchange (Losses)/Gains	(124)	187
Total Foreign Exchange Losses for the Year	**(172)**	**(20)**

The IDA loans (note 28) were issued and are payable in SDR and are translated into USD using the spot rate as at each reporting period.

13. Impairment Losses on Financial Assets

(in thousands of USD)	2019	2018
Change in Lifetime ECL on Deposits and Cash Balances	-	32
Change in 12-month ECL on Cash and Cash Equivalents (note 14)	(110)	(106)
Change in 12-month ECL on Floating Rate Notes (note 23)	(7)	(18)
Change in 12-month ECL on Bonds (note 24)	(1)	(21)
Change in 12-month ECL on Other Financial Assets (note 21)	(15)	(5)
Change in Lifetime ECL on Interest Receivable Impairment	-	24
Foreign Exchange Loss on Impairment	4	(8)
Total Impairment Losses for the year ended	**(129)**	**(102)**

14. Cash and Cash Equivalents

(in thousands of USD)	31-Dec- 2019	31-Dec-2018
Cash and Bank Balances	38,869	23,365
Deposits with Financial Institutions	17,204	15,590
Money Market Instruments	71,347	35,200
Discount on Money Market Instruments	(899)	(290)
Provision for Impaired Deposits and Cash Balances	(540)	(544)
12-month ECL (note 13)	(216)	(106)
Total Cash and Cash Equivalents as at	**125,765**	**73,215**

Included in cash and cash equivalents is an amount of USD0.5M (2018: USD0.5M) held at a bank, which was put under receivership in 2016. This amount was fully impaired as at 31 December, 2019 as was the case as at 31 December, 2018.

Cash and cash equivalents also included an Expected Credit Loss (ECL) on performing assets of USD0.2M (2018: USD0.1M).

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

14. Cash and Cash Equivalents (continued)

	31-Dec-2019		31-Dec-2018	
	Amount (USD'000s)	Weighted Average Interest Rate	Amount (USD'000s)	Weighted Average Interest Rate
Fixed Deposits in USD	5,292	3.41%	10,266	2.88%
Fixed Deposits in EUR	9,308	1.32%	2,688	1.47%
Fixed Deposits in KSH	2,604	9.08%	2,636	6.90%
Deposits as at	**17,204**	**3.14%**	**15,590**	**3.30%**
Money Market Instruments in USD as at	**71,347**	**2.71%**	**35,200**	**2.52%**
Deposits & Money Market Instruments as at	**88,551**	**2.79%**	**50,790**	**2.76%**

15. Insurance and Reinsurance Receivables and Payables

(in thousands of USD)	31-Dec- 2019	31-Dec-2018
(a) Insurance and Reinsurance Receivables		
Insurance & Inward Reinsurance Balances Receivable	20,938	19,848
Outward Reinsurance Balances Receivable	97	(20)
Provision for Bad Debts	(6)	(157)
Insurance and Reinsurance Receivables as at	**21,029**	**19,671**
(b) Insurance and Reinsurance Payables		
Insurance & Inward Reinsurance Balances Payable	10,464	7,665
Outward Reinsurance Balances Payable	13,848	10,686
Insurance and Reinsurance Payables as at	**24,312**	**18,351**

16. Other Assets

(in thousands of USD)	31-Dec- 2019	31-Dec-2018
Pre-payments	157	180
Staff Loans and Advances	199	227
Interest Receivable	2,151	1,614
VAT Receivable	173	133
VAT Impaired	(173)	(126)
Others	228	339
Total Other Assets as at	**2,735**	**2,367**

17. Claims Reserves

(in thousands of USD)	31-Dec-19			31-Dec-18		
	Incurred & IBNER(*)	Statistical Reserves	Total	Incurred & IBNER(*)	Statistical Reserves	Total
Claims	(33,500)	(84,875)	(118,375)	(5,887)	(58,860)	(64,747)
Reinsurers' Share of Claims	15,184	70,965	86,149	1,055	47,870	48,925
Recoveries (note 18)	32,495	-	32,495	2,602	-	2,602
Reinsurance Share of Recoveries	(15,021)	-	(15,021)	(384)	-	(384)
Total Net Claims Reserves	**(842)**	**(13,910)**	**(14,752)**	**(2,614)**	**(10,990)**	**(13,604)**

(*) IBNER stands for Incurred But Not Enough Reported

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

Underwriting Years *(in thousands of USD)*	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Gross Claims Outstanding as at 31-Dec-2019	Gross Claims Outstanding as at 31-Dec-2018
2010	-	-	-	2,024	2,644	2,193	924	607	148	-	-	148
2011	-	-	1,538	591	665	-	-	-	-		-	-
2012	100	1,238	1,219	964	94	375	83	-			-	83
2013	1,581	1,231	518	149	-	-	-				-	-
2014	462	4,359	427	263	275	-					-	275
2015	2,113	14,555	1,334	445	25,104						25,104	445
2016	2,115	3,420	1,807	7,184							7,184	1,807
2017	4,245	3,129	1,172								1,172	3,129
2018	-	40									40	-
2019	-										-	-
Grand Total											**33,500**	**5,887**

18. Recoveries

(in thousands of USD)	31-Dec-2019		
	Receivable Recoveries	Write-off	Net Receivable Recoveries
Recoveries Receivable on Political Risk Insurance	2,404	2,404	-
Other Recoveries (note 17)	32,495	-	32,495
Total Recoveries as at	**34,899**	**(2,404)**	**32,495**

(in thousands of USD)	31-Dec-2018		
	Receivable Recoveries	Bad Debt	Net Receivable Recoveries
Recoveries Receivable on Political Risk Insurance	2,003	(2,003)	-
Other Recoveries (note 17)	2,602	-	2,602
Total Recoveries as at	**4,605**	**(2,003)**	**2,602**

19. Vehicles and Equipment

(in thousands of USD)	Motor Vehicles	Computers & Office Equipment	Furniture & Fittings	Total
As at 31 December, 2019 Cost				
As at 1 January, 2019	246	784	587	1,617
Additions	31	135	211	377
Disposals	-	(9)	-	(9)
As at 31 December, 2019	**277**	**910**	**798**	**1,985**
Depreciation				
As at 1 January, 2019	(127)	(644)	(561)	(1,332)
Charge for the Year	(55)	(95)	(50)	(200)
Eliminated on Disposals	-	9	-	9
As at 31 December, 2019	**(182)**	**(730)**	**(611)**	**(1,523)**
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)**
Net Book Value				
As at 31 December, 2019	**95**	**180**	**187**	**462**
As at 31 December, 2018	**119**	**140**	**26**	**285**

20. Intangible Assets

(in thousands of USD)	31-Dec-2019	31-Dec-2018
Cost		
As at 1 January	671	555
Additions	189	116
As at	**860**	**671**
Amortisation		
As at 1 January	(449)	(345)
Charge for the Year (notes 8 & 30)	(96)	(104)
As at	**(545)**	**(449)**
Net Book Value		
As at	**315**	**222**

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

21. Other Financial Assets

(in thousands of USD)	31-Dec-2019	31-Dec-2018
Outstanding Value as at 1 January	11,439	20,380
New Placements	26,580	11,444
Maturities	(10,900)	(20,380)
Change in 12-month ECL (notes 13 & 30)	(15)	(5)
Foreign Exchange Losses	(4)	-
Total Other Financial Assets as at	**27,100**	**11,439**

These represent USD deposits with an average yield of 2.51% and a weighted average maturity period of 8 months (2018: 2.92% and an average maturity period of 10 months).

22. Investments in Money Market Funds

(in thousands of USD)	31-Dec-2019	31-Dec-2018
Outstanding Value as at 1 January	8,410	3,006
New Purchases	-	5,250
Dividend Capitalised	220	58
Change in fair value (note 30)	(201)	96
Total Investments in Money Market Funds as at	**8,429**	**8,410**

23. Investments in Floating Rate Notes

(in thousands of USD)	31-Dec-2019	31-Dec-2018
Outstanding Value as at 1 January	54,805	41,473
New Placements	37,912	27,062
Maturities	(16,802)	(13,723)
Amortisation (notes 9 & 30)	(147)	11
Change in 12-month ECL (notes 13 & 30)	(7)	(18)
Foreign Exchange Losses	(81)	-
Total Investments in Floating Rate Notes as at	**75,680**	**54,805**

The effective interest rate on the floating rate notes as at 31 December, 2019 was 2.1% (2018: 3.0%).

24. Investments in Bonds

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

(in thousands of USD)	31-Dec-2019	31-Dec-2018
Outstanding Value as at 1 January	157,519	154,780
New Purchases	65,291	38,329
Sales and Redemptions	(52,812)	(34,851)
Amortisation (notes 9 & 30)	(341)	(621)
Change in Accrued Interest on Bonds Purchased	92	(97)
Change in 12-month ECL (notes 13 & 30)	(1)	(21)
Total Investments in Bonds as at	**169,748**	**157,519**

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

Maturity	31-Dec-2019		31-Dec-2018	
	Face Value (in USD'000)	Weight (%)	Face Value (in USD'000)	Weight (%)
2019	-	-	51,173	32.6%
2020	58,220	34.4%	53,995	34.4%
2021	43,070	25.5%	31,600	20.1%
2022	43,880	26.0%	17,170	10.9%
2023	12,305	7.3%	3,235	2.0%
2024	8,465	5.0%	-	-
2026	1,840	1.1%	-	-
2028	1,250	0.7%	-	-
Total as at	**169,030**	**100.0%**	**157,173**	**100.0%**

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

(in thousands of USD)	2019	2018
Bond Portfolio's Average Maturity	1.78 years	1.63 years
Bond Portfolio's Gross Average Yield	2.27%	2.17%

25. Other Liabilities

(in thousands of USD)	31-Dec-2019	31-Dec-2018
Accrued Expenses	1,325	1,185
Defined Contribution Post-Employment Plan Payable	532	464
Non-Trade Accounts Payable	171	77
IDA Service Charges	18	19
Dividend Payable	2,018	1,634
Total Other Liabilities as at	**4,064**	**3,379**

26. Unearned Grant Income

(in thousands of USD)	31-Dec-2019	31-Dec-2018
FAPA - Unearned Grant Income as at 1 January	5,645	279
FAPA - Expenditure Incurred (note 30)	(84)	(129)
RLSF Disbursements	5,740	5,495
Foreign Exchange Gain	28	-
Unearned Grant Income as at	**11,329**	**5,645**

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 while the second disbursement of EUR5.2M (USD5.7M) was received in 2019. 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 the claim value can be covered by the funds held in the security account). If the claim value is higher than the funds in the security account then ATI will meet the balance. No risks had been attached to this facility as at 31 December, 2019.

27. Defined Benefit Post-Employment Plan

(in thousands of USD)	31-Dec-2019	31-Dec-2018
As at 1 January	1,239	1,059
Defined Benefit Obligation Accrual for the Year (notes 8 & 30)	419	199
Withdrawals	-	(19)
Defined Benefit Post-Employment Plan As at	**1,658**	**1,239**

Actuarial Basis

Actuarial Method: Projected Unit Method
Rate of Interest: 3.2% per annum (2018: 4.2% p.a.)
Rate of Salary Escalation: 5.1% per annum (2018: 4.3% p.a.)
Retirement Age: 62 years (2018: 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:

2019 (in thousands of USD)	Status Quo	Basis A	Basis B	Basis C
Discount Rate	3.2%	4.2%	3.2%	4.2%
Salary Escalation Rate	5.1%	5.1%	4.2%	6.1%
Present Value of the Accrued (past service) Benefits	**1,658**	**1,475**	**1,493**	**1,654**

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**

28. Financial Liabilities - IDA Development Credit (Loan)

(in thousands of USD)	31-Dec-2019	31-Dec-2018
As at 1 January	8,595	9,057
Foreign Exchange Losses (notes 12)	(48)	(207)
Repayments	(250)	(255)
IDA Loan as at	**8,297**	**8,595**

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.

29. 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.

ATI's capital stood at USD289.1M as at 31 December, 2019 against USD236.2M as at 31 December, 2018, an increase of USD52.9M out of which USD52.4M came from new and additional capital contributions received from new or existing members/shareholders and USD0.5M from dividends reinvestments and transfers from unallocated capital.

29. Share Capital and Share Premium (continued)

(a) Share Capital

The status of the issued and called share capital at 31 December, 2019 is shown below:

Member/Shareholder	31-Dec-2019		31-Dec-2018	
(in thousands of USD)	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	191	19,100	135	13,500
Democratic Republic of Congo	194	19,400	194	19,400
Ethiopia	70	7,000	69	6,900
Ghana	150	15,000	-	-
Kenya	286	28,600	283	28,300
Madagascar	68	6,800	54	5,400
Malawi	174	17,400	174	17,400
Nigeria(*)	119	11,900	-	-
Rwanda	87	8,700	87	8,700
South Sudan	89	8,900	89	8,900
Tanzania	169	16,900	169	16,900
Uganda	229	22,900	229	22,900
Zambia	171	17,100	171	17,100
Zimbabwe	129	12,900	128	12,800
Total Member Countries	**2,418**	**241,800**	**2,074**	**207,400**
Kenya Reinsurance Corporation	10	1,000	10	1,000
Total Public Entities	**10**	**1,000**	**10**	**1,000**

**Pending instrument of ratification by the Federal Government of Nigeria*

Member/Shareholder	31-Dec-2019		31-Dec-2018	
(in thousands of USD)	Number Of Shares	Paid Up Capital	Number Of Shares	Paid Up Capital
African Development Bank	150	15,000	150	15,000
African Reinsurance Corporation	10	1,000	10	1,000
Atradius Participations Holding	1	100	1	100
Chubb	85	8,500	-	-
COMESA	1	100	1	100
ECGC	100	10,000	-	-
SACE SpA	100	10,000	100	10,000
TDB (formerly PTA Bank Limited)	10	1,000	10	1,000
UK Export Finance	1	100	1	100
ZEP-RE (PTA Reinsurance Company)	5	500	5	500
Other Shareholders	**463**	**46,300**	**278**	**27,800**
TOTAL SHARES	**2,891**	**289,100**	**2,362**	**236,200**

29. Share Capital and Share Premium (continued)

(b) Share Premium and Unallocated Share Capital

The following is the breakdown of the share premium and unallocated Share Capital:

Member/ Shareholder	31-Dec-2019			31-Dec-2018		
(in thousands of USD)	Paid up Share Capital	Share Premium	Unallocated Share Capital	Paid up Share Capital	Share Premium	Unallocated Share Capital
Benin	13,900	-	68	13,900	-	68
Burundi	15,300	-	91	15,300	-	91
Côte d'Ivoire	19,100	987	2	13,500	-	32
Democratic Republic of Congo	19,400	20	54	19,400	20	54
Ethiopia	7,000	17	10	6,900	-	37
Ghana	15,000	2,643	-	-	-	-
Kenya	28,600	53	33	28,300	-	15
Madagascar	6,800	247	52	5,400	-	80
Malawi	17,400	20	92	17,400	20	92
Nigeria(*)	11,900	2,097	54	-	-	-
Rwanda	8,700	-	79	8,700	-	79
South Sudan	8,900	-	63	8,900	-	51
Tanzania	16,900	-	71	16,900	-	70
Uganda	22,900	-	37	22,900	-	37
Zambia	17,100	20	83	17,100	20	83
Zimbabwe	12,900	17	105	12,800	-	55
Kenya Re	1,000	-	6	1,000	-	6
TOTAL	**242,800**	**6,121**	**900**	**208,400**	**60**	**850**

(*)Pending instrument of ratification by the Federal Government of Nigeria.

Member/ Shareholder	31-Dec-2019			31-Dec-2018		
(in thousands of USD)	Paid up Share Capital	Share Premium	Unallocated Share Capital	Paid up Share Capital	Share Premium	Unallocated Share Capital
African Development Bank	15,000	-	-	15,000	-	-
African Reinsurance Corporation	1,000	-	-	1,000	-	-
Atradius Participations Holding	100	-	-	100	-	-
Chubb	8,500	1,498	2	-	-	-
COMESA	100	-	-	100	-	-
ECGC	10,000	1,700	-	-	-	-
SACE SpA	10,000	-	-	10,000	-	-
TDB (formerly PTA Bank Limited)	1,000	-	-	1,000	-	-
UK Export Finance	100	-	-	100	-	-
ZEP-RE (PTA Reinsurance Co.)	500	-	-	500	-	-
TOTAL	**46,300**	**3,198**	**2**	**27,800**	**-**	**-**
TOTAL	**289,100**	**9,319**	**902**	**236,200**	**60**	**850**

29. Share Capital and Share Premium (continued)

(c) Capital Disbursements

Member/ Shareholder	2019			2018		
(in thousands of USD)	Share Capital	Share Premium	Unallocated Share Capital	Share Capital	Share Premium	Unallocated Share Capital
Chubb	8,500	1,498	2	-	-	-
Côte d'Ivoire	5,600	955	2	-	-	-
ECGC India	10,000	1,700	-	-	-	-
Ghana	15,000	2,643	-	-	-	-
Madagascar	1,400	162	33	4,400	-	80
Nigeria(*)	11,900	2,097	53	-	-	-
Tanzania	-	-	-	4,200	-	-
South Sudan	-	-	-	1,100		35
TOTAL	**52,400**	**9,055**	**90**	**9,700**	**-**	**115**

(*)Pending instrument ratification by the Federal Government of Nigeria.

(d) Reinvested dividends

Member/ Shareholder	2019			2018		
(in thousands of USD)	Share Capital	Share Premium	Unallocated Share Capital	Share Capital	Share Premium	Unallocated Share Capital
Benin	-	-	-	-	-	66
Côte d'Ivoire	-	-	-	-	-	21
Democratic Republic of Congo	-	-	-	200	20	9
Ethiopia	-	-	91	-	-	-
Kenya	300	38	33	-	-	-
Kenya Re	-	-	-	-	-	6
Madagascar	-	-	24	-	-	-
Malawi	-	-	-	200	20	17
South Sudan	-	-	12	-	-	-
Zambia	-	-	-	200	20	24
Zimbabwe	100	18	50	-	-	40
TOTAL	**400**	**56**	**210**	**600**	**60**	**183**

29. Share Capital and Share Premium (continued)

(e) Transfers from Unallocated Share Capital

Member/ Shareholder	2019			2018		
(in thousands of USD)	Share Capital	Share Premium	Unallocated Share Capital	Share Capital	Share Premium	Unallocated Share Capital
Côte d'Ivoire	-	32	(32)	-	-	-
Ethiopia	100	17	(117)	-	-	-
Kenya	-	15	(15)	-	-	-
Madagascar	-	84	(84)	-	-	-
TOTAL	**100**	**148**	**(248)**	**-**	**-**	**-**

30. Note to the Statement of Cash flows

(in thousands of USD)	2019	2018
Profit for the Year	**27,678**	**11,927**
Adjustments for:		
Depreciation - Vehicles and Equipment (notes 8 & 19)	200	144
Amortisation - Intangible Assets (notes 8 & 20)	96	104
Amortisation - Bonds (notes 9 & 24)	341	621
Amortisation – Floating Rate Notes (notes 9 & 23)	147	(11)
Foreign Exchange Loss/(Gains)	65	(207)
Change in Fair Value of Financial Instruments (note 22)	201	(96)
Change in ECL on Other Financial Assets (notes 13 & 21)	15	5
Change in ECL on Floating Rate Notes (notes 13 & 23)	7	18
Change in ECL on Bonds (notes 13 & 24)	1	21
Movements in Working Capital Items:		
Increase in Insurance and Reinsurance Receivables	(1,358)	(6,345)
Increase in Other Assets	(368)	(230)
Increase in Reinsurers' Share of the Claims Reserves	(37,224)	(35,003)
(Increase)/Decrease in Recoveries	(29,893)	2,368
Increase in Reinsurers' Share of Unearned Premiums	(9,865)	(16,416)
Increase in Deferred Acquisition Costs	(418)	(394)
Increase in Insurance and Reinsurance Payables	5,961	7,649
Increase in Other Liabilities(*)	301	204
Increase in Claims Reserves	53,628	36,815
Increase/(Decrease) in Reinsurer's Share of Recoveries	14,637	(914)
Increase in Unearned Premiums Reserve	10,452	15,328
Increase in Unearned Ceding Commissions	2,655	2,933
(Decrease)/Increase in Unearned Grant Income (note 26)	(84)	5,366
Net Increase in Defined Benefit-Post Employment Plan (note 27)	419	180
NET CASH GENERATED FROM OPERATING ACTIVITIES	**37,594**	**24,066**

(*) Excluded within the movements is the dividend payable of USD2,018 thousands for 2019 and USD1,634 for 2018 (note 25).

31. 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-2019	31-Dec-2018
Fair Value of Bonds	170,588	156,017
Book Value of Bonds (note 24)	169,748	157,519
Unrealised Gain/(Loss) as at	**840**	**(1,502)**

32. Related Party Disclosures

(in thousands of USD)	2019	2018
(i) Key Management Compensation;		
• Salaries & Other Short-Term Benefits	1,033	1,080
• Defined Contribution Post-Employment Plan	120	131
• Defined Benefit Post-Employment Plan	441	375
• Leave Encashment	25	36
• Education Allowance	68	77
Total Key Management Compensation	**1,687**	**1,699**
(ii) Directors - Sitting Allowances & Per Diem	**225**	**219**

(in thousands of USD)	31-Dec-2019	31-Dec-2018
(iii) Loans Advanced to Management;		
• As at 1 January	-	12
• Loan Repayment Received	-	(12)
Loans Advanced to Management as at	-	-

33. Post Balance Sheet event

(a) Membership

The Governments of Niger and Togo completed their membership process in February 2020 and March 2020 respectively and became the newest members of ATI with a capital contribution of EUR11.4M each.

(b) COVID-19

Commencing February 9th a number of Governments around the world have treated the novel Coronavirus (COVID-19 strain) as an emergency, followed by declaration by the WHO on March 11th of the spread of the virus as a Pandemic. In order to reduce the strain on healthcare systems of this virulent - and fatal to vulnerable groups - strain, almost every national government - including a number of our member states - has to various degrees clamped down on local mobility and economic activity.

ATI has strove to act in the best interests of all our stakeholders, and particularly keeping the health and safety of our staff in mind. To this end, there have been adjustments made in regards to social distancing and curtailed international travel, while maintaining the highest standards in our Underwriting and operational capability.

Following the multiple national emergency measures across the world, we are prudently analyzing our portfolio for any emerging signs of stressed corporate obligors or sovereign fiscal weakness. As more information becomes available, ATI will maintain clear communication to the markets. A closer scrutiny of new opportunities is also now being undertaken.

Abbreviations

AfDB	African Development Bank
ATI	African Trade Insurance Agency
COMESA	Common Market for Eastern and 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
FVOCI	Fair Value through Other Comprehensive Income
IAS	International Accounting Standards
IDA	International Development Association
IFRS	International Financial Reporting Standards
KfW	Kreditanstalt für Wiederaufbau (German Development Bank)
OCI	Other Comprehensive Income
PRI	Political Risk Insurance
PV&TS	Political Violence and Terrorism & Sabotage Insurance
RLSF	Regional Liquidity Support Facility
S&P	Standard & Poor's
SDR	Special Drawing Rate
STA	Security Trust Account
TA	Technical Assistance
TDB	Trade and Development Bank
UK	United Kingdom
ZEP-RE	Zone d'échanges Préférentiels Reinsurance

Credits

External Auditors

KPMG
ABC Towers, Waiyaki Way
P. O. Box 40612
00100 – Nairobi, Kenya

Responsible for Content

African Trade Insurance Agency
Kenya Re Towers, 5th Floor, Off Ragati Road, Upperhill
P.O. Box 10620 G.P.O. 00100 Nairobi, Kenya
www.ati-aca.org

Concept & Design

The Arts Group Kenya
Nairobi, Kenya
Tel. (+254) 706 287 510
www.theartsgroupkenya.com

Picture Credits

Emmanuel Jambo

Printed by

Chrome Partners
Nairobi, Kenya

Media Enquiries

Sherry Kennedy
Tel. (+254) 20 272 6999
Mob. (+254) 714 606 787
Email. press@ati-aca.org

ATI Head Office

Kenya Re Towers, 5th Floor
Off Ragati Road, Upperhill
Mailing Address: P.O. Box 10620
G.P.O. 00100, Nairobi, Kenya
Tel: (+254) 20 272 6999 / 271 9727
Mobile: (+254) 722 205 007
Email: info@ati-aca.org

West Africa Regional Office

1st Floor, Immeuble Mikwabo
28 Piste Amalco, Lot 1151
Quartier, Cadjehoun, 12ème
Arrondissement
Cotonou, Benin
Mobile: (+229) 62 33 52 52
Email: benin@ati-aca.org

Côte d'Ivoire

Angle du Blvd de la République
et de l'Avenue Lambin
Immeuble Maison de l'Entreprise
1st Floor North 01 Abidjan- Plateau
Abidjan, Côte d'Ivoire
Mobile: (+225) 77 571 448
Email: cotedivoire@ati-aca.org

Tanzania

Private Sector House
House, 1st Floor -1288, Mwaya Road
Road, Msasani Peninsula
Mailing Address: P.O. Box 11313
Dar es Salaam, Tanzania
Tel. (+255) 22 260 1913 / 1938
Mobile: (+255) 782 390 531
Email: tanzania@ati-aca.org

Uganda

Workers House, 9th Floor
Southern Wing, Plot 1
Pilkington Road
Tel: (+256) 312/393 908 999
Mobile: (+256) 776 966 900
Email: uganda@ati-aca.org

Southern Africa Regional Office

Kwacha House Annex, Cairo Road
Mailing Address: P.O. Box 31303
Tel. (+260) 211 227 745
Mobile: (+260) 978 778 545
Email: zambia@ati-aca.org