



# Half Year Presentation

November 2022, Nairobi, Kenya



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



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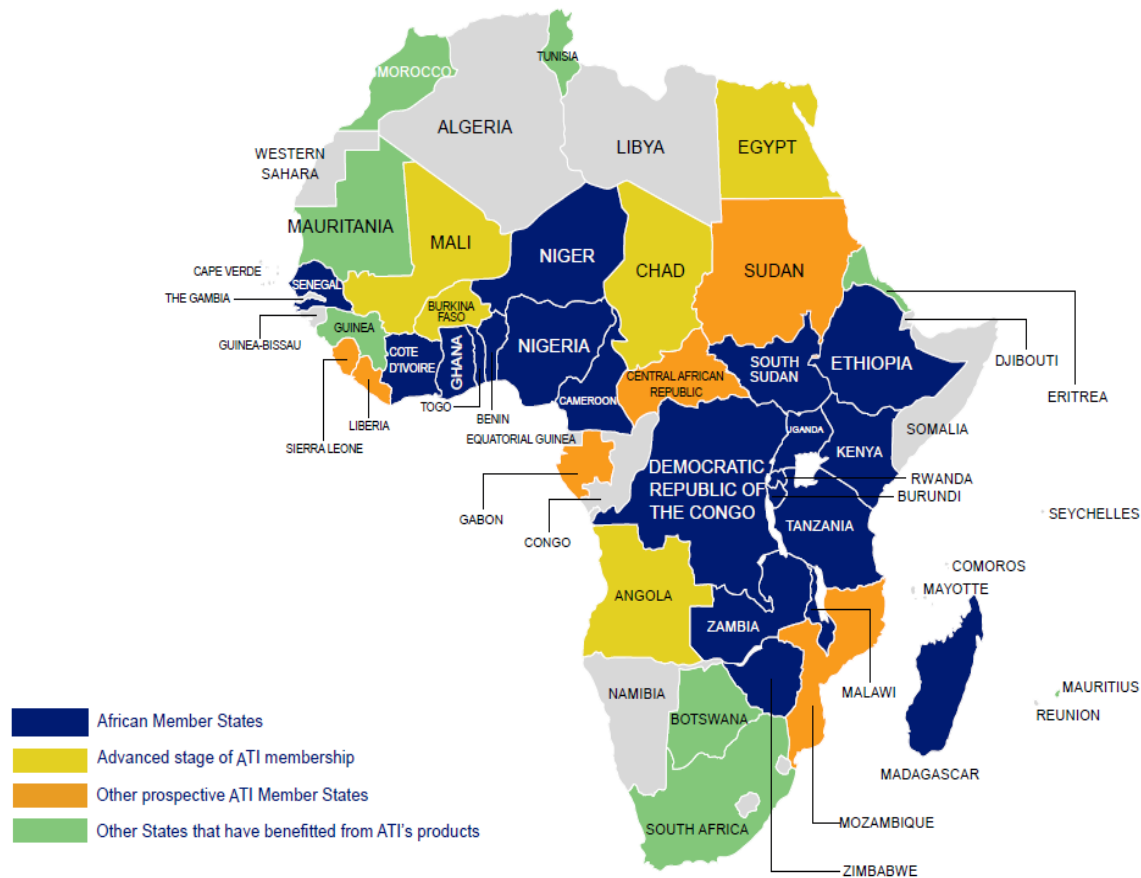
# Focus

- Overview
- Half 1 Results
- Risk Portfolio
- Treaty Details & Outlook
- Credit Risk
- Country Analysis
- Claims
- ESG
- Energy Sector
- 2023 Outlook

# Overview

Highlight:	Comments
<b>Capital</b>	As at June 2022, Total Capital of US\$ 416.8M (US\$ 346.6M in June 2021 and Total Equity of US\$ 530.1M (US\$ 445.9M in June 2021)
<b>Business</b>	<ul style="list-style-type: none"> <li>i) Renewals: There is a slight decline in NEP and Net Exposure. This is mainly to a lower renewal rate as several transactions were still under negotiation at June 2022 and amortizations. Renewals protracted in Zimbabwe and Malawi while M-pesa was restructured and all premium will be collected in December. TDB – RwandAir was cancelled but has since been replaced with a new transaction. Expected that all renewals will be concluded by year end</li> <li>ii) Pipeline: There is a strong pipeline of sovereign deals as a result of direct discussions between ATI and member states/advisors. Pipeline transactions in Angola, Benin, Tanzania and Uganda. Discussions ongoing in Senegal, Togo, Niger, Madagascar, Rwanda and Cameroon. Very selective in Ethiopia, Ghana, Malawi, Nigeria and South Sudan. Re-engagement planned in Kenya and Zambia. Challenges in DRC and Burundi</li> </ul>
<b>Claims</b>	Proactive follow-up with MoFs has resulted in losses being averted in Burundi. Ghana and Kenya remain on watch list and continuous follow up being made to avert a potential claim
<b>Management</b>	Deepak Dave resigned as Chief Risk Officer. Recruitment in progress. Also finalizing on the hire of Chief of Staff, a key management position.
<b>Staffing:</b>	Recruitment to strengthen the claims and risk departments completed. Ongoing recruitment of Underwriters including for RLSF. Transactional Lawyer finally recruited and currently being on boarded. KYC enhanced with recruitment of a Senior Corporate Compliance Officer (almost complete).

# ATI Member States (as at October 2022)



## Corporate Members

- African Development Bank (AfDB)
- African Reinsurance Corporation (Africa Re)
- Zep Re
- COMESA
- Trade and Development Bank (TDB)
- Atradius Participations Holding
- Kenya Reinsurance Corporation
- CHUBB
- ECGC India
- CESCE Spain
- SACE Italy
- UK Export Finance (UKEF)

# H1 2022 Results:

## Capital\*

Central Africa		Southern Africa		Non-African Member Countries	
Cameroon	13.4	Malawi	19.1	India (ECGC)	12.5
DR Congo	21.2	Madagascar	7.7		
		Zambia	18.5		
		Zimbabwe	14.2		

East Africa		West Africa		Institutional Members	
Burundi	16.3	Benin	33.3	African Development Bank	15.0
Ethiopia	7.7	Côte d'Ivoire	21.8	Chubb	10.5
Kenya	30.4	Ghana	18.5	Sace SpA	10.0
Rwanda	9.3	Nigeria	14.8	CESCE	1.4
S. Sudan	9.9	Niger	13.0	African Reinsurance Corp.	1.0
Tanzania	18.0	Togo	35.4	Kenya Reinsurance Corp.	1.1
Uganda	24.3			Trade Development Bank	1.0
				ZEP-Re	0.5
				COMESA	0.1
				UK Export Finance	0.1
				Atradius	0.1

**Total Capital**  
US\$ 417m

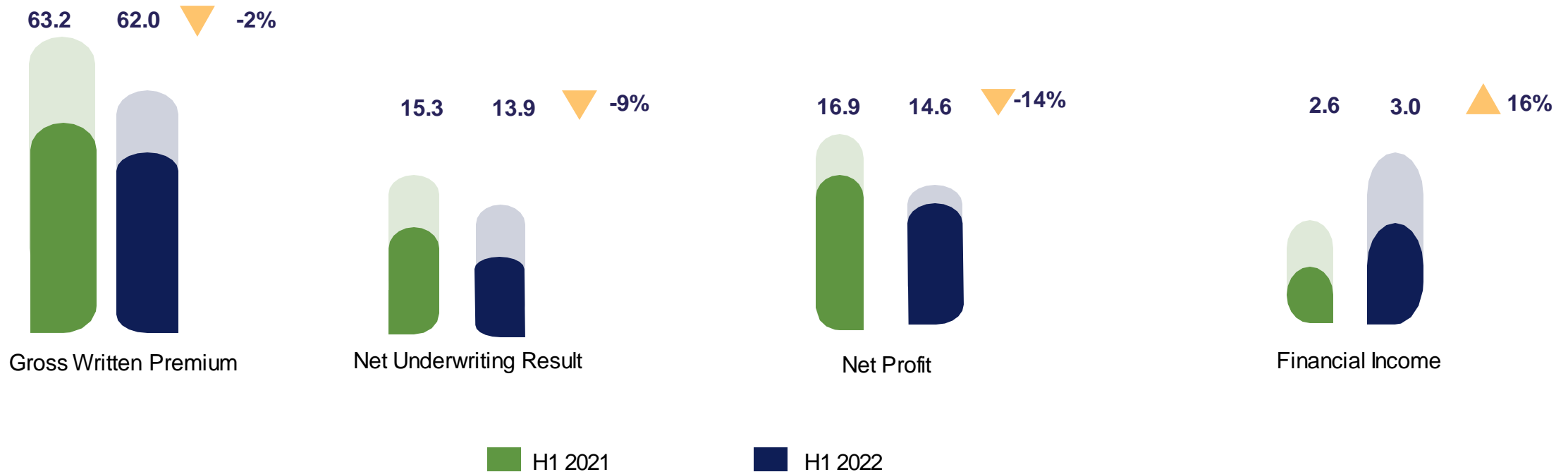
**Total Equity**  
US\$ 530m

\* Unaudited H1 2022 figures



# Financial Performance: Highlights\*

Earnings (in M US\$)

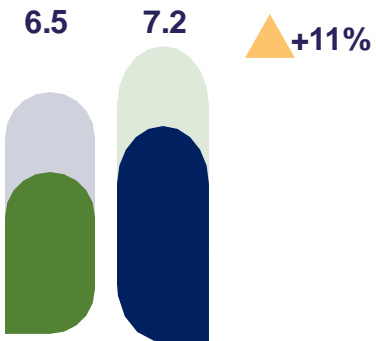


\* Unaudited H1 2022 figures

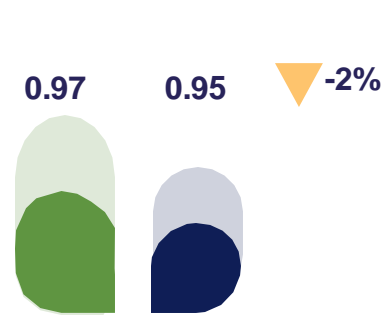


# H1 2022 Results: Financial Highlights

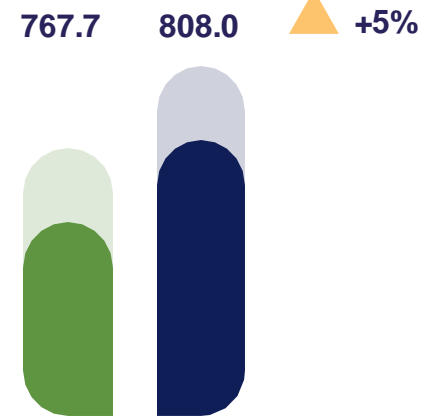
Gross Exposure (in Bn US\$)



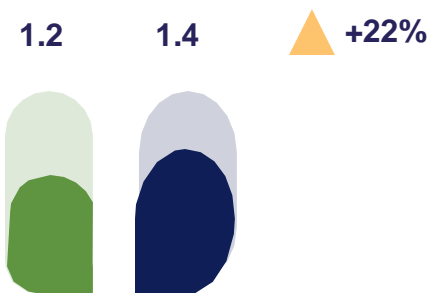
Net Exposure (inM US\$)



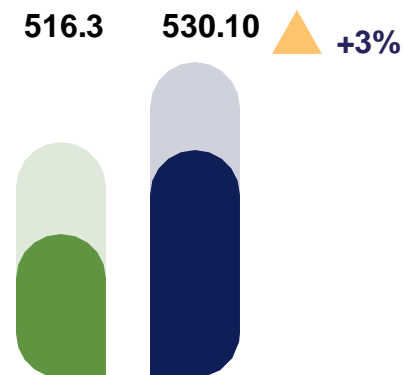
Total Assets (inM US\$)



Net Claims (inM US\$)



Total Equity (inM US\$)



**S&P Global**  
Ratings

**MOODY'S**

A/Stable

A3/Stable

ATIs "A" Credit rating was maintained by both Moody's and S&P in 2021. The positive ratings are based on the commitment of ATIs shareholders to continue upholding the preferred creditor treatment.

H1 2021

H1 2022



\* Unaudited H1 2022 figures



# H1 2022:

## Summarized Income Statement

SUMMARISED INCOME STATEMENT			
('000'US\$)	H1 2022	H1 2021	Growth %
<b>Gross Written Premiums</b>	<b>62,018</b>	<b>63,199</b>	<b>-2%</b>
Net Earned Premiums	9,311	9,430	-1%
Net Earned Commissions	11,285	11,049	2%
Net Operating Expenses	(5,255)	(3,975)	32%
Net Claims	(1,429)	(1,170)	22%
<b>Net Underwriting Profit After Claims</b>	<b>13,912</b>	<b>15,334</b>	<b>-9%</b>
Net Financial Income	3,041	2,623	16%
Other Losses/Gains	(2,378)	(1,091)	118%
<b>Net Profit</b>	<b>14,575</b>	<b>16,866</b>	<b>-14%</b>
Cost ratio on Net Earned Premiums	56%	42%	
Commission ratio on Net Earned Premiums	-121%	-117%	
Loss ratio on Net Earned Premiums	15%	12%	
Combined ratio on Net Earned Premiums	-49%	-63%	

\* Unaudited H1 2022 figures



# H1 2022/FY2021: Financial Position\*

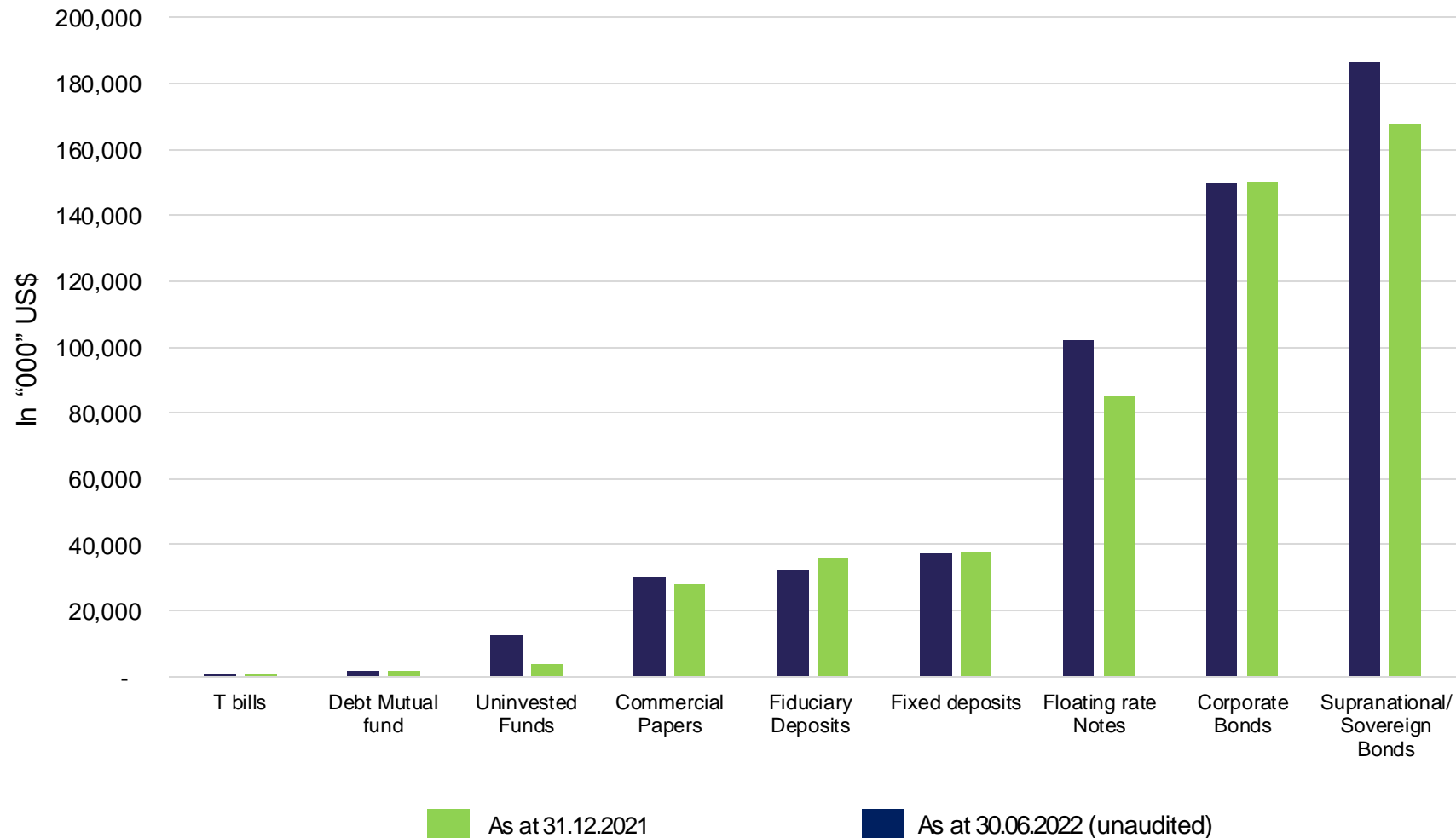
<i>(in thousands of US\$)</i>	30-06-2022	31-12-2021
<b>ASSETS</b>		
Cash and Cash Equivalents	139,393	138,396
Insurance and Reinsurance Receivables	18,037	23,825
Other Assets	3,380	2,980
Reinsurers' Share of the Claims Reserves	120,703	94,841
Recoveries	6,147	6,079
Reinsurers' Share of Unearned Premiums	49,288	53,634
Deferred Acquisition costs	1,757	1,739
Vehicles and Equipment	356	390
Intangible Assets	446	352
Other Financial Assets	25,050	36,026
Investment in Money Market Funds	1,617	1,738
Investments in Floating Rate Notes	102,168	85,067
Investments in Bonds	339,700	322,677
<b>Total Assets</b>	<b>808,042</b>	<b>767,744</b>
<b>LIABILITIES</b>		
Insurance and Reinsurance Payables	32,751	29,460
Other Liabilities	3,160	2,313
Claims Reserves	133,103	105,381
Reinsurers' Share of Recoveries	11,612	13,529
Unearned Premium Reserves	58,713	62,028
Unearned Ceding Commissions	12,066	12,166
Unearned Grant Income	19,316	18,791
Financial Liabilities - IDA Loan	7,240	7,825
<b>Total Liabilities</b>	<b>277,961</b>	<b>251,493</b>
<b>EQUITY</b>		
Share Capital	370,200	365,300
Share Premium Account	44,995	42,172
Unallocated Share Capital	1,631	1,383
Retained Earnings	113,255	107,396
<b>Total Equity</b>	<b>530,081</b>	<b>516,251</b>
<b>Total Equity &amp; Liabilities</b>	<b>808,042</b>	<b>767,744</b>

\* Unaudited H1 2022 figures



# FY2021 – H1 2022: Investment Portfolio (by Asset Class)

High liquidity ensures our continued flexibility



# Risk Portfolio:

## Country Risk Exposures

(in thousands of US\$) Risk Country	30-Jun-22		31-Dec-21	
	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure
Benin	848,655	57,499	900,542	63,264
Burundi	50	50	50	50
Cameroon	-	-	14,168	4,306
Cote d'Ivoire	894,122	79,840	942,574	77,617
DR Congo	199,627	52,950	184,738	44,076
Ethiopia	861,243	53,046	329,428	27,003
Ghana	458,039	78,637	390,788	61,778
Kenya	726,983	127,810	720,367	125,725
Madagascar	44,855	9,946	44,855	9,946
Malawi	299,644	39,462	307,038	42,731
Niger	216,060	24,604	217,137	24,662
Nigeria	398,098	68,098	351,585	69,193
Rwanda	70,721	31,956	139,664	47,239
Senegal	112,038	10,083	-	-
South Sudan	98,000	24,500	50,000	12,500
Tanzania	282,116	60,602	345,329	70,203
Togo	291,519	31,876	305,644	33,092
Uganda	178,173	46,118	195,497	52,331
Zambia	337,032	19,189	346,032	22,189
Zimbabwe	78,491	19,008	85,835	21,456
<b>Sub-Total Member Countries</b>	<b>6,395,467</b>	<b>835,278</b>	<b>5,871,270</b>	<b>809,361</b>
<b>Sub-Total Non-Members &amp; Multilaterals</b>	<b>754,792</b>	<b>119,522</b>	<b>755,582</b>	<b>124,265</b>
<b>Grand Total</b>	<b>7,150,259</b>	<b>954,799</b>	<b>6,626,852</b>	<b>933,626</b>

Unaudited figures as at 2022H1



# Risk Portfolio:

## Country Risk Exposures (Cont'd)

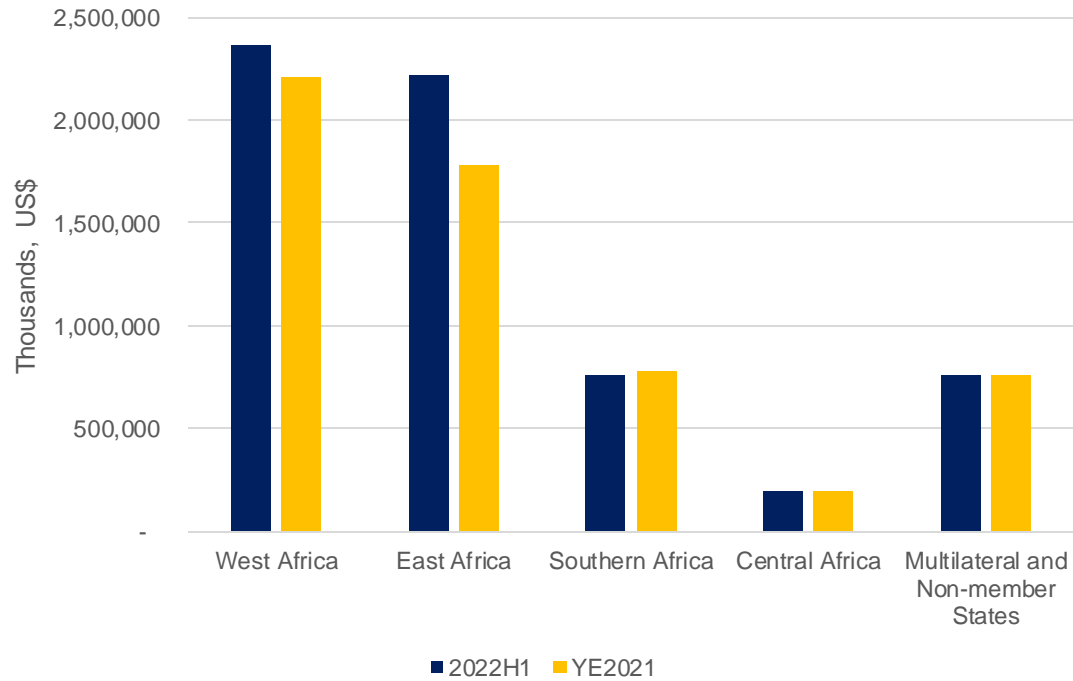
(in thousands of US\$)	30-Jun-22		31-Dec-21	
Risk Country	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure
<b>Sub-Total Member Countries</b>	<b>6,395,467</b>	<b>835,278</b>	<b>5,871,270</b>	<b>809,361</b>
Multilateral	52,657	8,448	66,056	10,437
Angola	396,563	26,346	396,563	26,346
Botswana	25,246	-	-	-
Burkina Faso	22,659	5,672	17,670	4,427
Egypt	38,548	6,551	44,203	6,834
Eritrea	10,764	2,153	10,764	2,153
Gabon	35,156	8,794	29,323	7,331
Mali	4,272	1,068	4,272	1,068
Mauritius	3,691	1,846	4,429	2,215
Mozambique	93,770	25,418	89,335	24,479
South Africa	19,223	6,929	23,723	8,429
United States of America	9,350	4,850	9,350	4,850
China	9,066	4,533	26,066	8,783
South Korea	11,176	5,588	11,176	5,588
Germany	19,296	9,648	19,296	9,648
Denmark	3,355	1,678	3,355	1,678
<b>Sub-Total Non-Members &amp; Multilaterals**</b>	<b>754,792</b>	<b>119,522</b>	<b>755,582</b>	<b>124,265</b>
<b>Grand Total</b>	<b>7,150,259</b>	<b>954,799</b>	<b>6,626,852</b>	<b>933,626</b>

\*\* ATI supports investments & trade, (including exports) explaining the exposure in non-African countries

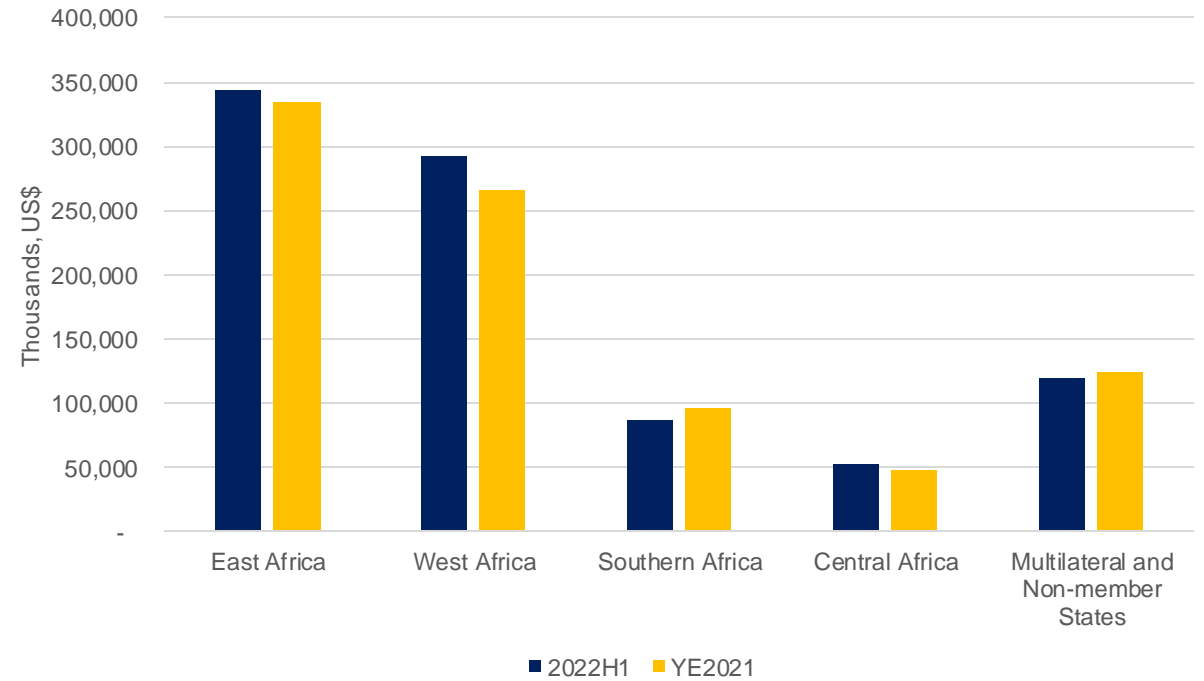


# Risk Portfolio: Regional Exposures

### Gross Exposures per Region



### Net Exposures per Region



Unaudited figures as at 2022H1



# Risk Portfolio:

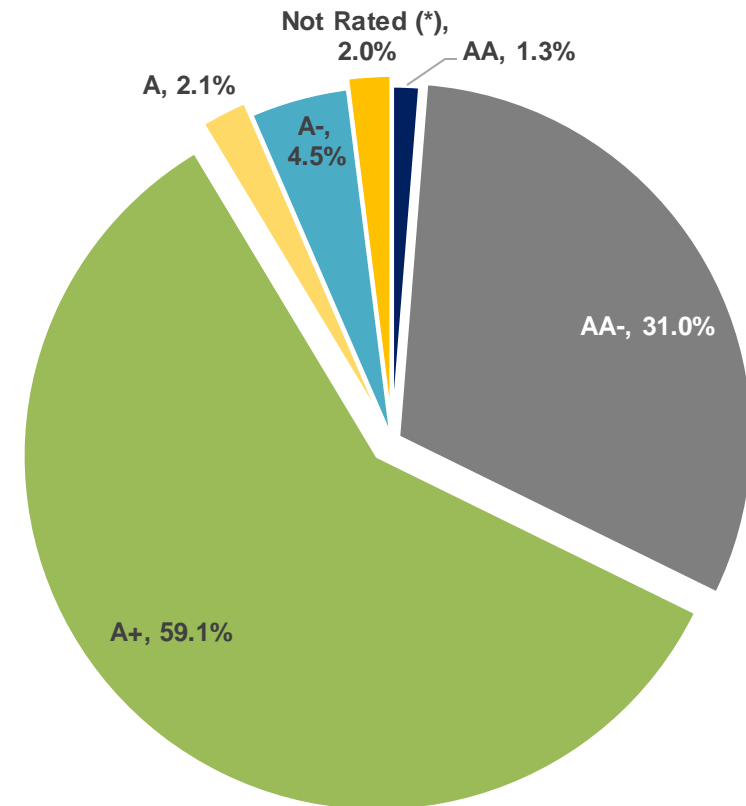
## Reinsurance Ceded Exposure Distribution

S&P Rating	Weight in % of Ceded Exposures	Weight in % of Ceded Exposures
	30-Jun-22	30-Jun-21
AA	1.3%	0.7%
AA-	31.0%	38.2%
A+	59.1%	52.6%
A	2.1%	1.5%
A-	4.5%	5.3%
Not Rated (*)	2.0%	1.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

ATI has strong reinsurance partners with a minimum 'A-' credit rating from internationally recognized credit rating agencies.

(\*) 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 0.1% (2021Q2: 0.2%) of the ceded premiums.

Reinsurance Ceded Exposure by S&P Rating as at 2022H1



Unaudited figures as at 2022H1

# Risk Portfolio: Product and Sector Exposures

<i>(in thousands of US\$)</i>	30-Jun-22		31-Dec-21	
	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure
Bank Portfolio *	123,715	42,545	149,070	46,780
Bond	56,596	10,120	54,527	9,299
CRI - SO **	1,344,411	309,991	1,395,359	326,967
CRI - WTO ***	6,377	3,189	6,377	3,189
PRI ****	5,619,161	588,955	5,021,519	547,392
<b>Grand Total</b>	<b>7,150,259</b>	<b>954,799</b>	<b>6,626,852</b>	<b>933,626</b>

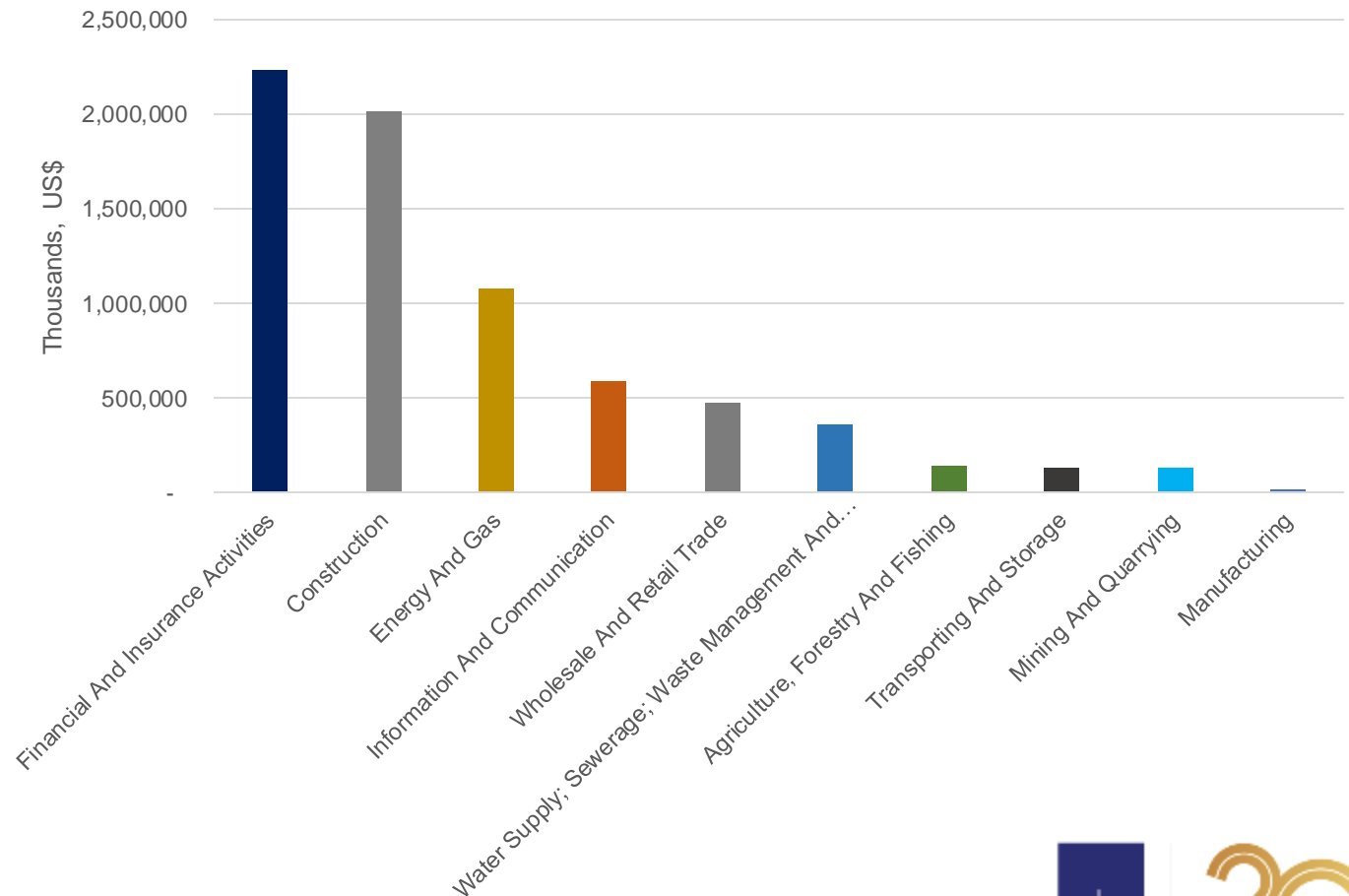
\*Credit Risks – with local banks under portfolio cover

\*\*Credit Risks – Single Obligor

\*\*\*Credit Risks – Whole Turnover

\*\*\*\* Sovereign & Sub-sovereign Payment and Political Risks

Gross Exposure per Risk Sector as at 2022H1



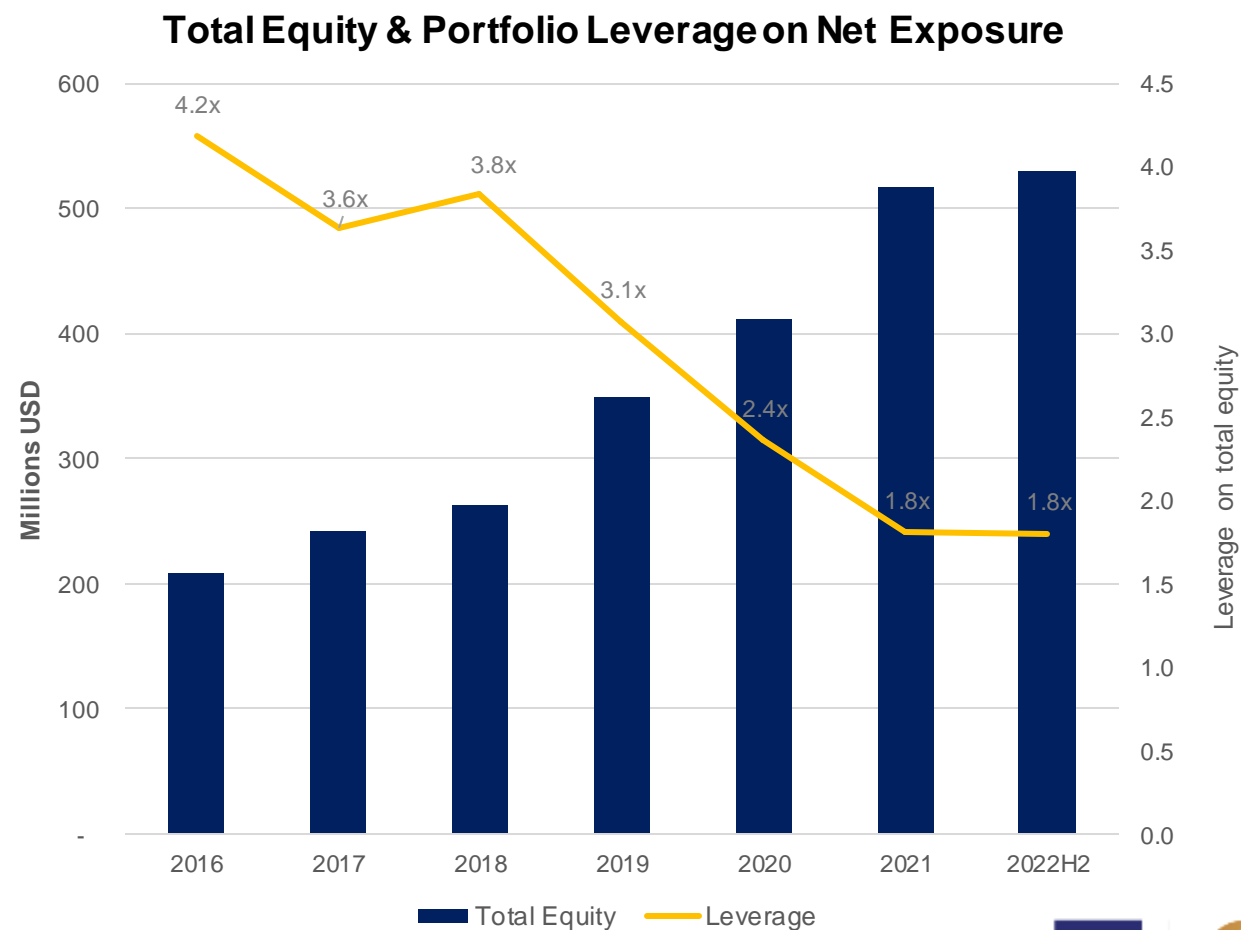
Unaudited figures as at 2022H1



# 2016 - 2022H1: Equity and Portfolio Leverage

(in Millions US\$)

Year	Total Equity	Total Net Exposure	Leverage
2016	208	870	4.2
2017	242	878	3.6
2018	262	1,007	3.8
2019	349	1,074	3.1
2020	411	968	2.4
2021	516	934	1.8
2022H2	530	955	1.8



Unaudited figures as at 2022H1



# 2016 - 2022H1:

## Equity and Portfolio Leverage (cont...)

- ATI's leverage ratio remained at a modest level closing 2022Q2 at 1.80x
- The leverage ratio has had a declining trend over the last three years as ATI's total equity has grown at a much faster rate (from USD 349m to USD 530m) than that observed for the total net exposure (oscillated between USD 1.0b and USD 930m).
- In addition, our largest clients have not yet significantly increased their limits on ATI which exercises pressure on our gross line (ATI + Treaty) and doesn't allow ATI to mobilise it's capabilities on a per transaction basis.
- Since the start of Y2022, ATI has been implementing strategic measures to increase the overall retention rate thereby optimising the utilization of available net capacity, for example by onboarding new counterparties, marketing ATI's products in new territories and working more with Regional DFIs.



**ESG**

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# Standards to which ATI is committed

ATI's E&S Policy was set up in 2017. ATI is committed to the standards as follows:

1. IFC Performance Standards (2012)
2. EIB Statement of Environmental and Social Principles and Standards (2009), and Environmental and Social Handbook (December 2018)
3. AfDB Integrated Safeguards System (2013)
4. KfW Sustainability Guideline Assessment and management of Environmental, Social and Climate Aspects: Principles and Procedures (February 2021)
5. World Bank Group Environmental, Health and Safety (EHS) Guidelines
6. International Labor Organization (ILO) standards

# ATI's E&S Risk Management Framework

The process of ATI's E&S Risk Management consists of the following steps:



## Screening



- ✓ Verify compliance with ATI's eligibility requirements and exclusion list
- ✓ Identify key ESG risks and opportunities
- ✓ Identifier IFC PS likely to be triggered by the project

## Classification



Depending on the E&S risk profile and whether the undertaking can be considered an existing operation or a new project, the following categories will be applied:

- ✓ Category A (high E&S risk projects)
- ✓ Category B (medium E&S risk projects)
- ✓ Category C (low E&S risk projects)

# ATI's E&S Risk Management

## Due Diligence



## Decision and Monitoring

### Category A & B: No changes

- 1) *Check of Significant involvement of reputable Financial Institutions (FI) or robust ESDD documentation available*
  - ✓ If so, plausibility check for category B and verification for category A of FI ESDD results
  - ✓ If no, prepare scope of work for an ESDD
  
- 2) *Ensure compliance with applied Standards is reached*
  - ✓ If so, E&S covenants to be included in policy
  - ✓ If no, Development of an Environmental and Social Action Plan (ESAP) and E&S covenants to be included in policy
  
- 3) *Regular monitoring of implementation is required*

# Step-by-Step Approach for ESG Mainstreaming

Type of policy	ESG requirements
<b>Policies Extension</b>	<ul style="list-style-type: none"><li>✓ No additional ESG requirements to be requested from the insured</li><li>✓ Keep the insured aware on ATI's new ESG Policy and ESG review requirement prior to the policies renewal</li></ul>
<b>Policies Renewal</b>	<ul style="list-style-type: none"><li>✓ Request for ESG review (where applicable this should be requested PRIOR to confirming renewal)</li><li>✓ Keep the insured informed early, that Policy renewal will be subject to an ESG review in accordance with ATI's ESG Policy</li></ul>
<b>New Policies</b>	<ul style="list-style-type: none"><li>✓ Keep the insured informed right from the outset of reviewing the transaction that approval will be subject to satisfactory ESG review in accordance with ATI's ESG Policy</li></ul>



**RLSF**



# The Original RLSF Structure (Phase 1)

## How it Works:

- The Stakeholders – ATI, KfW and the LC Issuing Bank (Absa South Africa)
- Absa South Africa issues Standby Letters of Credit (SBLCs) to IPPs
- Absa South Africa is protected by (i) *cash collateral* and (ii) *On-Demand guarantees* from ATI
- The IPP signs a Terms of Use Agreement with ATI and Absa; thereafter, Absa issues the SBLC. Each SBLC issued covers up to six (6) months worth of revenue for the IPP.
- Eligibility Criteria:
  - a. Small and medium sized renewable energy projects (up to 50 MW).
  - b. Host countries need to have signed an MoU with ATI.

# The Original RLSF Structure (Phase 1)

**Phase 1 Portfolio:** 5 projects with a total portfolio size of **USD11,267,500** (Absa retention of USD 49,875 with the balance covered by grant funding)

Project Sponsors/Name	Country	Project Size (MW)	Cover Amount (USD)	Absa Retention (USD)	Net RLSF Exposure (USD)
Gigawatt Global - Mubuga solar PV	Burundi	7.5	997,500	49,875	947,625
Serengeti - Nkhotakota solar PV	Malawi	21	2,400,000	-	2,400,000
JCM Matswani - Salima solar PV	Malawi	60	4,400,000	-	4,400,000
Serengeti - Nyamwamba II	Uganda	7.8	1,350,000	-	1,350,000
JCM - Golomoti solar PV	Malawi	20	2,120,000	-	2,120,000
		<b>116.3</b>	<b>11,267,500</b>	<b>49,875</b>	<b>11,217,625</b>

Cash Collateral of USD 11,217,625 deposited in a Security Account

**ATI Retention:** ATI is required to contribute 5% towards losses that are unrecovered 12 months from the claim payment date



# The New RLSF Structure (Phase 2)

## How it works:

- The Stakeholders – ATI, KfW and Norad.
- ATI will issue guarantees directly to the IPPs **without** the involvement of an LC Issuing Bank.
- The guarantees issued by ATI will be supported by cash collateral and guarantees.

## Key changes:

- A single “*Liquidity Support Agreement*” is issued by ATI
- The guarantee covers up to 12 months worth of revenue for the IPP
- Larger Projects are considered

# RLSF: Going Forward

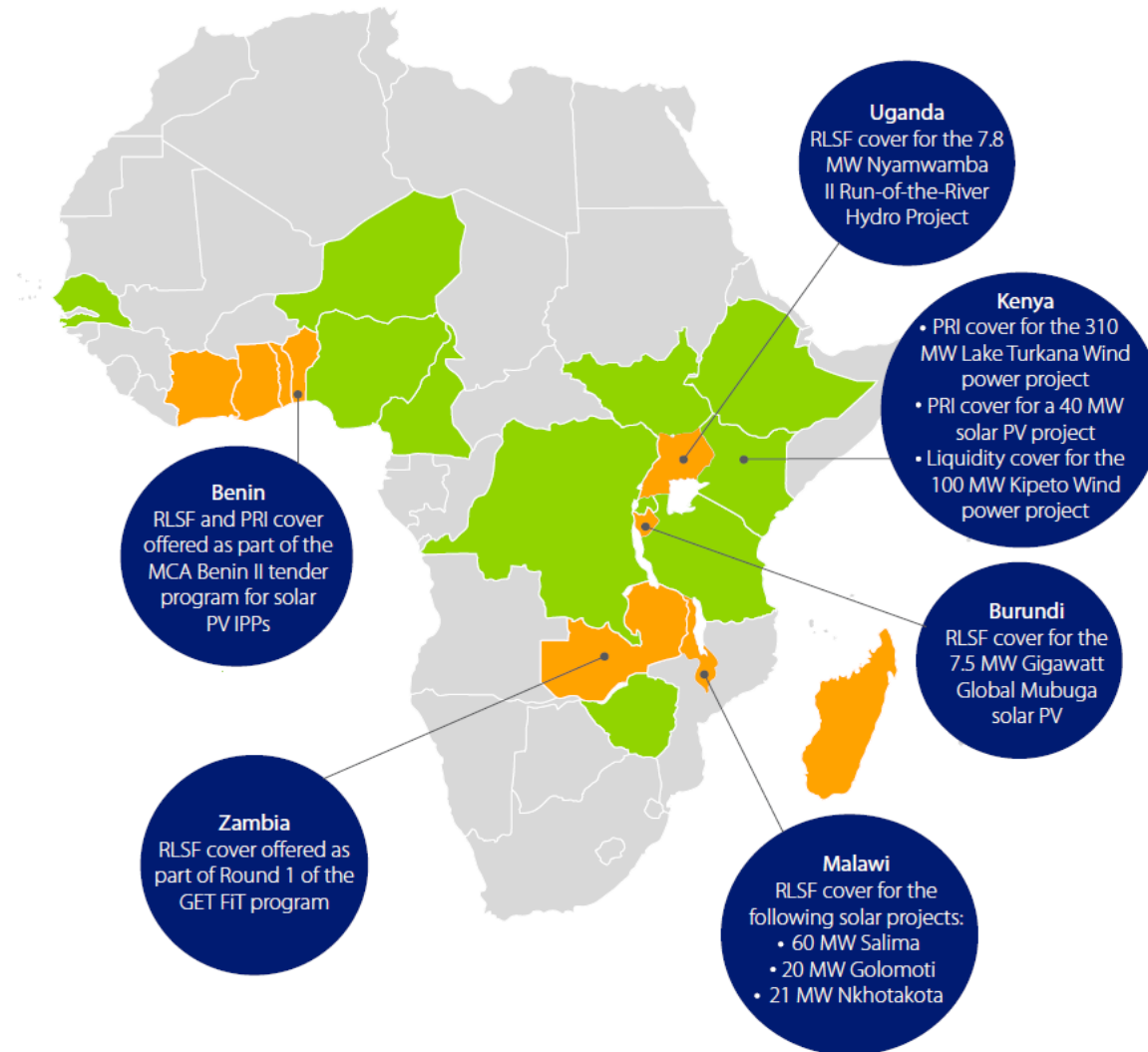
## Next Steps:

- Phase 1 of RLSF has been closed with 5 projects having been supported
- Engagement of additional countries across the continent to sign the RLSF MoU

## Beyond RLSF:

- ATI will start market engagements to develop bespoke guarantee products targeting distributed renewable energy projects (C&I, off grid projects, etc.).
- ATI will work towards building an *Energy Team* which will ensure greater internal capacity
- Consideration for technical support to African power utilities and regulators

# Projects and Initiatives Supported in the Energy Sector



# The Transparency Tool

- The Transparency Tool provides useful credit information to banks and other creditors
- The Transparency Tool helps demonstrate to the IPPs that they are treated fairly compared to other suppliers
- All payment information provided by IPPs and off-takers are aggregated and anonymized on the website and when published as part of country reports



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