African Trade Insurance Agency

Agence pour l'Assurance du Commerce en Afrique

2020 ANNUAL REPORT

Robust. Reliable. Transformational

Vision

To transform Africa into a prime trade and investment destination.

Mission

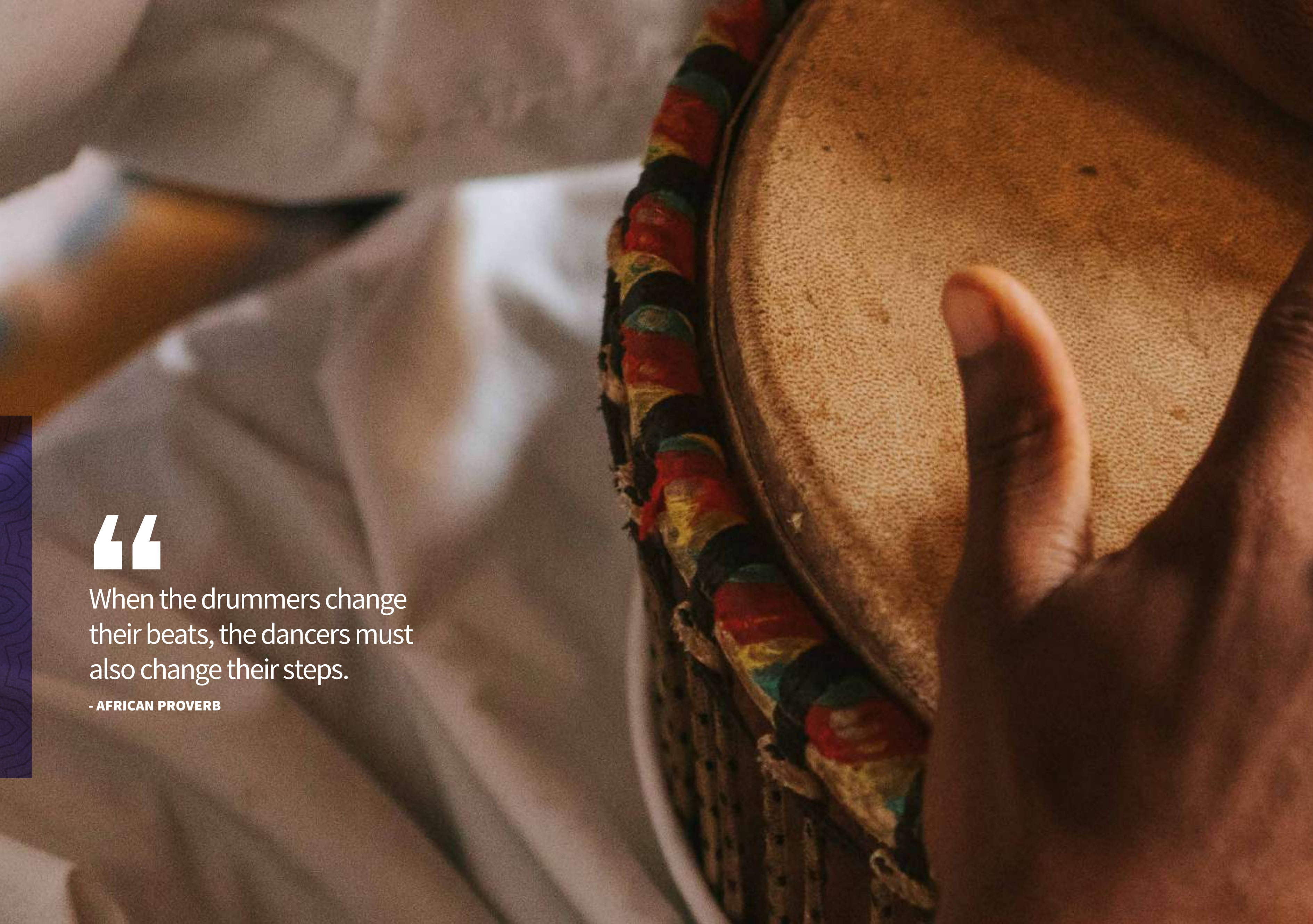
To turn African Risk into opportunity – as we Re-think Risk – by providing innovative insurance and financial products, in partnership with the private and public sector.

Values

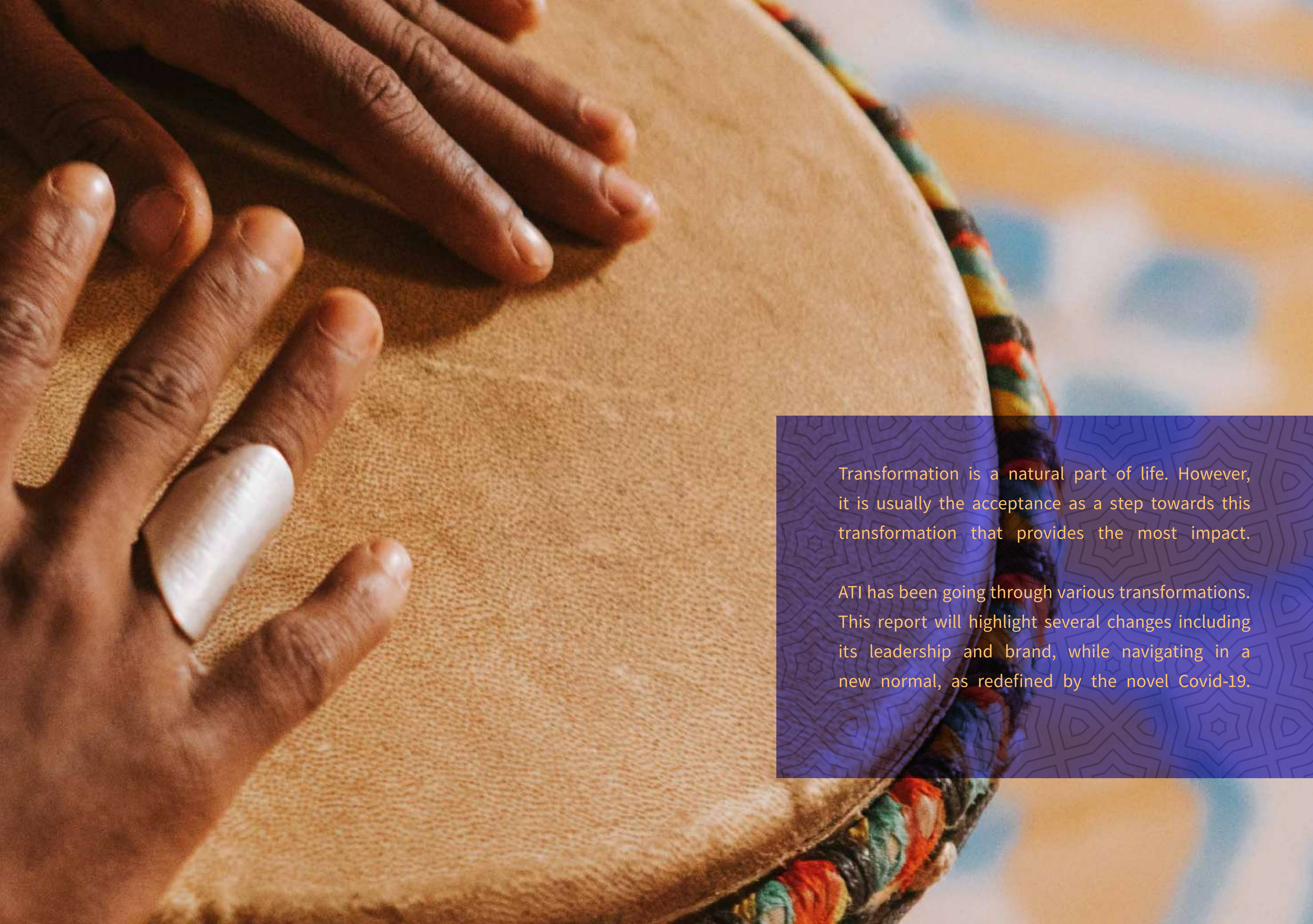
We strive to carry out our business with a customer first approach combined with innovation, integrity, creativity, unity of purpose and an attitude of getting it right the first time.

Mandate

To facilitate, encourage and develop the provision of, or the support for insurance, including coinsurance, reinsurance, guarantees and other financial services for the purposes of promoting trade, investment and other productive activities in supplement to those which may be offered by the private sector, or in cooperation with the private sector – resulting in the development of the African continent.



> When the drummers change their beats, the dancers must also change their steps.
>
> **- AFRICAN PROVERB**



Transformation is a natural part of life. However, it is usually the acceptance as a step towards this transformation that provides the most impact.

ATI has been going through various transformations. This report will highlight several changes including its leadership and brand, while navigating in a new normal, as redefined by the novel Covid-19.

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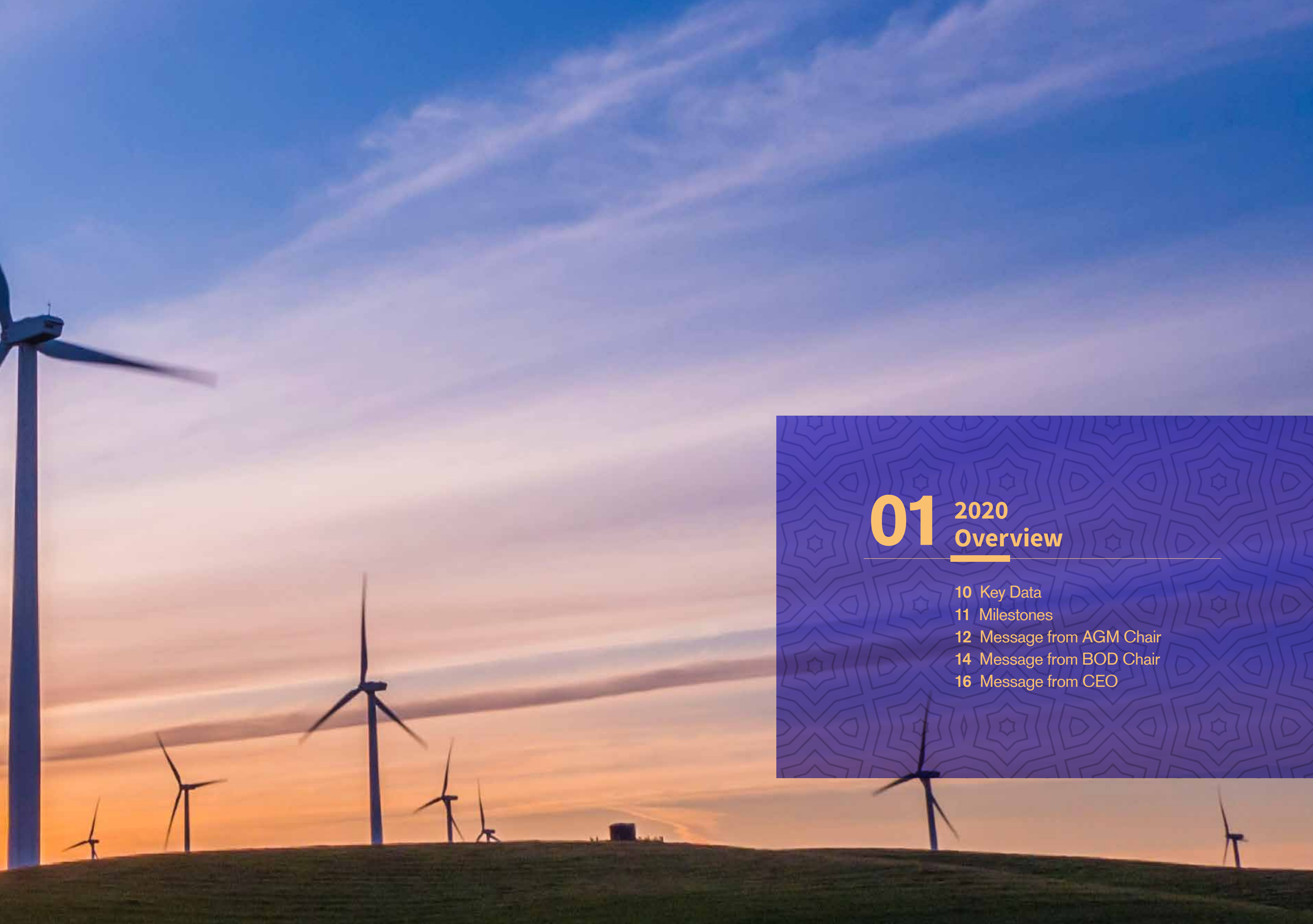


01 2020 Overview

KEY DATA

Ratings

A/Stable
S&P

A3/Stable
Moody's

USD 411 m (+18%)
Equity

USD 66 bn (+6%)
Volume of Investments & Trade supported since inception

USD 6.3 bn (-3%)
Gross Exposure

USD 125.6 m (+12%)
Gross Written Premiums

12.6% (+22%)
Return on Capital

USD 39.4 m (+43%)
Net Profit

ATI's MILESTONES

9

9 years of profitability

Niger & Togo

Niger & Togo became members

CESCE

CESCE, the Spanish export credit agency, completes membership

Dividends

Dividends increased by 179% since the first payment done in 2018

Rebranding

Rebranding initiative commences, which aims to realign the brand to its business strategy and to grow the brand's identity, reputation and enhance visibility

Message from the Chairman of the Annual General Assembly

Honourable Matia Kasaija (MP)
Minister of Finance, Planning and Economic Development
Republic of Uganda

As a Pan-African institution, ATI's primary concern during the 2020 financial year was addressing the profound adverse impact of the Covid-19 pandemic on communities, businesses and governments on the African continent, and the risk that the socio-economic gains of the last decade could be reversed. It is notable that, whereas in terms of human cost, Africa registered significantly low fatalities and infections, the effects of the pandemic on economic activity across Africa has been severe and this trend is expected to continue into 2021.

While the full effects of the Covid-19 pandemic will become clearer in the medium to longer term, there are indications that Africa's growth contracted by 3.3% in 2020, leading to the continent's first recession in 25 years. FDI flows to Africa are projected to fall and thus exacerbate the already low levels of foreign investment. Economic recovery is expected to begin in late 2021 but at a marginal rate of 2.1%, which is still below the 2019 growth of 2.4%.

In ATI, we share the cautious optimism of a rebound in growth in the medium term, although the overall effects of the pandemic on sectors such as tourism, air transport and services could linger and constrain the momentum of growth. Generally, Africa has shown considerable resilience in past crises, including the 2008 global financial crisis and the commodity price collapse of 2014- 2016.

I therefore believe that the continent has what it takes to go through the present pandemic and overcome its adverse impact. As we enter into the recovery phase, a number of key lessons on which we can build the post-Covid-19 future are apparent and include:

Addressing structural vulnerabilities and commodity dependence

Back in 2001 when ATI was established, a key objective was to facilitate the diversification of member countries' economies, demonstrated by a declining trend in the share of commodities as a proportion of GDP and exports. As ATI marks its 20 years of commercial operations, this position has only marginally improved with Sub-Saharan Africa exports of goods and services comprising 25.4% of GDP in 2019 compared to 26% in 2000. Experience has shown that countries that are more diversified have a better chance of avoiding catastrophic effects of market shocks such as those associated with Covid-19.

Looking at ATI's portfolio, commercial credit insurance is stronger in member countries that have more diversified economies driven by domestic and regional demand. We must therefore continue to address structural vulnerabilities that prevent the diversification of economic activity towards sectors such as manufacturing and agro-processing, which add higher values to exports and are less sensitive to exogenous factors.

Removing impediments to intra-African trade and investments

Much of the trade that takes place in Africa is connected to the continent's historical linkages. Compared to other regions, intra-African exports still remain low. According to the World Bank, raw material exports accounted for 53% of total African exports while completed goods exports was only 16%. Intra-African exports were only 19.7% of total exports while the share of intra-African imports accounted for only 12.6%.

Countries that will experience slower recovery from the ravages of Covid-19, will most likely be those that are dependent on global supply chains - especially commodity producers. Removing impediments to intra-African trade will therefore be imperative. ATI is committed to supporting regional efforts such as the African Continental Free Trade Area (AfCFTA), aimed at facilitating regional trade and FDI. Governments have committed themselves to removing non-tariff barriers, streamlining external trade policies and redressing bureaucratic customs procedures. ATI will be a critical partner in supporting AfCFTA which is expected to address some of these obstacles.

ATI will continue to provide insurance solutions to mitigate risks that governments and the private sector are not well positioned to address with its range of products that include political (investment) risk insurance and commercial credit risk insurance.

Financing of trade and investments

Financing for investments and trade transactions is likely to face challenges as banks and lenders exercise greater due diligence in the wake of increased non-performing loans, triggered by the pandemic. Although governments and regulators in African countries have implemented policies to ease the burden of banks and lenders who are faced with repayment risks in the face of declining profits and deteriorating market conditions, these measures are short-term. In some ATI member countries, banks are already posting declining incomes.

ATI is working with commercial and multilateral lenders in helping to structure and de-risk lending so as to make financing available to firms and to keep them afloat during these challenging times. This is done with due prudence to protect ATI's own financial standing and credit rating, which are critical to the development impact the organization has on the continent.

Addressing these challenges will require coordinated approaches within the continent but also support from the global community. ATI stands ready to partner with all stakeholders in providing trade and investment solutions that will enhance the resilience of the continent.

Message from the Chairman of the Board of Directors

Dr. Yohannes Ayalew Birru

Covid-19 Impact on ATI

ATI has navigated the Covid-19 crisis well, avoiding the more severe shorter term effects of the pandemic on its balance sheet. As the global economy and the corporate world begins a gradual recovery from the pandemic, I can confidently say that our profitability and capital remains intact. Even in the face of a decline in Gross Exposure of 3%, profitability measures have been on an upward trajectory and the year-to-year growth has been highly satisfactory.

We are closing the year 2020 with only minor gaps between our financial indicators and the year's targets set prior to the pandemic. I hasten to add however that this is the first time in our operating history that we have performed below the years targets in our Gross Written Premiums, Net Earned Premiums, Investment Income, and Capital returns - meaning that ATI has not been unaffected by the pandemic.

Initially, like most other risk carriers, ATI found itself faced with significant downside risks to its business, as both commercial and sovereign counterparties faced challenges in meeting their obligations to insureds. The Board however, acted decisively and swiftly in responding to the crisis. Management carried out an internal stress test and scenario analysis to determine the extent to which our portfolio was vulnerable to the pandemic, so as to better position ATI to deal with the potential risks. The message to our shareholders is that our portfolio remains safe.

In 2020, ATI escaped even the minor losses that were anticipated under the best case scenario. Neither did a hardening reinsurance market keep ATI from raising capacity and finding support for reinsurance needs. For the difficult debt obligations, we witnessed a willingness on the part of insureds and counterparties to restructure their obligations so as to maintain business relations.

Internal Risk Controls

As a Board, we do appreciate that our role of exercising oversight in risk and internal controls as well as financial management becomes doubly important at this time. Obviously, ATI recognizes that the effects of the Covid-19 are still unfolding and its full impact will be known in the longer term. For this reason, ATI continues to update the stress test on a quarterly basis as a precautionary measure and to enable us implement timely mitigation measures should our business and financial results be under threat.

We are particularly observing our exposures with sovereigns, due to the high risks of debt distress that is displayed by a number of member countries. Some of our member countries are so far facing fiscal pressures and debt repayment challenges which could exacerbate default risks and trigger claim payments. While our commitment as an African multilateral is to continue supporting member states and to help them cope with the effects of the pandemic, we are also taking a more cautious approach in evaluating existing and new business so as to safeguard shareholders' interests.

Membership Expansion

I wish to recognize the work and commitment of the Board of Directors and the Management of ATI in contributing to the success of ATI during this pandemic year. The Board of Directors is equally indebted to its shareholders in helping keep ATI on a steady course. In particular, I would like to thank AfDB, KfW and EIB for their commitment to funding our membership expansion drive.

I am delighted to report that we are on course to finalize the membership of Angola, Burkina Faso, Cameroon, Chad and Senegal while additional funding has been received for capital enhancement of existing members. ATI is well on track in becoming a fully pan-African institution with Niger & Togo having completed their membership in 2020. Equally important is the membership of the Spanish ECA which was completed in 2020. With the growth of membership, comes other advantages such as increase in ATI's equity and investment earnings, as well as enhancing the chances of ATI's credit rating of A/Stable by both Moody's and Standard & Poor's being upgraded.

CEO Recruitment

Finally, I am delighted to report that the Board of Directors finalized the recruitment of ATI's new Chief Executive - Manuel Moses - in 2020. We welcome Manuel to the team and believe he has what it takes to carry ATI to the next level. Manuel, who comes to us from the World Bank's International Finance Corporation (IFC), has a solid track record of managing multi-disciplinary teams in regional and multilateral organizations. His close interactions with governments will ensure that the sanctity of ATI's preferred creditors status continues to be respected by member countries.

I thank the Board and Management of ATI for another successful year.

Message from the CEO

Manuel Moses

I am humbled and yet excited to take over the leadership role at ATI at a time when the world is grappling with the aftermath of the Covid-19 pandemic. Having been involved with ATI in its formative years, I appreciate the long journey it has travelled to be where it is today. At the time, not even my wildest estimates were close to the now over USD 6.3 billion of Gross Written Exposure of assets under management. As we celebrate our 20 year anniversary, I would like to thank the board, management, staff, shareholders, reinsurance partners, customers and wider stakeholders who made this journey possible. Congratulations of the highest order. Thank you for the continuous support. We will strive to improve our value proposition and serve you even better for many more years ahead of us.

Specifically, I would like to give credit to my immediate predecessors, John Lentaigne and Toavina Ramamonjiarisoa for acting as CEOs and for helping me to transition smoothly into this role. Despite the massive and economic impact of the Covid-19 pandemic, we navigated this better that our initial fears. ATI has another record year as highlighted below:

- A record Gross Exposure of USD 6.3 billion, representing only a minor decrease of 3% over 2019;
- A record Gross Written Premium of USD 125.6 million, representing a 12% increase over 2019;
- A record Net Profit of USD 39.4 million, a 43% increase over 2019; and
- A Return on Capital (ROC) 12.6% despite 18% the growth in Equity

- 3 new shareholders joined ATI (Niger, Togo and CESCE)
- Maintained our A/stable rating by Standard & Poor's and A3 rating by Moody's

Covid-19 Response

As the full impact of the pandemic unfolds in the continent, by end of 2020, Africa's fatalities were at 3.4% of all cases reported globally (according to the Africa CDC statistics). Large portions of the economies have been devastated, companies closed across all sectors - especially SMEs. Massive job losses have occurred. Governments were forced to lockdown their economies resulting in massive loss of revenues at time when national debt levels were already high and threatening distress in a few cases.

Governments responded with stimulus packages initially to save lives, followed by saving livelihoods then hopefully, all returns to normal as vaccination efforts start to bring the pandemic under control. However, the Government stimulus efforts were small compared to the needs. At best at about 5% of GDP compared to higher ratios in the developed countries. There is a call to action for all stakeholders to assist the governments to deal with the economic fallout. At ATI we have focused on:

- Successfully invoking our business continuity plans to minimize any disruptions to service to our customers and ensure that our employees are protected
- Assisting governments to re-profile their debt and create some space for the needed larger stimulus packages. Governments need to preserve ATI's preferred creditor treatment to enable crowding in the much needed resources
- Expanding our membership with the support of our partners at AfDB, EIB & KfW so as to strengthen our capital
- Expanding our trade facilities at a time when correspondent bank limits were being cut to support trade of critical goods and services such as vaccines and personal protective equipment (PPEs)
- Refocussing renewable infrastructure programs to help our member countries build back better

The pandemic is a wakeup call for Africa. Our investment in social and digital infrastructure needs to be massively scaled up. We need to build more hospitals, improve access of broadband internet at affordable rates to mention but a few. We could have saved many lives if we had better hospitals and our children could have continued to learn during the lockdowns. Africa needs to bridge this digital and health infrastructure divide in addition to the traditional infrastructure gaps in energy, roads, cold chains, and manufacturing. To fulfil the promise of the AfCFTA, Africa needs to add value to its produce and trade among itself. With the strong backing of our reinsurance partners, ATI will play its critical role of mobilising private capital to tackle all these gaps. Internally, we will strengthen our management, staff complement and reengineer our processes to adapt to the new normal of home based work while still serving our customers.

ATI certainly recognizes the response of the developed countries in helping less developed countries deal with fiscal pressure and debt challenges in the face of the Covid crisis. Indeed the G-20 Debt Service Suspension Initiative (DSSI) is intended to provide the 73 developing countries, 38 of which are African countries, with room to channel budgetary funds toward reducing the infection as well as supporting balance of payment challenges. ATI is complementing these initiatives by supporting debt re-profiling operations, enabling member countries to restructure debt by shifting to longer tenors and lower interest rates. We are working with commercial and multilateral lenders like the World Bank, AfDB and AFC to secure funding that will help countries recover from the long term effects of the pandemic.

Re-branding ATI

As I conclude, I am proud to take over at a time when we are about to unveil a new brand. This rebrand is a long term investment to align the brand to the business strategy, develop a competitive position in the market and creatively articulate our offer to build successful market evolution over time as we foster business relationships. It re-imagines the approach to risk in Africa and the prevailing perceptions of the continent through our specialist solutions in order to ensure effective trade and investment delivery thus enabling the finance that stakeholders' desire and for the development and growth of the continent. I know we can count on you to keep our new brand successful as we enter into another decade next year.

02 Management & Business Review

"Image: Freepik.com"

MANAGEMENT REPORT

Current Management

Manuel Moses
Chief Executive Officer

ATI continues to perform despite the global economic crisis. This **robustness** was attributed to employees' commitment while working from home and our robust IT infrastructure which prevented operational disruptions.

Deepak Dave
Chief Risk Officer

ATI is one of highest rated financial institutions in Africa based on our financial strength and counterparty credit, making us a **reliable** partner for Africa's development. We insure, invest and operate sustainably to create lasting solutions for our partners.

Benjamin Mugisha
Chief Underwriting Officer

ATI plays a key role in facilitating trade and investments into Africa, thus has a pivotal role in the economic **transformation** in Africa, making the continent more resilient post Covid.

Elizabeth Mutafungwa
Acting General Counsel & Corporate Secretary

We strive to maintain strong and transparent relationships with our partners and are committed to maintaining and enhancing a strong corporate governance framework and business ethics.

Previous Management

John Lentaigne
**Chief Underwriting Officer &
Acting Chief Executive Officer
(May 2019 - July 2020)**

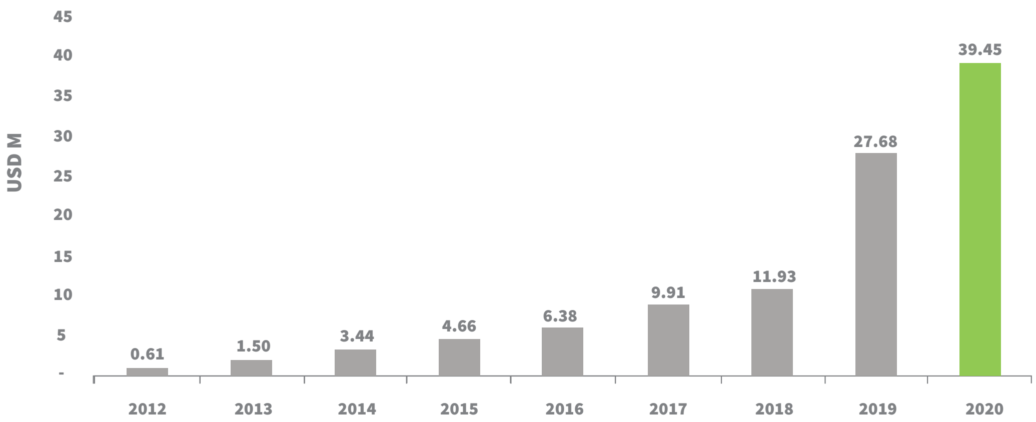
Toavina Ramamonjiarisoa
**Chief Financial Officer &
Acting Chief Executive Officer**
(August - November 2020)

Cyprien Sakubu
**General Counsel &
Corporate Secretary (Retired in July
2020)**

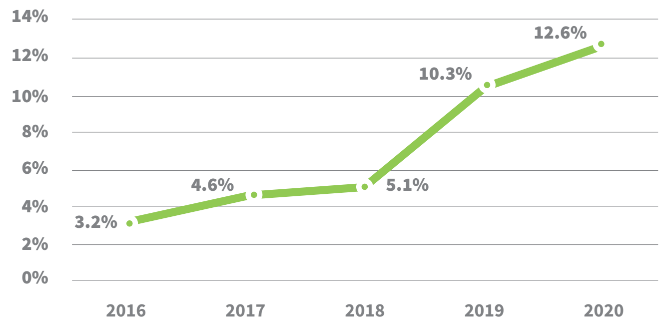
MANAGEMENT REPORT

Key Highlights

Net Result



ROC (Return on Capital)



- Nine consecutive years of profit growth
- 43% growth in net profit owing to increased portfolio, low level claims and a decline in net operating expenses
- 13% decrease in net operating expenses
- Solid growth in return on capital with highest percentage since inception due to increase in earnings despite a higher capital base
- 18% increase in equity due to increased geographical footprint
- Reinforced risk management framework
- Third year of paying dividends

Key Highlights

Impact of Covid-19 on financial results

The World Health Organization declared COVID-19 a global pandemic on March 11, 2020. The dramatic spread of COVID-19 has disrupted lives, livelihoods, communities and businesses worldwide and the future impact of the pandemic remain uncertain.

Despite the challenging market conditions that the COVID-19 pandemic has generated, ATI has shown great resilience and posted a net profit growth of 43%. While a marginal decrease of the ATI's underwriting portfolio was observed as expected due to the combined effects of a hardening reinsurance market and the reduced capacity of commercial lenders resulting from the current economic circumstances, ATI still managed to achieve a 12% increase in Gross Written Premium.

ATI stress tested its portfolio and is satisfied that there will be manageable impact from the pandemic which can be absorbed and has been provided for. Liquidity levels and solvency position remain positive and within target under the circumstances. Management remains positive that they will be able to navigate these unprecedented times.

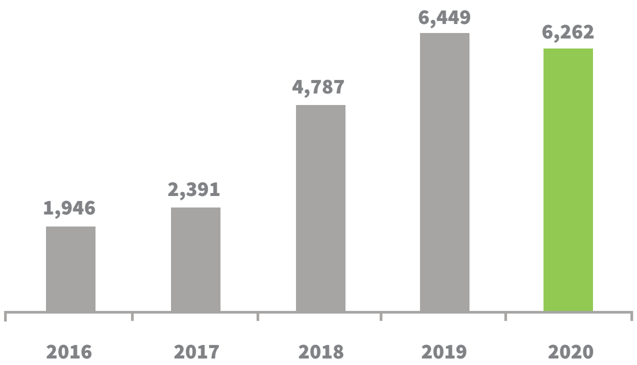
Effective Risk Management Measures Underpin ATI's Stellar Results

The Risk Management Department oversees ATI's five-layered framework primarily through Political Risk and Commercial Risk product support. There is continuous improvement being undertaken through increased resources devoted to portfolio data analysis and risk models with the ongoing revamping of the Enterprise Risk Management framework, increased focus on environmental, social and governance (ESG) impact evaluation such as the recent hiring of a Senior ESG Officer and recruitment of more risk specialists.

ATI has five principal levels of risk control. The department consists of the Commercial and Political Risk analysis functions, oversight of Environment, Social and Governance (ESG) monitoring and impact evaluation. It will also develop further actuarial and business analysis capacity within a robust Enterprise Risk Management (ERM) Framework.

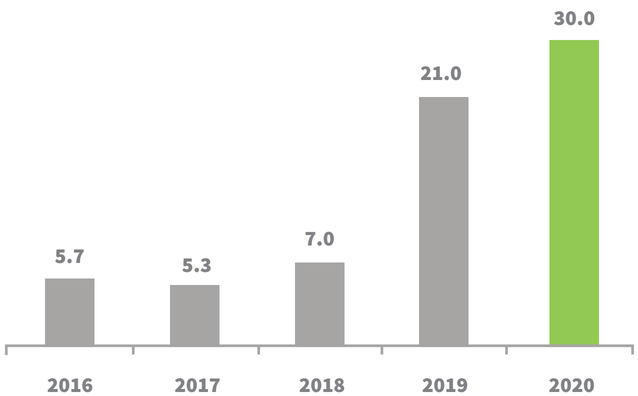
The Framework involves staff, management and operational controls. These are permanent controls which are governed by ATI's policies and procedures and are performed by each department. These collectively form the risk-managed outcome of every individual's contribution.

Key Achievements



Gross Exposure (USD m)

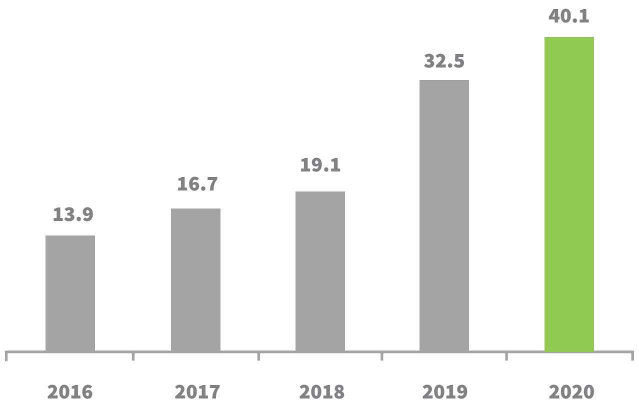
Marginal decrease in gross exposure due to decline of the CRI-SO product line which was affected by reduced demand as a result of current market conditions.



Net Underwriting Result (USD m)

43% growth in Net Underwriting Results mainly driven by an expanding geographical footprint.

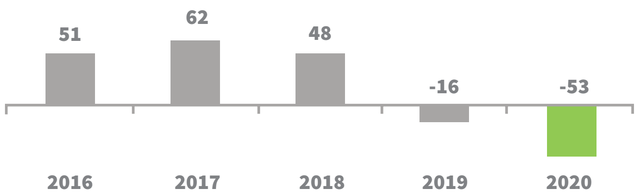
Key Achievements



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

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

(*) net premiums and net commissions

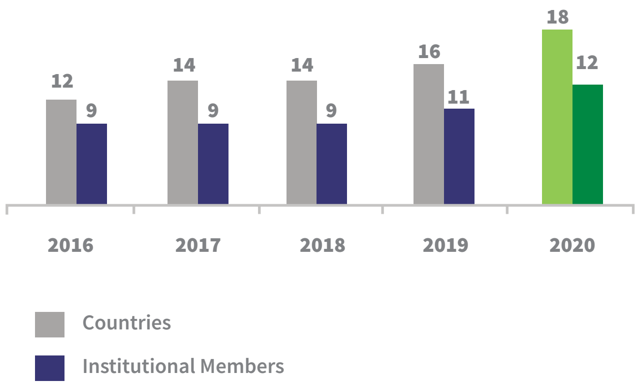


Combined Ratio*

Higher ceding commissions and reduced claims payments resulted in a significant negative.

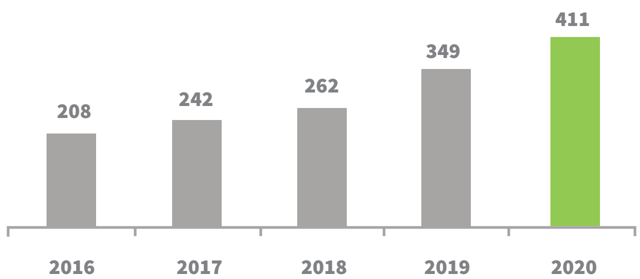
(*) sum of net claims, operating expenses and net commission /net premiums

Key Achievements



Membership Growth

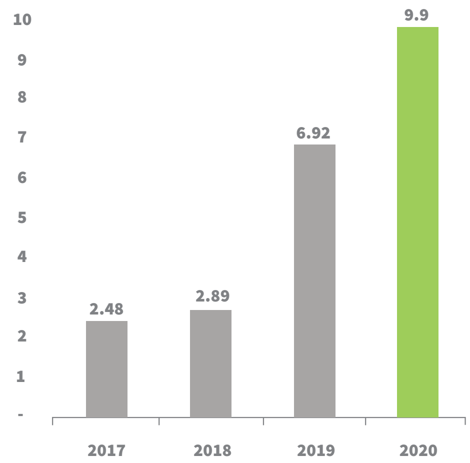
Accelerated membership expansion expected to continue into the future with the financial support of the African Development Bank, the European Investment Bank and Kreditanstalt für Wiederaufbau (KfW).



Equity Growth (USD m)

Equity growth of 97% in the last five years is linked to an increase in shareholders; support from Member States in the form of reinvested dividends and capital contributions as well as retained profits. ATI continues to expand its footprint and has welcomed two new countries (Niger and Togo) and one institutional shareholder (CESCE), contributing to the 18% equity growth in 2020.

Key Highlights



Dividend History

ATI has declared a dividend of USD9.9m in 2020, representing an annual growth rate of 139% from 2019. This is within ATI's dividend policy range and reflects its resilience and management's confidence in the underlying strength of the business.

Claims

The fundamental objective of ATI is to mitigate the risks it insures. The Claims unit continues to be strengthened, which contributed to the exceptional underwriting results in 2020 despite the turbulent market conditions brought by the pandemic. Over the past five years, the unit has been able to post record recoveries and reductions in claims losses.

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

USD 30.7 m

USD 25 m

Total recoveries of paid claims in the last 5 years

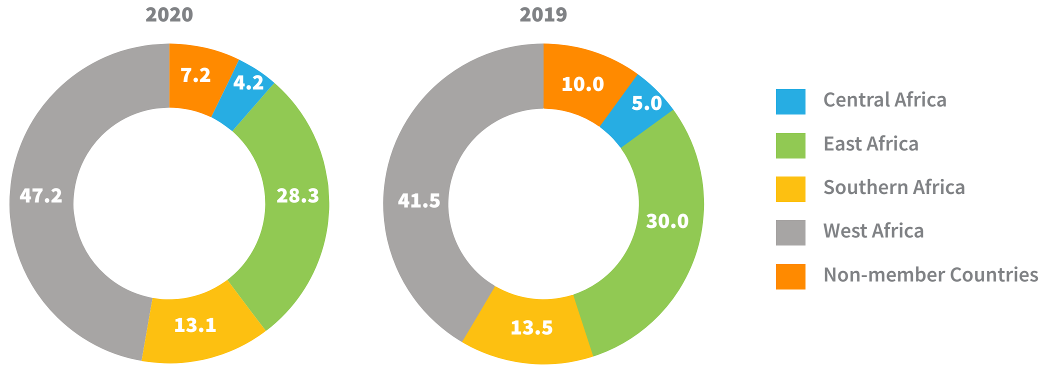
USD 109 m

Total potential claims mitigated before need for payment arose

Key Achievements

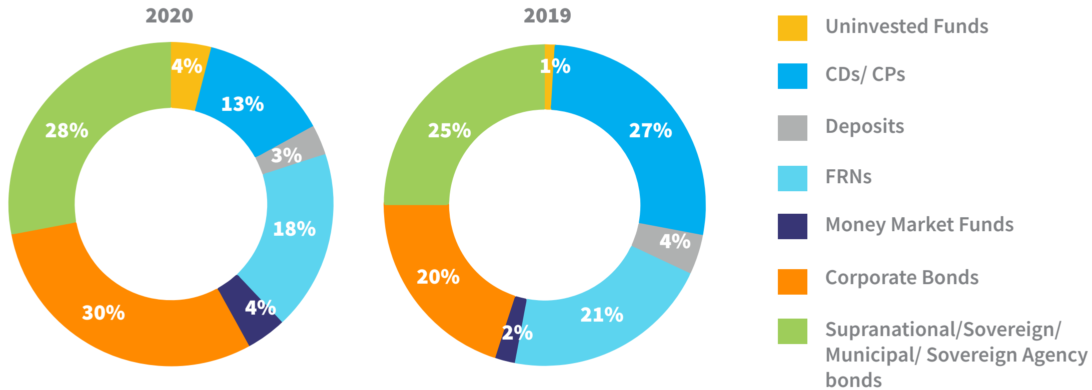
Business Portfolio (Based on Gross Exposure)

ATI's portfolio continues to reflect a robust risk diversification strategy in line with its mandate.



Investment Portfolio

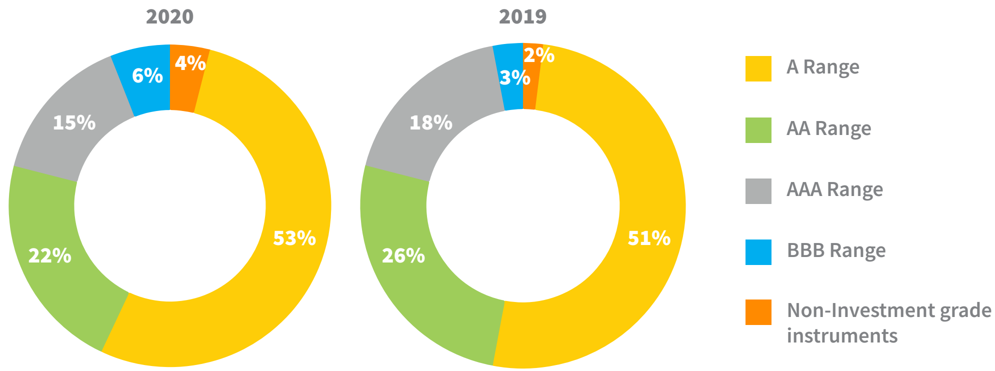
ATI's investment portfolio increased by 19% due to increase in proceeds from capital contributions and reinvested income. Net investment income dropped by 3% despite an increase in the investment portfolio size as a result of monetary policies implemented by major Central Banks across the world of reducing interest rates.



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. To date, 96% of ATI's investment portfolio continues to be comprised of investment grade instruments.



STRATEGY & OUTLOOK

2020 was a remarkably difficult year all over the world with the pandemic, which forced the world to contend with a new normal. Through this period, ATI supported African businesses, investors and governments to navigate risks in the COVID-19 landscape.

However, ATI remains robust and reliable as we are on course to finalizing our 2018 – 2022 corporate strategy. The strategy takes a multi-pronged approach - namely: making ATI bigger, better and more relevant, as reflected under the following pillars:

1. **Bigger** with more business volume, extended geographic reach and increased visibility, to be achieved through the following:
   - Greater Pan-African reach
   - Ensure increased visibility

2. **Better** by mobilizing more resources, training and developing staff, increased efficiency, to be achieved through the following:
   - Sustainable business model
   - Organizational excellence
   - Risk and cost efficiency
   - Targeting an A+ rating

3. **More relevant** by increasing access to and lowering the cost of financing for Governments and investors in Africa and closer engagement with member countries, to be achieved through the following:
   - Increased market impact
   - Increased business penetration in member countries
   - Increased responsiveness to member countries strategic development needs

ATI has recognized its external determinants of success as well as internal capabilities that are critical to achieving this strategy. By focusing on the strategic objectives and operationalizing the core strategic pillars, ATI will cover more sectors that are relevant to Africa, while we continue to be innovative in our solutions offered. We strive to be efficient, optimizing the use of our resources by designing appropriate structures, processes and systems; and ensuring adequate investment in our human resources and succession planning.

ATI remains at the forefront of supporting our African member states to help reduce the economic impacts of COVID-19. Notably, ATI maintained its investment-grade ratings, ‘A/Stable’ (S&P) and ‘A3/Stable’ (Moody’s), which ensured our ability to continue attracting the investment and financing that is so critical during this crisis.

“ATI remains at the forefront of supporting our African member states to help reduce the economic impacts of COVID-19.

PARTNERSHIPS & ACTIVITIES

Outreach Initiatives

ATI supports Tanzania's efforts to attract more investments and decrease commercial borrowing costs

ATI organized a series of briefings with the Government of Tanzania to provide options to obtain more affordable and longer-term financing. In the last five years, ATI has helped the government attract investments valued at over USD1 billion, including the Standard Gauge Railway Project.

ATI launches operations in Ghana

ATI launched its operations in Ghana in February 2020 by hosting a series of meetings and events. The Government of Ghana became a full member of ATI in October 2019 with shareholding valued at USD17.6 million that was provided with the financial support of KfW through the German government. Membership will help mitigate Ghana's investment risks thereby unlocking additional investments as well as lowering its borrowing costs.

Côte d'Ivoire receives funding of USD6.5 m from KfW

The Government of Côte d'Ivoire signed a loan agreement with KfW for an amount of USD6.5 million to finance the increase of its capital contribution to ATI. The initiative was funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) through KfW. The capital increase aims to improve the investment climate, particularly in the renewable energy sector.

PARTNERSHIPS & ACTIVITIES

Outreach Initiatives

Private sector investment in Benin, Burkina Faso, Chad and Senegal to accelerate following EIB's membership support

Private sector investment in Benin, Burkina Faso, Chad and Senegal was strengthened following support from EIB for the four countries, in their membership and share capital increase in ATI. Agreements for EUR 60 million from EIB will enable these countries to either become full members or increase their current participation in ATI. This partnership was cemented during a virtual signing ceremony in October 2020, between ATI & EIB.

ATI in the Renewable Energy Sector

At the virtual Africa Energy Forum, ATI hosted a session on "Risk Mitigation for Renewable Energy Projects." Through RLSF, ATI continues to tackle climate change and attract investments by supporting renewable energy projects in ATI's member countries. RLSF protects the developers against the risk of delayed payments by public off-takers to ensure more projects reach financial close.

ATI's 7th Annual Investor Roundtable on Africa's Investment & Trade Risks

At its annual Investor Roundtable, investors, risk analysts and African governments weighed in on the prospects for the region to recover from the impacts of COVID-19. Analysts predicted a subdued recovery in 2021, with the possibility of countries not returning to 2019 growth levels till 2022. Additionally, debt defaults are likely to be contained to a small subset of countries with little chance of contagion spreading to other countries in the region.

PROJECTS SUPPORTED IN 2020

Sector Overview

Finance and Insurance Activities accounted for 33% of total gross exposure. This was followed by Construction (which mostly comprises of infrastructure of projects) at 31% of total gross exposure.

Summary of the Gross Exposure per Risk Sector as at December 2020

Sector	Sum of Gross Exposure (in Thousands of USD)
Financial and Insurance Activities	2,060,971
Construction	1,915,787
Energy and Gas	988,890
Wholesale and Retail Trade	594,719
Agriculture, Forestry and Fishing	179,217
Mining and Quarrying	198,522
Transporting and Storage	194,529
Information and Communication	94,750
Manufacturing	14,624
Public Administration and Defense; Compulsory Social Security	15,857
Water Supply; Sewerage; Waste Management and Remediation Activities	4,540
Grand Total	**6,262,406**

CENTRAL AFRICA

USD 0.15 bn

ATI’s project portfolio size for the Central Africa region in 2020

Countries in the Region: Cameroon, Central African Republic, Chad, Congo, Democratic Republic of Congo (DRC), Equatorial Guinea, Gabon and São Tomé and Príncipe

ATI Member Country in the Region: Democratic Republic of Congo (DRC)

Balance of Trade in DRC through its Mining Sector

Mining in DRC is highly seasonal, generally experiencing lower production during the wet season (November - June). The 2019-2020 wet season had been unusually severe, with DRC experiencing recurring floods for most of the rainy season. Consequently, this disrupted production/logistics resulting in shortfalls of minerals. Furthermore, the Covid-19 pandemic destabilized the global economy and adversely impacted the commodity supply chains causing a sell off of prices across the commodity complex. The government also took precautionary steps to temporarily suspend activities in certain mines in order to limit the spread of the virus. The combination of impacts of Covid-19 and a severely wet season led to a decline in output and deliveries.

To support DRC's mining industry, ATI provided cover for projects valued at USD 17 million by issuing policies against comprehensive non-payment. These transactions enabled the insured parties to reach an agreement with the current prepayment contracts allowing them to deliver within an agreed time frame.

> A rise in DRC's mineral exports will offset an increase in imports and as a result, boost the country's trade surplus

Pizzaro Lukhanda,
Sr. Underwriter

EAST AFRICA

USD 1.8 bn

ATI’s project portfolio size for the East Africa region in 2020

“image: Freepik.com”

Countries in the Region: Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Seychelles, Somalia, Sudan, South Sudan, Tanzania and Uganda

ATI Member Countries in the Region: Burundi, Ethiopia, Kenya, Rwanda, South Sudan, Tanzania and Uganda

A Vision for Sustainable Food and Agriculture Sector in Africa

According to Food and Agriculture Organization (FAO), export prices of wheat and maize averaged lower in 2020 than in previous years , despite the brisk trade activity amid worries over the COVID-19 pandemic. However, large global supplies and favourable production prospects continued to dominate market sentiment.

An upsurge in food demand and disruptions to supply chains triggered by the COVID-19 pandemic underpinned food price increases in several countries. To counter over-pricing and ensure domestic availabilities during the pandemic, ATI backed a world leading Agribusiness and Food Company by supporting the company to supply wheat to a large East African corporate. The facility allowed the obligor to sell wheat to seven African countries, mitigating logistics and distribution issues, thereby allowing the obligor to sell wheat to the public in these countries at competitive rates and evading panic buying. This transaction is valued at USD 11 million and covers against the risk of non-payment.

> One of ATI's main concern was to prioritize food supply chain as a key part of the response to COVID-19. To hedge against threats to both imports and exports, Africa is fortifying trade across the continent through the African Continental Free Trade Area (AfCFTA), aimed at creating a single market for goods and services

Tusekile Kibonde,
Regional Underwriter responsible for Tanzania

SOUTHERN AFRICA

USD 0.8 bn

ATI’s project portfolio size for the Southern Africa region in 2020

Countries in the Region: Angola, Botswana, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Zambia and Zimbabwe

ATI Member Countries in the Region: Madagascar, Malawi, Zambia and Zimbabwe

Malawi develops one of its first commercial scale independent solar power plants

The COVID-19 pandemic highlighted the urgency to ramp up energy access and to diversify the existing energy mix in many African countries. In sub-Saharan Africa, electricity access stands at just 43%, roughly half the global access rate. The existing low electrification rates and power supply deficits have negatively impacted the continent's economic development.

Phanes Energy Renewables Nkhotakota Limited, supported by ATI, is a Greenfield solar PV power plant with an installed capacity of 21 MWac under the first phase (a 2nd phase of around 16 MWac is planned at the same site). This is the second renewable energy project to be backed by ATI's Regional Liquidity Support Facility (RLSF); RLSF is designed to cover the late-payment risk of publicly owned power utilities.

ATI will provide liquidity cover for a tenor of up to 10 years. Once completed, the project will supply electricity for up to 150,000 Malawian households.

The international consortium behind the project consists of two project developers, Kenya-based responsAbility Renewable Energy Holding (rAREH), the primary equity partner providing equity financing and UAE-based Phanes Group. The two developers collaborated with the U.S. International Development Finance Corporation (DFC) – formerly the Overseas Private Investment Corporation (OPIC) – which contributed to debt financing and Natsons which was the local development partner.

> "The Nkhotakota solar project is one of several well-advanced renewable energy projects in Malawi that are being driven by private developers. This project demonstrates ATI's commitment to the development of renewable energy projects in Africa in tandem with objectives of SE4All
>
> **Obbie Banda,**
> **Underwriter responsible for Renewable Energy**

WEST AFRICA

USD 3 bn

ATI’s project portfolio size for the West Africa region

Countries in the Region: Benin, Burkina Faso, Cabo Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo

ATI Member Countries in the Region: Benin, Cote d'Ivoire, Ghana, Niger, Nigeria and Togo

Niger's Debt Re-Profiling to Support its Social and Economic Development Agenda

Niger became an ATI member country in March 2020 through a grant from the European Investment Bank. This unlocked the first investment, backed by ATI, on its first international commercial financing of USD 200 million with a tenure of 10 years. The loan was to be used to re-profile the country's existing short-term expensive domestic debt.

Noting the success of other regional economies in re-profiling their obligations to create a more sustainable debt profile, Niger devised a clear and ambitious debt management strategy aimed at durably alleviating the debt service burden and strengthening its debt management institutional framework.

With the financing in place, Niger is repaying more expensive and shorter-term T-bills and obligations with longer-term and less costly financing, which creates a more sustainable debt management outlook. This initiative is in line with observations from the IMF captured in its July 2019 country review, which noted that a debt re-profiling operation would usher in a period of more stable funding for Niger's infrastructure development and debt refinancing.

> Niger's ability to attract this long-term financing at a competitive rate hinged on ATI's insurance and reinsurance support from the London market

Rennie Kariuki,
Underwriter

NON-MEMBER COUNTRIES

USD 0.5 bn*

ATI's project portfolio size in non-member countries in 2020

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

Non-Member Countries Supported in 2020: Burkina Faso, Central African Republic, Egypt, Eritrea, Mali, Mozambique, Senegal and South Africa.

In addition, ATI supported non-regional countries of China, Luxembourg and the United Kingdom

ATI's pan African mandate allows it to underwrite strategic transactions in non-member countries across Africa.

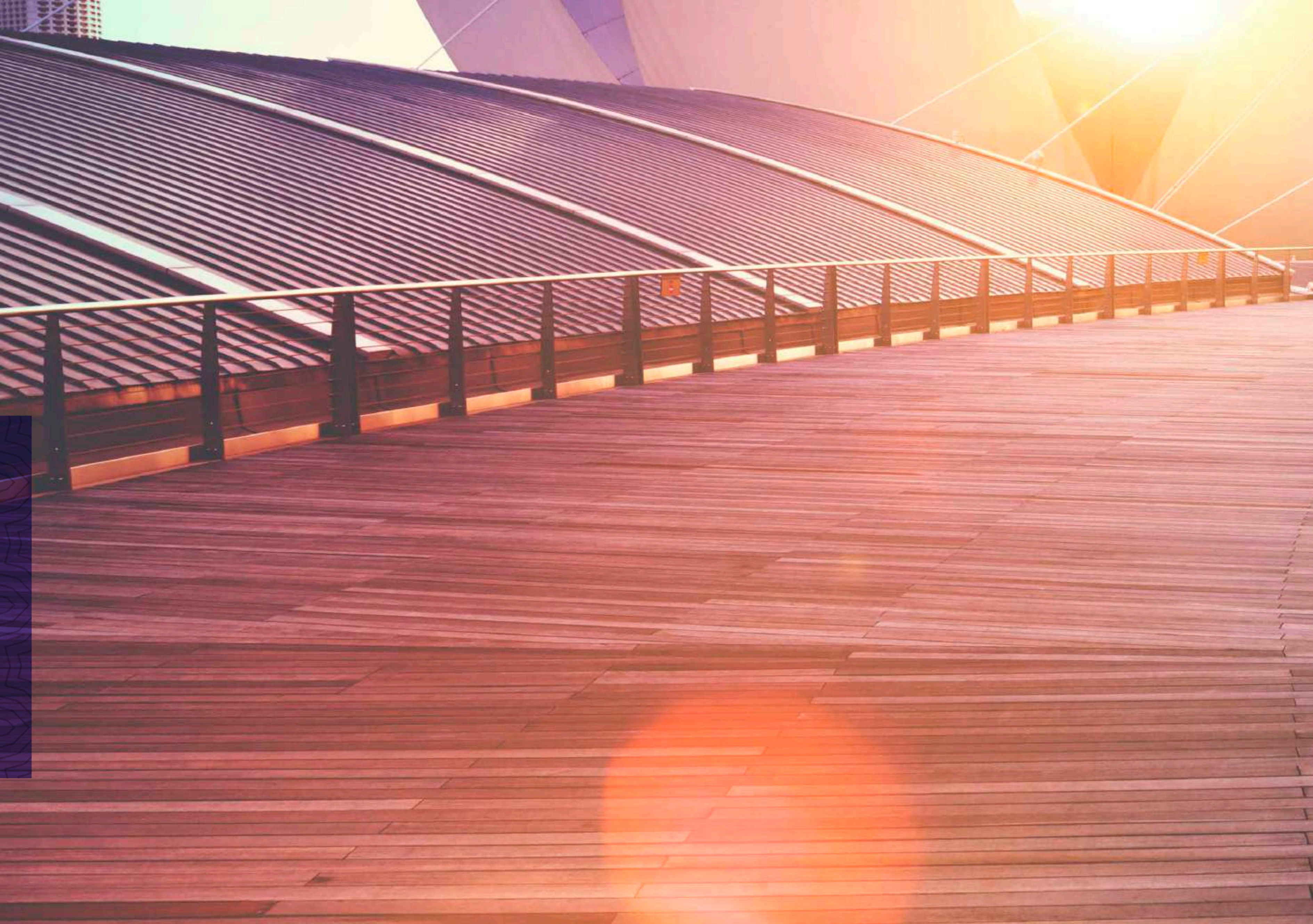
ATI's role in the Gas & Oil Industry in Burkina Faso

Burkina Faso imports oil & gas for its domestic needs as it has no known crude oil reserves or refining capacity. Through an international bidding process, the government awards tender for the importation of oil and gas from various sources. Centralization of imports not only protects against price fluctuations but also diversifies the sources of products supply.

Whereas Burkina Faso is not an ATI member state, its external debt distress remains moderate despite the severe negative impact of COVID-19 on the economy of the country. This prompted ATI to support the project by offering cover to a project valued at USD 13 million for non-payment by a sub-sovereign. The delivery of the oil products will be on an open account basis.

Burkina Faso is well on track to complete its membership in ATI. With financial support from the European Investment Bank, the government is only left to sign the ATI treaty and the participation agreement.

> "ATI looks forward to accompanying Burkina Faso in its quest to meet its Millennium Development Goals as we strengthen the country's private sector investments through ATI's trade and investment solutions
>
> **Kodjo Attaty,**
> **Regional Francophone Underwriter for West Africa**



03 Corporate Information

“image: Freepik.com”

CORPORATE GOVERNANCE

ATI's Governance Structure

As outlined by the ATI Treaty, the highest policy organ is the General Assembly Meeting of the shareholders. The company is governed by a Board of Directors who, in 2020, 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 2020.

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 2020.

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 2020.

ATI's GOVERNANCE STRUCTURE

General Meeting

Represents all shareholders and holds all the powers of the organisation. The ATI General Meeting is the highest authority of the organisation.

Board of Directors

Represents the classes of shareholders and provides strategic orientation, leadership and governance oversight to the organisation.

Chief Executive Officer

Mandated by the Board to manage the day to day operations of the institution and to implement decisions regarding strategy, budget, resourcing, priorities, risk management and planning. The CEO holds authority over key administrative and financial matters.

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 SIMEST, Africa Re)

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

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

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

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

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

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

ALTERNATE DIRECTORS

Mr. M. Senthilnathan
B Group Constituency (Republic of India represented by ECGC Ltd)

Mr. Price Lowenstein
C Group Constituency (Chubb Insurance Bermuda Ltd.)

Mr. Kiiza Bichetero
Class D Shareholders (Africa Re)

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

Mrs. Sekai Chirume
A Group, Constituency 3 (Madagascar, Ethiopia, Zimbabwe)

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

Mr. Noel Loudon Mkulichi
A Group, Constituency 4 (Malawi, Zambia)

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

Ms. Maryse Lokossou
A Group, Constituency 6 (Benin, Cote d'Ivoire)

Ms. Christina Westholm-Schröder
Class C (Chubb Insurance Bermuda Ltd.)

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

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.

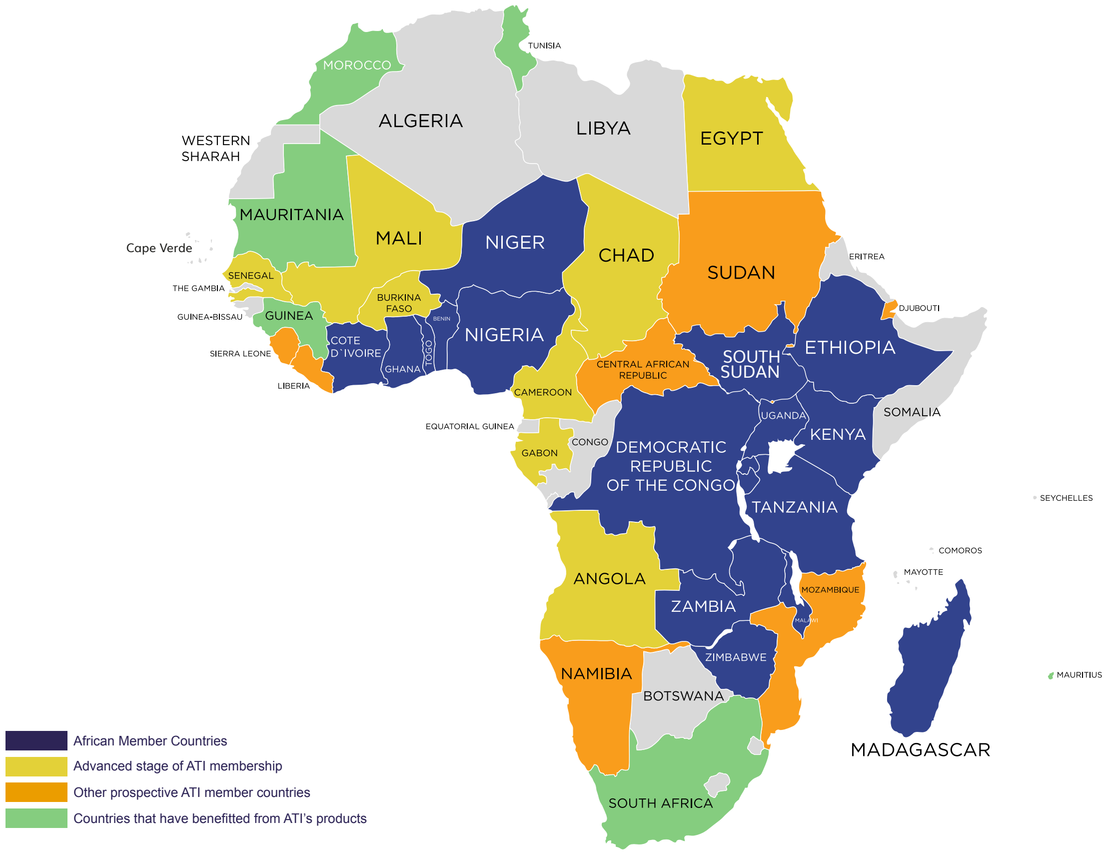
Member States

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

Institutional Shareholders

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

CURRENT & PROSPECTIVE MEMBER COUNTRIES



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

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.

ATI'S PRODUCTS

RLSF (Support to Energy Sector Projects) (continued)

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
- RLSF will back the lender so that the bank does not take any risk on its own

RLSF has two components:

- **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.
- **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 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

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.

ATI'S PRODUCTS

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 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 or send an email to enq@ati-aca.org.

NOTES

NOTES

04 Financial Statements

DIRECTORS' REPORT

The Directors submit their report and the audited financial statements for the year ended 31 December, 2020, which disclose the state of affairs of the African Trade Insurance Agency (ATI).

Principal Activity

ATI was 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 2020 were:

- Political Risk Insurance;
- Credit Risk Insurance; and
- Bonds.

Results For The Year

The results for the year are set out in the statement of profit or loss and other comprehensive income on page 63. The profit for the year amounted to USD39.4M compared to USD27.7M in 2019.

Dividend

The twentieth Annual General Meeting held virtually on 17 July, 2020 approved and declared a dividend distribution of USD6.9M to ATI's members and shareholders relating to the financial year 2019.

The Directors are pleased to recommend a dividend of USD 9.9M for the current financial year ended 31 December 2020 subject to the approval of the forthcoming Annual General Meeting.

Auditors

The auditors, Deloitte & Touche, were appointed at the Annual General Meeting held on 17 July, 2020, for a period of three years. Deloitte has indicated willingness to continue in office.

Statement of Directors' Responsibilities

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

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (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.

DIRECTORS' REPORT

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

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

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

Approval of Financial Statements

The financial statements on pages 63 - 100 were approved and authorized for issue by the Board of Directors on 26 March 2021.

Dr. Yohannes Ayalew Birru
Chairman of the Board of Directors

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

Nairobi, 26 March, 2021

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

Opinion

We have audited the financial statements of the African Trade Insurance Agency (ATI) set out on pages 63 - 100, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of ATI as at 31 December 2020, and of its financial performance and 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of ATI in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information obtained at the date of this report is the information included in the Directors' Report, but does not include the financial statements and our auditor's 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 auditor's 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 58, the Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the ATI treaty and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing

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

Directors' Responsibilities for the Financial Statements (Continued)

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 auditor's 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 auditor's 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 auditor's report. However, future events or conditions may cause ATI to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of ATI or its business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of ATI's audit. We remain solely responsible for our audit opinion.

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

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 David Waweru, Practicing Certificate No. 2204

Deloitte & Touche

Deloitte
Certified Public Accountants
P. O. Box 40092
Nairobi
9 April 2021

1. Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December, 2020

				31-Dec-2020			31-Dec-2019
(in thousands of USD)	Notes	GROSS	CEDED	NET	GROSS	CEDED	NET
Written Premiums		**125,612**	**(107,040)**	**18,572**	**111,892**	**(93,244)**	**18,648**
Change in Unearned Premiums		3,182	(2,234)	948	(10,452)	9,865	(587)
Earned Premiums		**128,794**	**(109,274)**	**19,520**	**101,440**	**(83,379)**	**18,061**
Commissions		(3,564)	24,407	20,843	(3,882)	20,510	16,628
Change in Unearned Commissions		(398)	186	(212)	418	(2,655)	(2,237)
Earned Commissions		**(3,962)**	**24,593**	**20,631**	**(3,464)**	**17,855**	**14,391**
Claims Paid		(11,236)	10,185	(1,051)	(2,196)	335	(1,861)
Change in Provisions for Incurred Claims		11,194	2,719	13,913	(27,603)	14,160	(13,443)
Recoveries and Outstanding Recoveries		(1,471)	(11,747)	(13,218)	29,986	(14,637)	15,349
Change in Other Claims Reserves		(33,002)	30,426	(2,576)	(26,015)	23,095	(2,920)
Claims Handling Costs		(1)	-	(1)	(51)	-	(51)
Claims Net of Recoveries	6	**(34,516)**	**31,583**	**(2,933)**	**(25,879)**	**22,953**	**(2,926)**
Underwriting Profit before Operating Expenses				**37,218**			**29,526**
Net Other Income	7			320			474
Operating Expenses	8			(7,734)			(8,978)
Underwriting Profit after Operating Expenses				**29,804**			**21,022**
Interest Income	9			8,092			7,539
Dividend Income	10			126			429
Changes in fair value of financial assets	22			16			(201)
Realised Losses on Disposal of Bonds				181			(3)
Impairment Losses on Financial Assets	13			(240)			(129)
Asset Management Fees				(860)			(642)
Net Investment Result				**7,315**			**6,993**
Finance Costs	11			(59)			(165)
Foreign Exchange Gains/(Losses)	12			2,389			(172)
PROFIT FOR THE YEAR				**39,449**			**27,678**
OTHER COMPREHENSIVE INCOME FOR THE YEAR				-			-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR				**39,449**			**27,678**

The notes on pages 67 - 100 are an integral part of these financial statements.

ANNUAL FINANCIAL STATEMENTS

2. Statement of Financial Position as at 31 December, 2020

(in thousands of USD)	Notes	31-Dec-2020	31-Dec-2019
ASSETS			
Cash and Cash Equivalents	14	112,016	125,765
Insurance and Reinsurance Receivables	15(a)	18,269	21,029
Other Assets	16	2,997	2,735
Reinsurers' Share of the Claims Reserves	17	119,339	86,149
Recoveries	17&18	30,996	32,495
Reinsurers' Share of Unearned Premiums		46,114	48,348
Deferred Acquisition costs		1,524	1,921
Vehicles and Equipment	19	330	462
Intangible Assets	20	282	315
Other Financial Assets	21	6,765	27,100
Investment in Money Market Funds	22	16,436	8,429
Investments in Floating Rate Notes	23	78,815	75,680
Investments in Bonds	24	262,726	169,748
Total Assets		**696,609**	**600,176**
LIABILITIES			
Insurance and Reinsurance Payables	15(b)	27,686	24,312
Other Liabilities	25	5,785	4,064
Claims Reserves	17	140,166	118,375
Reinsurers' Share of Recoveries	17	26,768	15,021
Unearned Premium Reserves		54,421	57,604
Unearned Ceding Commissions		10,151	10,337
Unearned Grant Income	26	12,331	11,329
Defined Benefit Post-Employment Plan	27	134	1,658
Financial Liabilities - IDA Loan	28	8,382	8,297
Total Liabilities		**285,824**	**250,997**

(in thousands of USD)	Notes	31-Dec-2020	31-Dec-2019
EQUITY			
Share Capital	29(a)	309,900	289,100
Share Premium Account	29(b)	17,339	9,319
Unallocated Share Capital	29(b)	1,158	902
Revenue Reserve		82,388	49,858
Total Equity		**410,785**	**349,179**
Total Equity & Liabilities		**696,609**	**600,176**

The financial statements on pages 63-100 were approved and authorized for issue by the Board of Directors on 26 March 2021 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

ANNUAL FINANCIAL STATEMENTS

3. Statement of Changes in Equity for the Year Ended 31 December, 2020

(in thousands of USD)	Notes	Share Capital	Share Premium Account	Unallocated Share Capital	Revenue Reserve	Total
At 1 January, 2020		289,100	9,319	902	49,858	349,179
Capital Disbursements	29 (c)	18,800	7,249	167	-	26,216
Dividends		-	-	-	(6,919)	(6,919)
Reinvested dividends		2,000	771	89	-	2,860
Total Comprehensive Income for the Year		-	-	-	39,449	39,449
At 31 December, 2020		**309,900**	**17,339**	**1,158**	**82,388**	**410,785**
At 1 January, 2019		236,200	60	850	25,162	262,272
Capital Disbursements	29 (c)	52,400	9,055	90	-	61,545
Transfer from Unallocated share capital		100	148	(248)	-	-
Dividends		-	-	-	(2,982)	(2,982)
Reinvested dividends		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**

The notes on pages 67 - 100 are an integral part of these financial statements.

ANNUAL FINANCIAL STATEMENTS

4. Statement of Cash Flows for the Year ended 31 December, 2020

(in thousands of USD)	Notes	31-Dec-2020	31-Dec-2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Cash Generated From Operating Activities	30	**44,603**	**37,594**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Vehicles and Equipment	19	(70)	(377)
Purchase of Intangible Assets	20	(90)	(189)
Proceeds from Disposal of Vehicles and Equipment	7	3	1
Net Redemptions /(Investments) in Other Financial Assets	21	20,353	(15,680)
Net Investments in Money Market Funds	22	(7,818)	(220)
Net Investments in Floating Rate Notes	23	(2,285)	(21,110)
Net Investments in Bonds and Accrued Interest there on	24	(92,723)	(12,571)
Dividends Received		126	-
Net Cash Used in Investing Activities		**(82,504)**	**(50,146)**
CASH FLOWS FROM FINANCING ACTIVITIES			
RLSF Disbursements	26	-	5,740
IDA Development Credit Repayments	28	(250)	(250)
Net Capital Increase	29(c)	26,216	61,545
Dividends paid		(1,814)	(1,933)
Net Cash Generated from Financing Activities		**24,152**	**65,102**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(13,749)**	**52,550**
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		125,765	73,215
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	14	**112,016**	**125,765**

The notes on pages 67 - 100 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Entity Information

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

ATI had 18 African Member States as at 31 December 2020 (2019: 16 Members) and 12 other shareholders (2019: 11 other shareholders).

2. Accounting Policies

(a) Basis of Preparation

ATI's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS)s. The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. Actual results could differ from these estimates. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 3: "Accounting Estimates and Judgments".

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

(i) New and Revised IFRSs that are Effective for the Year Ended 31 December,2020

ATI has adopted the following new standards and amendments during the year ended 31 December 2020, including consequential amendments to other standards with the date of initial application by ATI being 1 January 2020 where applicable. The nature and effects of the changes are as explained here in.

Standard	Description	Effective periods beginning on or after:
Amendments to IAS 1 and IAS 8	Definition of material	1-Jan-2020
Amendments to IFRS 9, IFRS 7 & IAS 39	Interest rate benchmark reform	1-Jan-2020
Amendments to References to Conceptual Framework in IFRS	Amendments to References to Conceptual Framework in IFRS	1-Jan-2020

Effective 1 January 2020; these amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs:

- Use a consistent definition of materiality through IFRSs and the conceptual framework for financial reporting.
- Clarify the explanation of the definition of material; and
- Incorporate some of the guidance in IAS 1 about immaterial information.

NOTES TO THE FINANCIAL STATEMENTS

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, 2020 (Continued)

The amended definition is:
"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."

Amendments to References to Conceptual Framework in IFRS. 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. The document 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.

Amendments to IFRS 9, IFRS 7 & IAS 39 -These amendments provide certain reliefs in connection with interest rate benchmark reform (IBOR). The reliefs relate to hedge accounting and have the effect that IBOR should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. This does not apply to ATI.

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.

(ii) New and Revised IFRSs in Issue but not yet Effective (But Allow for Early Application) for the Year ended 31 December, 2020

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 2020:

Standard	Description	Effective period: beginning on or after
IFRS 17	Insurance Contracts & Amendments	1 January 2023
IFRS 16, '*Leases*'	COVID-19-Related Rent Concessions Amendment	1 June 2020
Amendments to IFRS 9 & IAS 39, IFRS 4 IFRS 16	Interest rate benchmark (IBOR) reform (Phase 2)	1 January 2021
Amendment to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Annual improvements cycle 2018 -2020	Minor Changes to IFRS 9	1 January 2022

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting Policies (continued)

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

(ii) New and Revised IFRSs in Issue but not yet Effective (But Allow for Early Application) for the Year Ended 31 December, 2020 (Continued)

- IFRS 17 Insurance Contracts and its Related Amendments.

An entity shall apply IFRS 17 Insurance Contracts to:

- Insurance contracts, including reinsurance contracts, it issues;
- Reinsurance contracts it holds; and
- Investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts

IFRS 17 requires an entity that issues insurance contracts to report them on the statement of financial position as the total of:

- The fulfilment cash flows—the current estimates of amounts that the entity expects to collect from premiums and pay out for claims, benefits and expenses, including an adjustment for the timing and risk of those amounts; and,
- The contractual service margin—the expected profit for providing insurance coverage. The expected profit for providing insurance coverage is recognised in profit or loss over time as the insurance coverage is provided.

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

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

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

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

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

IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 is effective for financial periods commencing on or after 1 January 2023. An entity shall apply to 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting Policies (continued)

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

(ii) New and revised IFRSs in issue but not yet effective (but allow for early application) for the year ended 31 December, 2020 (continued)

- IFRS 17 Insurance Contracts and its related amendments. (continued)

In response to some of the concerns and challenges raised, the Board developed targeted amendments and several proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway.

The adoption of IFRS 17 is expected to have significant impacts on ATI's financials, 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.

– IFRS 16, 'Leases'

COVID-19-Related Rent Concessions Amendment (published in June 2020 and effective for annual periods beginning on or after 1 June 2020).

In the amendments, the IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment. This is not expected to have any impact on ATI.

– Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases.

Interest rate benchmark (IBOR) reform (Phase 2) (published in August 2020 and effective for annual periods beginning on or after 1 January 2021).

The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one. Impact of the reform is still being assessed.

– Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current (published in January 2020 and effective for annual periods beginning on or after 1 January 2023).

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). This will have a minimal impact on the financial statements presentation.

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting Policies (continued)

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

(ii) New and revised IFRSs in issue but not yet effective (but allow for early application) for the year ended 31 December, 2020 (continued)

– Annual improvements cycle 2018 -2020 (published in May 2020 and effective for annual periods beginning on or after 1 January 2022)

These amendments include minor changes to:

IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. This is not expected to have any impact on 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 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting Policies (continued)

(d) Insurance Activities and Reinsurance (continued)

(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).

(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 is established and the amounts of dividends can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting Policies (continued)

(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 life.

Items of lasting value with an initial acquisition cost of USD1,000 or above are systematically capitalised. Items with an initial acquisition cost of less than USD1,000 are capitalised but fully depreciated in the month of purchase. However, depending on their nature, small value items can be depreciated over their useful life.

(iii) Disposal gains and losses

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

(iv) Impairment

Motor vehicles and equipment are reviewed at each reporting date. Where there is an indication that an asset may be impaired, ATI makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in profit or loss in the period in which the losses arise.

(k) Intangible Assets

(i) Initial recognition

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting Policies (continued)

(k) Intangible Assets (continued)

(i) Initial recognition (continued)

- The technical feasibility of completing the intangible asset so that it is 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting Policies (continued)

(m) Employee Benefits

(i) Post-employment benefits

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

Until 2020, ATI operated a defined benefit post-employment plan for its employees. The employees' entitlements under this plan depended on each employee's years of service and terminal salary.

The liability previously recognized in the statement of financial position in respect of the defined benefit obligation was 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.

NOTES TO THE FINANCIAL STATEMENTS

3. Accounting Estimates and Judgments (continued)

(a) Statistical reserves (continued)

There can be no assurance that the ultimate liability will not differ from such estimates. In 2020, an increase in statistical reserves of USD2.6M (2019: increase of USD2.9M) was recorded in ATI's accounts bringing the total amount of statistical reserves reported on the Statement of Financial Position as at 31 December 2020 to USD16.4M from USD13.9M as at 31 December 2019.

(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.

During the year ended 31 December 2020, the Board of Directors approved the settlement of End of Service Allowance of USD 1.1M. As at 31 December 2020, ATI only held a liability of USD0.13M relating to a staff member whose dues relating to End of Service allowance are pending settlement.

(c) Financial instruments

(i) Classification of financial instruments

Assessing the business model within which the assets are held and whether the contractual terms of the assets are solely payments of principal and interest on the principal amount outstanding.

(ii) 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.

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 USD 0.24M was booked on ATI's financial assets as at 31 December 2020 compared to USD0.28M as at 31 December 2019. The amount of lifetime ECL closed at USD 0.7M compared to USD0.5M in 2019.

(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.

As ATI's active leases in 2020 were all deemed to be short-term, ATI elected

NOTES TO THE FINANCIAL STATEMENTS

3. Accounting Estimates and Judgments (continued)

(d) Lease terms (continued)

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 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 amounted to USD0.2M. (2019: 0.2M).

4. Risk Management

ATI recognizes the importance of risk management and the fact that strong systems of internal control are essential for effective risk management.

ATI currently has five 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 **fourth level** is ATI's Risk Department. ATI recognizes the importance of risk management and that robust internal control and informed oversight are essential for effective risk management. Commencing February 2020, a full-time Chief Risk Officer (CRO) was appointed as an independent voice within the Management team with oversight of policies, process and procedures within ATI related to all aspects of risk management. The CRO manages the risk department which consists of the Credit and Country analysis functions, Environment, Social & Governance (ESG) monitoring and impact evaluation.

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.

NOTES TO THE FINANCIAL STATEMENTS

4. Risk Management (continued)

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.

(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 table below shows the risk exposure by product and by country as at 31 December, 2020 and as at December 2019:

Exposure by product:

(in thousands of USD)	31-Dec-2020		31-Dec-2019	
	Gross Exposures	Net Exposures	Gross Exposures	Net Exposures
BANK PORTFOLIO COVER	226,576	60,462	405,267	91,921
BONDS	65,725	10,651	110,067	27,935
CRI-SO	1,200,927	332,482	1,126,650	321,645
CRI-WTO	6,377	3,189	8,456	4,228
PRI	4,762,801	561,602	4,778,148	607,226
PV & TS	-	-	20,685	20,685
TOTAL	**6,262,406**	**968,386**	**6,449,273**	**1,073,640**

NOTES TO THE FINANCIAL STATEMENTS

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-2020		31-Dec-2019	
	Gross Exposure	Net Exposure	Gross Exposure	Net Exposure
Benin	1,018,780	67,698	1,055,544	71,293
Côte d'Ivoire	1,002,154	79,391	1,084,912	99,545
DRC	159,097	30,837	230,045	46,881
Ethiopia	271,125	25,550	346,125	25,550
Ghana	136,850	35,761	170,500	44,473
Kenya	704,356	139,113	724,771	165,993
Madagascar	33,917	10,946	4,649	2,801
Malawi	279,800	38,542	200,000	25,417
Niger	219,216	24,687	-	-
Nigeria	273,497	63,595	293,970	64,664
Rwanda	157,947	54,445	173,122	60,323
South Sudan	102,000	25,500	125,696	33,943
Tanzania	419,814	82,067	447,041	99,727
Togo	304,490	31,266	125,790	7,748
Uganda	220,324	61,400	251,360	84,029
Zambia	400,446	29,627	522,628	56,820
Zimbabwe	107,932	27,921	152,149	40,811
Non-country members	450,661	140,040	540,971	143,622
Total exposure	**6,262,406**	**968,386**	**6,449,273**	**1,073,640**

4. Risk Management (continued)

(a) Underwriting Risk (continued)

(ii) **Reinsurance counterparty risk**

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

If a reinsurer fails to pay a claim for any reason, ATI remains liable for the full payment of that claim to the policyholder. To mitigate the reinsurance counterparty risk, all reinsurers with whom ATI has reinsurance contracts are required to have a minimum credit rating of "A-" by Moody's, Standard & Poor's, Fitch or A.M. Best unless otherwise approved by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

4. Risk Management (continued)

(a) Reinsurance counterparty risk (continued)

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

The table below shows ATI's reinsurers rating profile as per Standard & Poor's (S&P) rating as of 31 December, 2020:

S&P Rating	Weight in % of Ceded Exposures	
	31-Dec-2020	31-Dec-2019
AA	0.8%	0.8%
AA-	36.3%	36.0%
A+	55.0%	55.7%
A	2.9%	0.9%
A-	3.7%	3.2%
Not Rated (*)	1.3%	3.4%
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 0.3% (2019:0.4%) of the ceded exposures.

The table below shows ATI's reinsurers rating profile as per A.M. Best rating as of 31 December, 2020:

A.M. Best Rating	Weight in % of Ceded Exposures	
	31-Dec-2020	31-Dec-2019
A+	42.3%	38.5%
A	55.1%	57.8%
A-	0.5%	2.3%
B++ (**)	0.3%	0.4%
Not Rated (*)	1.8%	1.0%
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.

NOTES TO THE FINANCIAL STATEMENTS

4. Risk Management (continued)

(b) Investment Risk (continued)

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 outsources 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, 2020, ATI's investment portfolio was comprised of 82% (2019: 77%) of fixed-rate instruments which largely covered its fixed-rate borrowings (IDA loan – USD8.3M against USD8.3M as of 31 December 2019). 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)*	
	31-Dec-2020	**31-Dec-2019**
(25)	(208)	(4)
(50)	(417)	(9)
25	208	4
50	417	9
75	625	13
100	833	21

Most of ATI's financial instruments were measured at amortised cost in 2020. As at year-end, only 4% (2019: 2%) of ATI's financial assets (i.e USD16.4M against USD8.4M as at 31 December 2019) 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 91% (2019: more than 95%) 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.

NOTES TO THE FINANCIAL STATEMENTS

4. Risk Management (continued)

(b) Investment Risk (continued)

(ii) Credit risk (continued)

In addition to portfolio diversification, ATI permanently seeks to maintain the credit quality of its assets. As at 31 December, 2020, 96% of ATI's investment portfolio was comprised of investment grade instruments against 96% as at 31 December, 2019.

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

(in thousands of USD)	Gross Amounts			ECL Allowance		
	Stage 1 Performing	Stage 2 Under performing	Stage 3 Non-performing	ECL 12 months	ECL Lifetime	Net amounts
As at 31 December, 2020						
Cash and Bank Balances	50,027	-	554	-	(554)	50,027
Other Receivables	2,798	-	199	-	(199)	2,798
Deposits with Financial Institutions	21,859	-	-	(351)	-	21,508
Money Market Instruments	40,504	-	-	(23)	-	40,481
Other Financial Assets	6,777	-	-	(12)	-	6,765
Investment in Money Market Fund	16,436	-	-	-	-	16,436
Investment in Floating Rate Notes	78,860	-	-	(45)	-	78,815
Investment in Bonds	262,817	-	-	(91)	-	262,726
Total	**480,078**	**-**	**753**	**(522)**	**(753)**	**479,556**
As at 31 December, 2019						
Cash and Bank Balances	38,329	-	540	-	(540)	38,329
Other Receivables	2,578	-	173	-	(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
Investment in Money Market Fund	8,429	-	-	-	-	8,429
Investment in Floating Rate Notes	75,705	-	-	(25)	-	75,680
Investment in Bonds	169,770	-	-	(22)	-	169,748
Total	**409,583**	**-**	**713**	**(283)**	**(713)**	**409,300**

NOTES TO THE FINANCIAL STATEMENTS

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 2020*	Gross	Impaired	Net
Insurance & Reinsurance Receivables	18,292	(23)	18,269
Reinsurance share of claims	17,948	-	17,948
Recoveries	30,996	-	30,996
Total	**67,236**	**(23)**	**67,213**

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

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 2019	14	216	540
Net re-measurement of loss allowance	13	(216)	14
ECL from new deposits	13&14	374	-
ECL balance as at 31 December 2020		**374**	**554**
Other Financial Assets			
ECL balance as at 31 December 2019	14	20	-
Net re-measurement of loss allowance	13&21	(12)	-
ECL from new Other Financial Assets	13&21	4	-
ECL balance as at 31 December 2020		**12**	**-**
Floating Rate Notes			
ECL balance as at 31 December 2019	14	25	-
Net re-measurement of loss allowance	13&23	9	-
ECL from new Floating Rate Notes	13&23	11	-
ECL balance as at 31 December 2020		**45**	**-**
Bonds			
ECL balance as at 31 December 2019	14	22	-
Net re-measurement of loss allowance	13&24	(1)	-
ECL from new Bonds	13&24	70	-
ECL balance as at 31 December 2020		**91**	**-**
Total ECL balance as at 31 December 2020		**522**	**554**

NOTES TO THE FINANCIAL STATEMENTS

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 2020					
Insurance and Reinsurance Payables	27,686	-	-	-	27,686
Other Liabilities	6,869	-	-	-	6,869
Claims Reserves	22,289	-	-	-	22,289
Financial Liabilities	161	231	1,879	6,710	8,981
Total Payable	**57,005**	**231**	**1,879**	**6,710**	**65,825**
As at 31 December 2019					
Insurance and Reinsurance Payables	24,312	-	-	-	24,312
Other Liabilities	4,046	-	-	-	4,046
Claims Reserves	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 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 2020, 24% (2019: 25%) 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 $1.5M). 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 2020 financial statements on this case.

5. Capital Management

In accordance with the ATI Treaty, the Agency, its property, assets, operations and activities are free from restrictions, regulations, supervision or control, moratoria and other legislative or administrative and monetary restrictions of any nature. ATI is therefore not subject to local regulatory capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

5. Capital Management (continued)

ATI applies a “5x net leverage on total equity” rule upon which it bases its total underwriting capacity as well as a number of associated credit risk framework rules.

In December 2019, the leverage level was “8x net leverage on total equity”. This was revised to “5x net leverage on total equity” in 2020 to align with industry peers and guidance from global Rating Agencies about the appropriate limit for institutions rated “A+/A1” and higher. The Net Leverage has been between 2x and 3x for the last five years.

(in thousands of USD)	31-Dec-2020	31-Dec-2019
Current Net Exposure (A)	968,386	1,073,640
Equity (B)	410,785	349,179
Capacity (C)=5*(B) (2019: 8*(B))(*)	2,053,925	2,793,432
Capital Cushion (C-A)	**1,085,539**	**1,719,792**

(*)Based on ATI’s internal underwriting capacity

6. Claims Net of Recoveries

The claims net of recoveries for the year ended 31 December 2020 amounted to USD2.9M (2019: USD2.9M) and included an increase in statistical reserves of USD2.6M (2019: increase of USD2.9M). As at 31 December 2020, the amount of statistical reserves reported in the Statement of Financial Position amounted to USD16.4M (note 17) compared to USD13.9M as at 31 December 2019.

7. Net Other Income

(in thousands of USD)	2020	2019
Earned Grants	251	420
Gain on Sale of Disposal of Equipment and Vehicles (note 30)	3	1
Net Credit Limit Charges	56	43
Miscellaneous	10	10
Total Net Other Income for the Year Ended 31 December	**320**	**474**

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 2019, ATI entered into a financing agreement with KfW, the German Development Bank, whereby it shall receive a financial contribution - Technical Assistance (TA) - not exceeding EUR1.3M (USD1.5M) to help it implement the Regional Liquidity Support Facility (RLSF) project. This grant is earned when related eligible expenses are recognized in the accounts. The grant is on reimbursement basis.

NOTES TO THE FINANCIAL STATEMENTS

7. Net Other Income (continued)

Grants (continued)

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

(in thousands of USD)	2020	2019
FAPA - grant	51	70
RLSF - technical assistance	200	350
Total Grant Income for the Year Ended 31 December	**251**	**420**

8. Operating Expenses

(in thousands of USD)	2020	2019
Salaries & Other Short-Term Benefits	(4,940)	(5,185)
Defined Contribution Post-Employment Plan	(431)	(444)
Defined Benefit Post-Employment Plan (note 27)	226	(419)
General Administration Costs	(678)	(712)
Consultancy Fees	(894)	(472)
Depreciation on Vehicles and Equipment (notes 19 & 30)	(171)	(200)
Travel Costs	(97)	(455)
Recruitment Expenses	(31)	(225)
Annual General Meeting	(22)	(277)
Board Expenses	(164)	(252)
Marketing Costs	(263)	(263)
Amortisation of Intangible Assets (note 20 & 30)	(123)	(96)
Bank Charges(*)	(107)	-
Change in Provision for Bad Debts	(39)	22
Total Operating Expenses for the Year Ended 31 December	**(7,734)**	**(8,978)**

(*) Bank Charges have been reclassified to operating expenses in 2020 while in 2019 they were under finance costs.

9. Interest Income

(in thousands of USD)	2020	2019
Interest from Time Deposits and Money Market Instruments	2,133	2,181
Interest from Investments in Floating Rate Notes	1,143	1,752
Floating Rate Note Amortisation (note 23 & 30)	107	(147)
Interest from Investments in Bonds	5,525	4,022
Bond Amortisation (notes 24 & 30)	(881)	(341)
Other Interest Income	65	72
Total Interest Income for the Year Ended 31 December	**8,092**	**7,539**

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)	2020	2019
Dividend income from Money market funds	126	429
Total Dividend income for the Year Ended 31 December	**126**	**429**

ATI holds Money Market Fund units which pay dividends.

NOTES TO THE FINANCIAL STATEMENTS

11. Finance Costs

(in thousands of USD)	2020	2019
IDA Service Charges	(59)	(63)
Bank Charges(*)	-	(102)
Total Finance Costs for the Year Ended 31 December	**(59)**	**(165)**

(*) Bank Charges have been reclassified to operating expenses in 2020.

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 Gains / (Losses)

(in thousands of USD)	31-Dec-2020	31-Dec-2019
IDA Loan-Foreign Exchange Losses (note 28)	(335)	(48)
Other Foreign Exchange Gains / (Losses)	2,724	(124)
Total Foreign Exchange Gains / (Losses) for the Year	**2,389**	**(172)**

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)	31-Dec-2020	31-Dec-2019
Change in 12-month ECL on Cash and Cash Equivalents (note 14)	(158)	(110)
Change in 12-month ECL on Floating Rate Notes (note 23)	(20)	(7)
Change in 12-month ECL on Bonds (note 24)	(69)	(1)
Change in 12-month ECL on Other Financial Assets (note 21)	8	(15)
Foreign Exchange Loss on Impairment	(1)	4
Total Impairment Losses for the year ended	**(240)**	**(129)**

14. Cash and Cash Equivalents

(in thousands of USD)	31-Dec-2020	31-Dec-2019
Cash and Bank Balances	50,581	38,869
Deposits with Financial Institutions	21,859	17,204
Money Market Instruments	40,666	71,347
Discount on Money Market Instruments	(162)	(899)
Provision for Impaired Deposits and Cash Balances	(554)	(540)
12-month ECL (note 13)	(374)	(216)
Total Cash and Cash Equivalents as at	**112,016**	**125,765**

Included in cash and cash equivalents is an amount of USD0.5M (2019: USD0.5M) held at a bank which was put under receivership in 2016. This amount was fully impaired as at 31 December 2020 as was the case in 2019.

Cash and cash equivalents also included an Expected Credit Loss (ECL) on performing assets of USD0.4M (2019: USD0.2M).

NOTES TO THE FINANCIAL STATEMENTS

14. Cash and Cash Equivalents (continued)

	31-Dec-2020		31-Dec-2019	
	Amount *(USD'000s)*	Weighted Average Interest Rate	Amount *(USD'000s)*	Weighted Average Interest Rate
Fixed Deposits in USD	10,487	2.41%	5,292	3.41%
Fixed Deposits in EUR	8,452	0.80%	9,308	1.32%
Fixed Deposits in KSH	2,920	9.47%	2,604	9.08%
Deposits as at	**21,859**	**2.48%**	**17,204**	**3.14%**
Money Market Instruments in USD as at	**40,666**	**1.11%**	**71,347**	**2.71%**
Deposits & Money Market Instruments as at	**62,525**	**1.59%**	**88,551**	**2.79%**

15. Insurance and Reinsurance Receivables and Payables

(in thousands of USD)	31-Dec-2020	31-Dec-2019
(a) Insurance and Reinsurance Receivables		
Insurance & Inward Reinsurance Balances Receivable	17,832	20,938
Outward Reinsurance Balances Receivable	460	97
Provision for Bad Debts	(23)	(6)
Insurance and Reinsurance Receivables as at	**18,269**	**21,029**
(b) Insurance and Reinsurance Payables		
Insurance & Inward Reinsurance Balances Payable	4,626	10,464
Outward Reinsurance Balances Payable	23,060	13,848
Insurance and Reinsurance Payables as at	**27,686**	**24,312**

16. Other Assets

(in thousands of USD)	31-Dec-2020	31-Dec-2019
Pre-payments	174	157
Staff Loans and Advances	125	199
Interest Receivable	2,261	2,151
VAT Receivable	199	173
VAT Impaired	(199)	(173)
Others	437	228
Total Other Assets as at	**2,997**	**2,735**

NOTES TO THE FINANCIAL STATEMENTS

17. Claims Reserves

(in thousands of USD)	31-Dec-2020			31-Dec-2019		
	Incurred & IBNER(*)	**Statistical Reserves**	**Total**	**Incurred & IBNER(*)**	**Statistical Reserves**	**Total**
Claims	(22,289)	(117,877)	(140,166)	(33,500)	(84,875)	(118,375)
Reinsurers' Share of Claims	17,948	101,391	119,339	15,184	70,965	86,149
Recoveries (note 18)	30,996	-	30,996	32,495	-	32,495
Reinsurance Share of Recoveries	(26,768)	-	(26,768)	(15,021)	-	(15,021)
Total Net Claims Reserves	**(113)**	**(16,486)**	**(16,599)**	**(842)**	**(13,910)**	**(14,752)**

(*) IBNER stands for Incurred But Not Enough Reported

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

Underwriting Year *(in thousands of USD)*	**Y1**	**Y2**	**Y3**	**Y4**	**Y5**	**Y6**	**Y7**	**Y8**	**Y9**	**Y10**	**Gross Claims Outstanding as at 31-Dec-2020**	**Gross Claims Outstanding as at 31-Dec-2019**
2011	-	-	1,538	591	665	-	-	-	-	-	-	-
2012	100	1,238	1,219	964	94	375	83	-	-		-	-
2013	1,581	1,231	518	149	-	-	-	-			-	-
2014	462	4,359	427	263	274	-	-				-	-
2015	2,113	14,555	1,335	445	25,104	39					39	25,104
2016	2,115	3,420	1,806	7,184	573						573	7,184
2017	4,245	3,129	1,172	21,398							21,398	1,172
2018	-	40	40								40	40
2019	-	87									87	-
2020	152										152	-
Grand Total											**22,289**	**33,500**

NOTES TO THE FINANCIAL STATEMENTS

18. Recoveries

(in thousands of USD)	31-Dec-2020			
	Receivable Recoveries	Capital Reduction	Write-off	Net Receivable Recoveries
Recoveries Receivable on Political Risk Insurance	479	-	-	479
Other Recoveries	30,517	-	-	30,517
Total Recoveries as at	**30,996**	**-**	**-**	**30,996**

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

19. Vehicles and Equipment

(in thousands of USD)	Motor Vehicles	Computers & Office Equipment	Furniture & Fittings	Total
As at 31 December 2020				
Cost				
As at 1 January 2020	**277**	**910**	**798**	**1,985**
Additions	-	64	6	70
Adjustment	-	-	(31)	(31)
Disposals	-	(28)	(6)	(34)
As at 31 December 2020	**277**	**946**	**767**	**1,990**
Depreciation				
As at 1 January 2020	**(182)**	**(730)**	**(611)**	**(1,523)**
Charge for the Year	(50)	(78)	(43)	(171)
Eliminated on Disposals	-	28	6	34
As at 31 December 2020	**(232)**	**(780)**	**(648)**	**(1,660)**
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)**
Net Book Value				
As at 31 December 2020	**45**	**166**	**119**	**330**
As at 31 December 2019	**95**	**180**	**187**	**462**

NOTES TO THE FINANCIAL STATEMENTS

20. Intangible Assets

(in thousands of USD)	31-Dec-2020	31-Dec-2019
Cost		
As at 1 January	860	671
Additions	90	189
As at	**950**	**860**
Amortisation		
As at 1 January	(545)	(449)
Charge for the Year (notes 8 & 30)	(123)	(96)
As at	**(668)**	**(545)**
Net Book Value		
As at	**282**	**315**

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

21. Other Financial Assets

(in thousands of USD)	31-Dec-2020	31-Dec-2019
Outstanding Value as at 1 January	27,100	11,439
New Placements	6,500	26,580
Maturities	(26,853)	(10,900)
Change in 12-month ECL (notes 13 & 30)	8	(15)
Foreign exchange gains/(losses)	10	(4)
Total Other Financial Assets as at	**6,765**	**27,100**

These represent USD deposits with an average yield of 1.89% and a weighted average maturity period of 12 months (2019: 2.51% and an average maturity period of 8 months).

22. Investments in Money Market Funds

(in thousands of USD)	31-Dec-2020	31-Dec-2019
Outstanding Value as at 1 January	8,429	8,410
New Purchases	21,187	-
Dividend Capitalised	-	220
Redemption	(13,369)	-
Change in fair value (note 30)	16	(201)
Foreign Exchange gain	173	-
Total Investments in Money Market Funds as at	**16,436**	**8,429**

Money market investments are measured at fair value.

23. Investments in Floating Rate Notes

(in thousands of USD)	31-Dec-2020	31-Dec-2019
Outstanding Value as at 1 January	75,680	54,805
New Placements	16,085	37,912
Maturities & Presales	(13,800)	(16,802)
Amortisation (notes 9 & 30)	107	(147)
Change in 12-month ECL (notes 13 & 30)	(20)	(7)
Foreign exchange gains/(losses)	763	(81)
Total Floating Rate Notes as at	**78,815**	**75,680**

The effective interest rate on the floating rate notes as at 31 December 2020 was 2.1% (2019: 3.0%).

NOTES TO THE FINANCIAL STATEMENTS

24. Investments in Bonds

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

(in thousands of USD)	31-Dec-2020	31-Dec-2019
Outstanding Value as at 1 January	169,748	157,519
New Purchases	161,144	65,291
Sales and Redemptions	(68,421)	(52,812)
Amortisation (notes 9 & 30)	(881)	(341)
Change in Accrued Interest on Bonds Purchased	42	92
Change in 12-month ECL (notes 13 & 30)	(69)	(1)
Exchange gain	1,163	-
Total Investments in Bonds as at	**262,726**	**169,748**

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

Maturity	31-Dec-2020		31-Dec-2019	
	Face Value (in USD'000)	Weight (%)	Face Value (in USD'000)	Weight (%)
2020	49,270	19.0%	58,220	34.4%
2021	70,015	27.1%	43,070	25.5%
2022	35,560	13.7%	43,880	26.0%
2023	28,960	11.2%	12,305	7.3%
2024	31,620	12.2%	8,465	5.0%
2025	22,687	8.8%	-	-
2026	8,950	3.5%	1,840	1.1%
2027	4,554	1.8%	-	-
2028	400	0.2%	1,250	0.7%
2029	6,435	2.5%	-	-
Total as at	**258,451**	**100.0%**	**169,030**	**100.0%**

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

(in thousands of USD)	31-Dec-2020	31-Dec-2019
Bond Portfolio's Average Maturity	4.13 years	1.7 years
Bond Portfolio's Gross Average Yield	1.94%	2.27%

25. Other Liabilities

(in thousands of USD)	31-Dec-2020	31-Dec-2019
Accrued Expenses	1,136	1,325
Defined Contribution Post-Employment Plan Payable	357	532
Non-Trade Accounts Payable	487	171
IDA Service Charges	19	18
Dividend payable	3,786	2,018
Total Other Liabilities as at	**5,785**	**4,064**

26. Unearned Grant Income

(in thousands of USD)	31-Dec-2020	31-Dec-2019
Unearned Grant as at 1 January	11,329	5,645
Expenditure Incurred	(76)	(84)
RLSF Disbursements	-	5,740
Foreign exchange gain	1,078	28
Unearned Grant as at	**12,331**	**11,329**

NOTES TO THE FINANCIAL STATEMENTS

26. Unearned Grant Income (continued)

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 2019 while the second disbursement of EUR5.2M (USD5.7M) was received in 2020. These funds are held in a designated holding account approved by KfW. ATI shall transfer the relevant amounts from the RLSF holding account to RLSF Security Account once qualifying projects have been approved. In the event of any claim, ATI shall use funds in the security account to fully settle the claim (if claim value can be covered by the funds held in the security account). If 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 2020.

27. Defined Benefit Post-Employment Plan

(in thousands of USD)	31-Dec-2020	31-Dec-2019
As at 1 January	1,658	1,239
Defined Benefit Obligation (decrease)/increase in accrual for the year (note 8)	(226)	419
Withdrawals	(1,298)	-
Defined Benefit Post-Employment Plan as at	**134**	**1,658**

During the year ended 31 December 2020, the Board of Directors approved the settlement of End of Service Allowance of USD 1.1M for all existing staff who were eligible for this benefit. USD 0.2M was paid to staff who left the organisation during the year bringing the total withdrawal to USD 1.3M. As at 31 December 2020, ATI only held a liability of USD0.13M relating to a staff member whose dues relating to End of Service allowance are pending settlement. Other than the pending settlement, ATI has no further obligation on this scheme.

28. Financial Liabilities - IDA Development Credit (Loan)

(in thousands of USD)	31-Dec-2020	31-Dec-2019
As at 1 January	8,297	8,595
Foreign Exchange Losses/(gains) (notes 12 & 30)	335	(48)
Repayments	(250)	(250)
IDA Loan as at	**8,382**	**8,297**

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

NOTES TO THE FINANCIAL STATEMENTS

28. Financial Liabilities - IDA Development Credit (Loan) (continued)

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 USD 100,000 each, which are available for subscription by members and shareholders.

Unallocated share capital arises when share capital contribution or reinvested dividend is less than the value of one share.

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 USD309.9M as at 31 December 2020 against USD289.1M as at 31 December 2019, an increase of USD20.8M out of which USD18.8M came from capital increase and USD2M from dividends reinvestments from shareholders.

NOTES TO THE FINANCIAL STATEMENTS

29. Share Capital and Share Premium (continued)

(a) Share Capital

The status of the issued and called share capital at 31 December 2020 is shown below:

(in thousands of USD)	31-Dec-2020		31-Dec-2019	
Member/Shareholder	**Number Of Shares**	**Paid Up Capital**	**Number Of Shares**	**Paid Up Capital**
Benin	140	14,000	139	13,900
Burundi	153	15,300	153	15,300
Côte d'Ivoire	193	19,300	191	19,100
Democratic Republic of Congo	198	19,800	194	19,400
Ethiopia	71	7,100	70	7,000
Ghana	150	15,000	150	15,000
Kenya	286	28,600	286	28,600
Madagascar	69	6,900	68	6,800
Malawi	178	17,800	174	17,400
Niger	90	9,000	-	-
Nigeria	119	11,900	119	11,900
Rwanda	87	8,700	87	8,700
South Sudan	90	9,000	89	8,900
Tanzania	169	16,900	169	16,900
Togo	88	8,800	-	-
Uganda	229	22,900	229	22,900
Zambia	173	17,300	171	17,100
Zimbabwe	132	13,200	129	12,900
Total Member Countries	**2,615**	**261,500**	**2,418**	**241,800**
Kenya Reinsurance Corporation	10	1,000	10	1,000
Total Public Entities	**10**	**1,000**	**10**	**1,000**

(in thousands of USD)	31-Dec-2020		31-Dec-2019	
Member/Shareholder	**Number Of Shares**	**Paid Up Capital**	**Number Of Shares**	**Paid Up Capital**
African Development Bank	150	15,000	150	15,000
Africa Reinsurance Corporation	10	1,000	10	1,000
Atradius	1	100	1	100
CESCE	10	1,000	-	-
Chubb	85	8,500	85	8,500
COMESA	1	100	1	100
ECGC	101	10,100	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 Co.)	5	500	5	500
Other Shareholders	**474**	**47,400**	**463**	**46,300**
TOTAL SHARES	**3,099**	**309,900**	**2,891**	**289,100**

NOTES TO THE FINANCIAL STATEMENTS

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-2020			31-Dec-2019		
(in thousands of USD)	Paid Up Capital	Share Premium	Unallocated Share Capital	Paid Up Capital	Share Premium	Unallocated Share Capital
Benin	14,000	39	112	13,900	-	68
Burundi	15,300	-	91	15,300	-	91
Côte d'Ivoire	19,300	1,064	104	19,100	987	2
Democratic Republic of Congo	19,800	174	44	19,400	20	54
Ethiopia	7,100	56	65	7,000	17	10
Ghana	15,000	2,643	-	15,000	2,643	-
Kenya	28,600	53	33	28,600	53	33
Madagascar	6,900	285	67	6,800	247	52
Malawi	17,800	174	25	17,400	20	92
Niger	9,000	3,470	44	-	-	-
Nigeria	11,900	2,097	113	11,900	2,097	54
Rwanda	8,700	-	79	8,700	-	79
South Sudan	9,000	39	38	8,900	-	63
Tanzania	16,900	-	71	16,900	-	71
Togo	8,800	3,392	122	-	-	-
Uganda	22,900	-	37	22,900	-	37
Zambia	17,300	97	28	17,100	20	83
Zimbabwe	13,200	133	49	12,900	17	105
Kenya Re	1,000	-	6	1,000	-	6
Total	**262,500**	**13,716**	**1,128**	**242,800**	**6,121**	**900**

Member/ Shareholder	31-Dec-2020			31-Dec-2019		
Member/ Shareholder	Paid Up Capital	Share Premium	Unallocated Share Capital	Paid Up Capital	Share Premium	Unallocated Share Capital
African Development Bank	15,000	-	-	15,000	-	-
Africa Re	1,000	-	-	1,000	-	-
Atradius	100	-	-	100	-	-
CESCE	1,000	386	-	-	-	-
Chubb	8,500	1,498	2	8,500	1,498	2
COMESA	100	-	-	100	-	-
ECGC	10,100	1,739	23	10,000	1,700	-
SACE SpA	10,000	-	-	10,000	-	-
Trade Development Bank	1,000	-	-	1,000	-	-
UK Export Finance	100	-	5	100	-	-
ZEP-RE (PTA Reinsurance Co.)	500	-	-	500	-	-
TOTAL	**47,400**	**3,623**	**30**	**46,300**	**3,198**	**2**
TOTAL SHARES	**309,900**	**17,339**	**1,158**	**289,100**	**9,319**	**902**

NOTES TO THE FINANCIAL STATEMENTS

29. Share Capital and Share Premium (continued)

(c) Capital disbursements

(in thousands of USD)	31-Dec-2020				31-Dec-2019			
Member/Shareholder	**Share Capital**	**Share Premium**	**Unallocated Share Capital**	**Total**	**Share Capital**	**Share Premium**	**Unallocated Share Capital**	**Total**
Niger	9,000	3,470	45	12,515	-	-	-	-
CESCE	1,000	386	-	1,386	-	-	-	-
Togo	8,800	3,393	122	12,315	-	-	-	-
Chubb	-	-	-	-	8,500	1,498	2	10,000
Côte d'Ivoire	-	-	-	-	5,600	955	2	6,557
ECGC India	-	-	-	-	10,000	1,700	-	11,700
Ghana	-	-	-	-	15,000	2,643	-	17,643
Madagascar	-	-	-	-	1,400	162	33	1,595
Nigeria	-	-	-	-	11,900	2,097	53	14,050
TOTAL	**18,800**	**7,249**	**167**	**26,216**	**52,400**	**9,055**	**90**	**61,545**

NOTES TO THE FINANCIAL STATEMENTS

29. Share Capital and Share Premium (continued)

(d) Reinvested dividends

(in thousands of USD)	31-Dec-2020			31-Dec-2019		
Member/Shareholder	**Share Capital**	**Share Premium**	**Unallocated Share Capital**	**Share Capital**	**Share Premium**	**Unallocated Share Capital**
Benin	100	39	44	-	-	-
Cote D'Ivoire	200	77	102	-	-	-
Democratic Republic of Congo	400	154	(11)	-	-	-
ECGC	100	39	23	-	-	-
UK Export Finance	-	-	5	-	-	-
Ethiopia	100	39	55	-	-	91
Kenya	-	-	-	300	38	33
Madagascar	100	38	16	-	-	24
Malawi	400	154	(67)	-	-	-
Nigeria	-	-	59	-	-	-
South Sudan	100	39	(25)	-	-	12
Zambia	200	77	(55)	-	-	-
Zimbabwe	300	115	(57)	100	18	50
TOTAL	**2,000**	**771**	**89**	**400**	**56**	**210**

NOTES TO THE FINANCIAL STATEMENTS

30. Note to the Statement of Cash flows

(in thousands of USD)	31-Dec-2020	31-Dec-2019
Profit for the Year	**39,449**	**27,678**
Adjustments for:		
Depreciation -Vehicles and Equipment (notes 8 & 19)	171	200
Amortisation - Intangible Assets (notes 8 & 20)	123	96
Amortisation - Bonds (notes 9 & 24)	881	341
Amortisation – Floating Rate Notes (notes 9 & 23)	(107)	147
Foreign Exchange (Gains)/Loss	(2,389)	65
Gain on disposal	(3)	-
Change in Fair Value of Financial Instruments (note 22)	(16)	201
ECL on Other Financial Assets (notes 13 & 21)	(8)	15
ECL on Floating Rate Notes (notes 13 & 23)	20	7
ECL on Bonds (notes 13 & 24)	69	1
Movements in Working Capital items:		
Decrease /(Increase) in Insurance and Reinsurance Receivables	2,760	(1,358)
Increase in Other Assets	(262)	(368)
Increase in Reinsurers' Share of the Claims Reserves	(33,190)	(37,224)
(Increase)/Decrease in Recoveries	1,499	(29,893)
Decrease/(Increase) in Reinsurers' Share of Unearned Premiums	2,234	(9,865)
Decrease/(Increase) in Deferred Acquisition Costs	397	(418)
Increase in Insurance and Reinsurance Payables	3,374	5,961
(Decrease)/Increase in Other Liabilities(*)	(46)	301
Increase in Claims Reserves	21,791	53,628

(in thousands of USD)	31-Dec-2020	31-Dec-2019
Increase in Reinsurer's Share of Recoveries	11,747	14,637
(Decrease)/Increase in Unearned Premiums Reserve	(3,183)	10,452
(Decrease)/Increase in Unearned Ceding Commissions	(186)	2,655
(Decrease)/Increase in Unearned Grant Income	1,002	(84)
Net (Decrease)/Increase in Defined Benefit-Post Employment Plan	(1,524)	419
NET CASH GENERATED FROM OPERATING ACTIVITIES	**44,603**	**37,594**

(*) Excluded within the movements is the dividend payable

NOTES TO THE FINANCIAL STATEMENTS

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-2020	31-Dec-2019
Fair Value of Bonds	269,600	170,588
Book Value of Bonds (note 24)	262,726	169,748
Unrealised Gain as at	**6,874**	**840**

32. Related Party Disclosures

(in thousands of USD)		31-Dec-2020	31-Dec-2019
(i)	Key Management Compensation;		
	- Salaries & Other Short-Term Benefits	891	1,033
	- Defined Contribution Post-Employment Plan	106	120
	- Defined Benefit Post-Employment Plan	378	441
	- Leave encashment	61	25
	- Education Allowance	30	68
	Total Key management compensation	**1,466**	**1,687**
(ii)	**Directors - Sitting Allowances & Per Diem**	**131**	**225**

ABBREVIATIONS

ATI	African Trade Insurance Agency
AfDB	African Development Bank
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
EIB	European Investment Bank
FAPA	Fund for African Private Sector Assistance
FVTPL	Fair Value Through Profit or Loss
IDA	International Development Association
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
P&L	Profit or Loss
KfW	Kreditanstalt für Wiederaufbau (German Development Bank)
PRI	Political Risk Insurance
PV&TS	Political Violence and Terrorism & Sabotage Insurance
S&P	Standard & Poor’s
SDR	Special Drawing Rate
STA	Security Trust Account
STAA	Security Trust Account Agreement
TDB	Trade and Development Bank
UK	United Kingdom
ZEP-RE	Zone d’échanges Préférentiels Reinsurance

CREDITS

External Auditors
Deloitte
Waiyaki Way, Muthangari
P. O. Box 40092
Nairobi

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

Media Enquiries
Email. press@ati-aca.org

CONTACTS

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

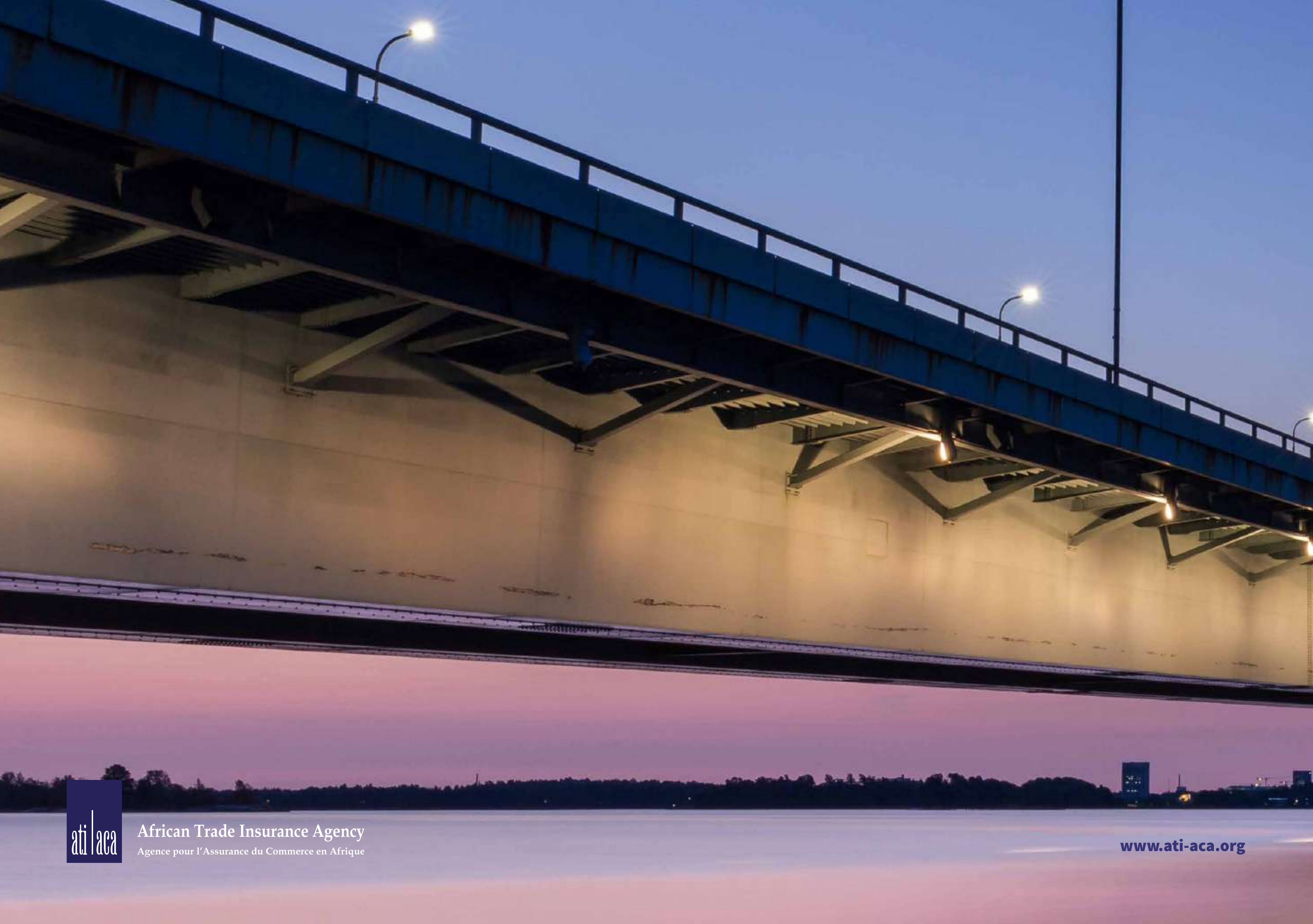
West Africa Regional Office
1st Floor, Immeuble Mikwabo
28 Piste Amalco, Lot 1151
Quartier Cadjehoun, 12ème
Arrondissement
Cotonou, Benin
Tel: (+229) 62 33 52 52
Mobile: (+229) 62 73 52 52
Email: benin@ati-aca.org

Côte d'Ivoire
Angle du Blvd de la République et
de l'Avenue Lambin
Immeuble Maison de l'Entreprise,
1er étage Nord
01 Abidjan – Plateau
Abidjan, Côte d'Ivoire
Tel: (+225) 07 77 57 14 48
Email: cotedivoire@ati-aca.org

Tanzania
Private Sector House, 2nd Floor, 1288,
Mwaya Road, Msasani Peninsula
Mailing Address: P.O. Box 11313
Dar es Salaam, Tanzania
Tel: (+255) 22 260 1913 / 1938
Mobile: (+255) 754 286 299
Email: tanzania@ati-aca.org

Uganda
Crested Towers, Tall Tower,
Third Floor, Plot 17, Hannington Road
Tel: (+256) 312/393 908 999
Mobile: (+256) 776 966 900/ 256 778 595997
Email: uganda@ati-aca.org

Southern Africa Regional Office
Citi Building, Stand 4646 Cnr of
Nasser/Chikwa Roads, Addis Ababa
Roundabout, Elunda Park, Rhodespark
Mailing Address: P.O. Box 31303
Tel: (+260) 211 227 745
Mobile: (+260) 978 778 545
Email: zambia@ati-aca.org



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