ATIDI

African Trade & Investment Development Insurance

Re-thinking risk. Enabling finance.

2022 Annual Report

A Catalyst to Trade and Investment Delivery in Africa

The African Trade Insurance Agency* will henceforth be operating commercially as the African Trade & Investment Development Insurance (ATIDI), in accordance with Article 2.1 of the Agreement establishing ATIDI Treaty as approved at the Annual General Meeting of Shareholders in June 2022.

*The legal name, African Trade Insurance Agency, remains unchanged.

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2022 Overview

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“We keep moving forward, opening new doors, and doing new things, because we are curious and curiosity keeps leading us down new paths”

- Walt Disney

Key Facts

ATI will henceforth operate under the commercial name of African Trade & Investment Development Insurance (ATIDI).

Our new tagline is Re-thinking risk (Innovative risk-mitigation and financial interventions) and Enabling finance (New avenues and solutions for trade and investment on and for the continent).

Founded in 2001, ATIDI is one of the highest rated insurer in Africa with an “A/Stable” by Standard & Poor’s (15 consecutive years) and “A3/ Stable” by Moody’s (5 consecutive years) and an upgrade from Stable to Positive in Q1-2023.

We are specialist in providing trade credit and investment risk solutions and are well placed to provide accurate analyses on the risks. ATIDI offers an on-the-ground perspective of the risks faced by investors and others doing business on the continent.

We have offices strategically located in the four regions of Africa as we remain at the forefront of transforming Africa into a prime trade and investment destination.

Membership into ATIDI has grown substantially with 20 African member states as at 2022.

Re-thinking risk. Enabling finance.

Key Data

Equity

2022
▲ (+7%)
USD553.3M

2021
USD516.3M

Net Profit

2022
▼ (-6%)
USD32.8M

2021
USD34.9M

Volume of cumulative Trade & Investments insured by ATIDI since inception

2022
▲ (+10%)
USD78B

2021
USD71B

Gross Exposure

2022
▲ (+22%)
USD8.1B

2021
USD6.6B

Key Data

GWP

2022
▼ (-7%)
USD133.2M

2021
USD143.5M

Total Assets

2022
▲ (+15%)
USD882.1M

2021
USD767.7M

Dividends

2022
USD8.2M

2021
USD8.7M

Return on Equity

2022
6%

2021
8%

Message from the Chair of the Annual General Assembly

Dr. Uzziel Ndagijimana
Minister of Finance and Economic Planning
Republic of Rwanda

> "
>
> ATIDI remains indebted to its governmental and institutional shareholders for the support that they continue to provide in enabling the organization to fulfil its mandate

A Resilient Africa

Sustaining macro-economic recovery in 2022 remained challenging for many sub-Saharan African economies in a year marked by significant domestic and global headwinds. Debt vulnerability increased, inflation rose to unprecedented levels, and attaining fiscal consolidation has continued to prove difficult due to the impact of geopolitical tensions, climate change, tough global financial conditions and rising debt servicing costs.

Subsequently, the region's economic growth slowed down to 3.6% from 4.1% in 2021 and is expected to remain muted in 2023. Africa is nevertheless a continent with demonstrated resilience and despite the multiplicity of shocks, some of ATIDI countries sustained positive growth in 2022. These included Benin, Côte d'Ivoire and Niger in West Africa and DR Congo, Kenya, Rwanda, Tanzania and Uganda in Central and East Africa. Against this background, ATIDI has continued to play its role of supporting its member states at a time when financial conditions are challenging, and the risk of commercial and sovereign default on payment obligations are heightening as per its core mandate.

It is noteworthy that during this difficult year, ATIDI's portfolio of business transactions, which represents insured loans and facilities in support of public and private sector projects, grew by 22% to close the year at USD8 billion. ATIDI's interventions have indeed helped its member states to navigate the headwinds occasioned by global shocks in many ways. In Egypt, Nigeria and Malawi, ATIDI's insurance has helped these countries to build and maintain adequate foreign exchange buffers to meet external obligations. In Mali, Côte d'Ivoire, Togo and Benin, ATIDI has supported fiscal programs and debt restructuring which has enabled some of the countries to better manage their debt vulnerabilities. This has not only resulted in improvements in institutional framework for debt liability management, but also brought significant cost savings and lowered debt ratios in these countries.

ATIDI's Countercyclical Role

ATIDI has in several other countries supported flagship projects, including a ground-breaking telecommunications project in Ethiopia, and a major water supply project in Angola - which entailed the expansion and improvement of water supply in the urban and peri-urban belts of Luanda. During the year, ATIDI moreover continued to facilitate financing for private and public sector projects even in African countries that are perceived by lenders to be high risk, thus maintaining a reasonable geographical spread in its coverage of the continent.

Under the existing circumstances where Africa's options for financing for critical development is drastically reducing in the face of the tightening global monetary policy fueled by inflation, the support offered by ATIDI becomes invaluable. Borrowing costs have increased quite significantly

Message from the Chair of the Annual General Assembly

- Continued

ATIDI's Countercyclical Role (continued)

both on domestic and international markets, which has exacerbated interest burden on public debt. ATIDI's risk mitigation support becomes critical to achieving competitive pricing and increased tenors.

Vision 2023 – 2027

As we look forward to another year, I am confident that ATIDI is well positioned to continue playing its role as a facilitator of private and multilateral lending in sectors such as health, education and infrastructure. In this context, ATIDI has an ambitious plan to speed up its membership drive, so that it can attain a greater pan-African reach and extend its benefits to as many African countries as possible.

In order to respond to the growing need for innovative solutions, given the funding squeeze that is affecting Africa disproportionately, ATIDI intends to double its capital to USD1 billion in the next 5-year plan period starting from 2023, part of which will be supported by equity capital from new member states. At the same time, ATIDI intends to increase the volumes of supported transactions exponentially to over USD10 billion. The membership expansion program is indeed on course and we expect to have 8 new member states within the new strategic period. ATIDI intends to improve the membership process to get more countries across to the finish line and to also leverage on the strength of the African Union (AU) to mobilize additional equity capital for new member states. In this regard, the organization is in discussions with the African Union Commission (AUC) on its admission as a Specialized entity of the AU.

Conclusion

ATIDI remains indebted to its Governmental, Institutional shareholders and Developmental Financial Institutions for the support that they continue to provide in enabling the organization to fulfill its mandate. A strong and effective Board of Directors and committed Management have also provided stewardship which has enabled ATIDI to navigate a challenging year.

Following the amendment of the ATIDI Treaty by the Twenty-Second (22nd) Annual General Meeting of Shareholders in June 2022, the organization is fully committed to continuing to fulfill its mandate under a new brand name (African Trade & Investment Development Insurance **(ATIDI)**) alongside its legal name (African Trade Insurance Agency) which remains unchanged.

As we usher in the new corporate identity, we renew our commitment to our stakeholders and welcome ATIDI's unique approach to mitigate risk in Africa to facilitate effective trade and investment delivery on the continent, thereby supporting development as we work to build the Africa we all want as we work to build a sustainable and economically vibrant Africa.

At ATIDI, we keep moving forward in our quest to be the leading provider of investment and trade credit risk solutions in Africa, and we remain a trusted risk mitigation partner in Africa.

Message from the Chair of the Board of Directors

Dr. Birru Y. Ayalew

> As part of the it's strategic role, the Board embarked on a number of initiatives which will position ATIDI to better respond to the changing risk environment occasioned by economic challenges facing many of our member states...

A Reflection on our 2022 Performance

Overseeing the affairs of ATIDI as the Chairman of the Board in the year 2022, alongside Director colleagues, has indeed been rewarding. It has taken a lot of effort to keep the business at ATIDI on a growth path, in a year characterized by disruptive global headwinds affecting many of the African countries in which we operate. In this environment, ATIDI's book of business has remained resilient with the total insured exposures closing the year at USD8 billion, representing a year-on-year growth of more than 20%. We have experienced strong growth in our total assets, investment income, as well as our equity capital which stood at USD553 million as at the end of 2022. These gains have to a large extent compensated for the modest deterioration in some areas of our financial performance. Our Net Written Premium grew by 5% and our Gross Premium declined by 7%, resulting mainly from challenging global conditions, but also due to the full amortization of some longer-term contracts that reached natural termination.

Key Changes to Board Committees

As we set our sights on the year ahead, we are committed to strengthening our Board oversight so as to enable ATIDI to efficiently deliver its mandate. In this respect, we made some structural changes to the Board committees to enhance Board effectiveness and the decision-making process. In order to achieve the separation of the audit oversight role from the Finance & Audit Committee, the Board created a separate committee - Board Audit Committee to oversee audit related functions. In addition, we introduced a strategy function to the Finance Committee, which now has the additional task of overseeing investments. The functions of the Human Resources Committee were also enhanced to include governance matters.

Subsequently ATIDI's Board governance is now supported by four Committees including: Audit Committee; Risk Committee; Human Resources and Governance Committee; and Strategy and Finance Committee. In demonstration of the Board's commitment to its performance, we initiated the appointment of a consultant to provide Board evaluation services - to evaluate the Board's effectiveness and delivery on its mandate. The next Board evaluation should be rolled out in 2023.

Board Initiatives

During the year, the Board also devoted considerable effort in improving the institutional structures that should still help ATIDI to maintain its strong track record of business and financial performance. Among these were the digital transformation project which includes the automation of all Board processes through the full onboarding of Directors on ATIDI's e-board system. Starting 2023, we will cease to circulate Board documentation on e-mail and will instead manage meetings through ATIDI's e-board platform as a way of streamlining the entire workflow. In 2022, the Board further adopted its first Code of Conduct aligning with the provisions of ATIDI's Treaty as well as best international corporate governance standards. We also continued to

Message from the Chair of the Board of Directors

- Continued

Board Initiatives (continued)
progress our transition to IFRS17. ATIDI is now adequately positioned and well-resourced to start reporting, forecasting and budgeting under IFRS 17 at the next reporting date of 31 December 2023.

As part of the Board's strategic role, the Board embarked on a number of initiatives which will position ATIDI to better respond to the changing risk environment occasioned by economic challenges facing many of our member states, and to also cope with the ever-growing demand for ATIDI's services. These initiatives include: reviewing our Credit Risk Framework; establishing capital requirements that will be necessary for ATIDI to double its exposures and; identifying strategies that will result in the increase of our net retention, thus optimizing our return on equity.

Environmental Social Governance
The Board has also continued to increase its focus on Environmental Social Governance (ESG), as part of ATIDI's corporate strategy. At ATIDI, we have recognized the need to build sustainability in our business, and de-emphasize short-term in favour of long-term value maximization. We started the process of revamping our ESG policy and integrating sustainability objectives with business practice in a more deliberate way while maintaining an appropriate balance with our developmental role. We have been engaging with our shareholders, and benchmarking our existing ESG framework with global best practices. This process, which will include establishing a climate change policy, should be completed in 2024 and a new framework adopted thereafter.

Corporate Strategy
The year 2022 marked the end of the previous 5-year strategy and ATIDI has embarked on the preparation of its next 5-year strategy, which should be finalized and approved by the Board in 2023. The previous plan delivered significant success with gross exposures growing by 228% over the planned period. ATIDI is committed to moving to the next level of excellence and intends to double its exposures and increase its capitalization to USD1 billion in the next five years. The business model is sound, the management and staff are well motivated, and the Board is committed to investing time and effort to make this a reality.

Introducing Brand ATIDI
Our new brand, ATIDI will aim to re-imagine the approach to risk in Africa and the prevailing perception of the continent as a risky place in which to do business. We expect the rebranding to result in an increased up-take of our risk mitigation solutions thereby delivering larger volumes of financing for trade and investments on the continent.

In conclusion, we are committed to delivering value to our clients in 2023 and beyond. We thank our stakeholders including management, staff and clients who have placed confidence in us and we reiterate our resolve to continue playing our countercyclical role during these extra-ordinary times in the face of difficult geo-political and global economic environment.

We are leading innovators in Risk Mitigation and Financial Interventions providing relevant made-for-Africa solutions for trade and investment with the aim of unlocking development.


ATIDI

Message from the CEO

Manuel Moses

Navigating an Unpredictable Year

ATIDI has stayed its course as a credible trade and investment insurer in a year marked by some of the most daunting global challenges in recent times. The combined effects of high inflation, central bank tightening, the war between Russia and Ukraine as well as the fragile recovery from COVID-19, took a toll on the operations of corporate and sovereign entities that ATIDI supports – and as a consequence, this impacted our business negatively. This resulted in marginal deterioration of ATIDI's financial performance as reflected in key financial indicators.

> ATIDI has embarked on its next 5-year corporate strategic plan, covering 2023 - 2027. The focus of the organization in the last 5 years has been to build a strong business and financial foundation in support of the continent's growth.

Business Performance

Gross Written Premium declined slightly by 7% in the fiscal year ending December 2022 at USD133.2 million compared to the previous year's performance of USD143.5 million, whilst net earned premium dropped marginally by 2%. The decline in business revenues was more pronounced on the commercial risk side of our underwriting operations, reflecting the depressed business environment resulting from the war in Ukraine.

On the political (investment) risk side of the business, the harsh conditions prevailing in 2022 - including the high levels of public debt, large government deficits and reduced tax revenues worsened the sovereign risk profiles of our member states, compelling us to reduce our risk appetite and to take a more cautious approach to risk acceptance. Due to the increased probability of debt distress and fiscal challenges, some of our sovereigns were downgraded, which resulted in increased statistical reserves by 31%.

Bright Spots

Despite the modest decline in our returns, there are a number of bright spots as reflected in some of our financial metrics which more than compensated for the income shortfalls.

Gross exposure increased from USD6.6 billion in 2021 to USD8 billion at the end of 2022 - an increase of 22%, underscoring our counter-cyclical role as a multilateral insurer - essentially sustaining cover to keep long term funding flowing during the economic downturn witnessed in most of our member states during the year. In this regard, we utilized our strong A/Stable and A3/Stable rating, which have been confirmed by Standard & Poor's and Moody's (with an upgrade to a positive outlook) respectively, to stand in the gap between lenders and the sovereigns while maintaining our margins to cushion the impact of elevated risks.

ATIDI's investment portfolio increased substantially by 14% in the period ending December 2022, mainly from additional capital and reinvestment of shareholder dividends as well as revenues generated from underwriting business. Additional equity capital brought our overall capitalization to USD553 million.

Given that the net profit declined only marginally, ATIDI is still in a position to declare and distribute dividends in accordance with its

Message from the CEO
-Continued

Bright Spots (continued)

dividend policy, subsequent to Shareholders' approval of the audited financial statements.

With these positive developments, our staff remain motivated and are gradually transitioning back to working in the office, now that the worst of COVID-19 is behind us. I am happy to report that in 2022, our team grew with an additional 10 new staff, as ATIDI continues to ramp up its capabilities in order to meet its growing demand. In the same vein, due to the easing of travel measures, we were honored to host a physical Annual General Meeting in Ghana in June 2022. This was a re-sounding success, which saw over 200 delegates in attendance, representing our global stakeholders - including reinsurers, brokers, shareholders and clients. This record attendance confirmed that there was indeed a need for in person interactions from all our stakeholders, given that our business relies on personal relationships.

Five Year Strategy

ATIDI has embarked on its next 5-year corporate strategic plan, covering 2023 - 2027. The focus of the organization in the last 5 years has been to build a strong business and financial foundation in support of the continent's growth. Tremendous achievements have been made during this time, not only in expanding our sovereign and institutional shareholder base, but also in increasing equity capital as well as our business coverage on the continent. All in all, we believe that we have succeeded in making ATIDI **bigger, better** and **more relevant** as we set out to do five years ago.

The 2023 - 2027 strategy will build from this success and will aim to take ATIDI to the next level of organizational excellence. In line with our vision, mission, mandate and values, ATIDI will seek to be **Developmental Transformational, Robust** and **Reliable (DTR²)**. We have already identified the external determinants of success as well as internal capabilities that are critical to achieving this objective.

Business Soundness

Our financial position remains solid as demonstrated by a 15% expansion of our total assets. Our equity and investments have expanded by 7% and 14% respectively over the period ended 31 December 2022. Our credit rating remains intact and is premised on our strong preferred creditor status, which enabled us to resolve sovereign claims and to secure recoveries on outstanding reimbursements.

Our membership has continued to grow as more countries recognize the value-addition that comes with membership in ATIDI. In February 2023, Angola became the 21st Member State to join ATIDI with an equity capital injection of USD25 million.

Rebranding

A central part of our brand evolution is that of the name of our organisation. We considered it an important strategic imperative to evolve our name in favour of a more relevant denomination that adequately portrays our operations, stature and mandate.

We strategically sought to enhance the significance of development and investment in Africa as a key component of our mandate. Development of the continent is the overarching goal of our operations and is important, not only for us within the organisation, but also for our external partners and stakeholders. In fact, our preferential status with governments is predicated on the developmental impact that we seek to unlock. It is against this background that we included the words "Investment and Development" into the new brand name, African Trade & Investment Development Insurance (ATIDI).

As many stakeholders would agree, the notion of risk in Africa raises various challenges and opportunities, often both real and perceived. The new strap line – Re-thinking risk. Enabling finance – is a clear acknowledgement of ATIDI's unique approach to risk in Africa and its offer to facilitate effective trade and investment delivery on the continent, by enabling finance and thereby unlocking and supporting development. It speaks of our ability to think outside the box, thanks to the creativity, flexibility and agility of our talented staff that has enabled us to devise innovative products and solutions.

As ATIDI grows its presence across Africa, it is our hope that the new brand will strengthen the organisation's role as a multilateral entity with a primary focus of delivering on its developmental mandate on the African continent.

On-going Projects

ATIDI has embarked on a number of projects that will support its strategic focus and enable it to meet the objectives of the next 5-year corporate plan.

1. **Consultancy on Tier 1 & Tier 2 Capital**
   We have recognized that there is significant potential to attain higher levels of capitalization that would enable us to double our business, strengthen our balance sheet, achieve better credit rating triggers, and improve the development impact of our activities. Subsequently, we have launched a consultancy to examine the nature of tier 1 and tier 2 capital that is suitable for ATIDI.

2. **IFRS 17**
   ATIDI has made significant progress in the implementation of IFRS 17, 'Insurance contracts' which is applicable for annual reporting periods commencing on 1 January

Message from the CEO
- Continued

On-going Projects (continued)

2023. Policy & Methodology Papers are in place to guide the transition process with all data available to support a full retrospective approach. We have had initial dry runs on the numbers and we are on track to fully report under IFRS 17 for the year 2023.

3. **Digital Transformation**
The objective is to review and improve ATIDI's operational processes and implement systems to automate the optimized processes in order to improve operational efficiency, in line with best practices. The project will result in various new systems being implemented across the organization and is expected to be completed within the next two years.

4. **Reinsurance Retention Strategy**
We are in the process of reviewing our reinsurance retention strategy with the objective of optimizing ATIDI's risk adjusted return on equity and achieving better leverage on shareholders capital. As part of this exercise, we intend to develop a risk modeling framework for pricing and for claims reserving.

5. **Climate Change Strategic Framework**
This Framework will help ATIDI to be part of the solution to new development challenges posed by climate change. The climate policy, which will be completed in 2024, will form part of ATIDI's wider Environmental, Social & Governance (ESG) framework.

Conclusion

Let me once again express our deep gratitude to our clients, partners, shareholders and staff for their support in helping ATIDI steer through the challenges of an unpredictable year. I have no doubt that we can continue to count on this support as we set ourselves to achieving our goals and delivering sustained outcomes to our clients and shareholders in the year ahead.

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Management

Manuel Moses
Chief Executive Officer

Our strategy for the next five years is to be **Developmental, Transformational, Reliable and Robust (DTR²)**. Through our rebranding efforts, we aim to transform not just our organization's image, but our entire approach to business, and **Re-think Risk**, as we work to devise innovative risk-mitigation and financial interventions to **Enable Finance** for effective trade and investment delivery in Africa.

Benjamin Mugisha
Chief Underwriting Officer

ATIDI expresses our twin commercial and developmental approach, allowing us to be purpose-driven insurers, through de-risking and helping to boost trade and investment on the continent, thus delivering the **Developmental** mandate that we claim, now explicit, in our name. By embracing our core values and staying true to our vision, ATIDI will continue to inspire stakeholder's confidence, trust, and loyalty.

Gladys Karuri
Chief Financial Officer

Our commitment to being **Transformational** will guide us as we seek new opportunities to operate at the highest standards from both the private sector and government perspectives, allowing us to deliver value across the board. ATIDI's unique culture of innovation develops specialised solutions for mitigating risk and sustaining trade and investment on the continent.

Linda Bwakira
General Counsel & Corporate Secretary

"We believe that true strength comes from being **Robust** - able to withstand challenges and adapt to change. With this in mind, we are building a brand that is resilient, flexible and positioned for long-term success. ATIDI's collaborative and responsive relationships continues to build a strategic network of local and global partnerships across the private and public sector, affirming our multilateral status.

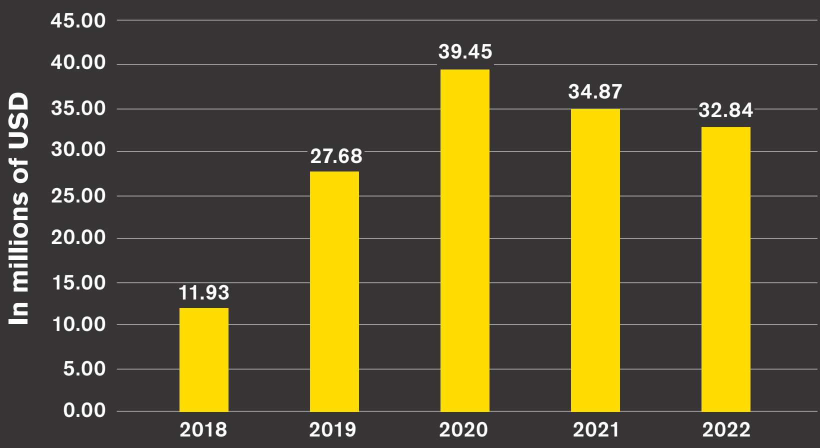
Kefa Muga
Ag. Chief Risk Officer

"**Reliability** is at the heart of everything we do. ATIDI is differentiated by being the true holistic risk solution for Africa. I am proud that this is the result of the core competencies of our brand built on the capabilities, expertise and commitment of our team over the last 20 years. We are dedicated to maintaining the highest standards of quality and service, earning the trust of our clients and partners alike.

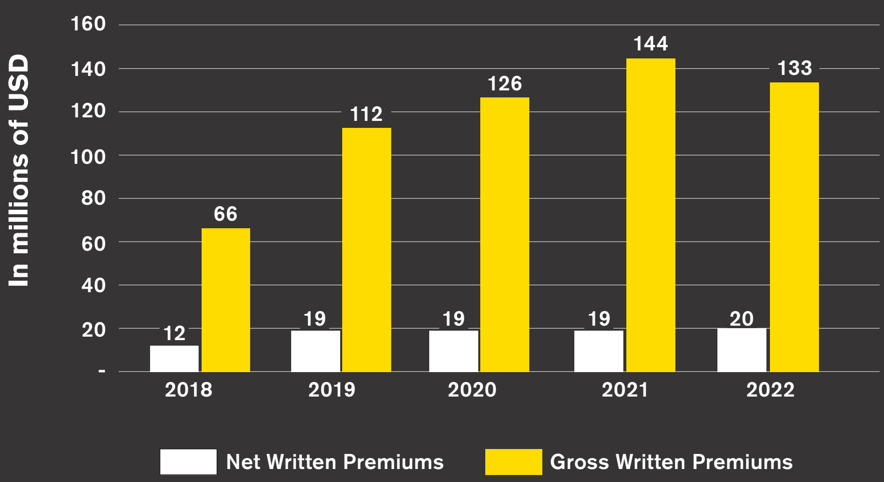
Management Report

Key Highlights

Net Results



Written Premiums



01 Business resilience exhibited by continued high posted net profits.

02 Net profits remaining flat with a slight 6% decline owing to increase in net claims provisions due to business growth.

03 Business revenues declined by 7% from 2021 due to impacts of the economic and geopolitical factors affecting the ATIDI member states.

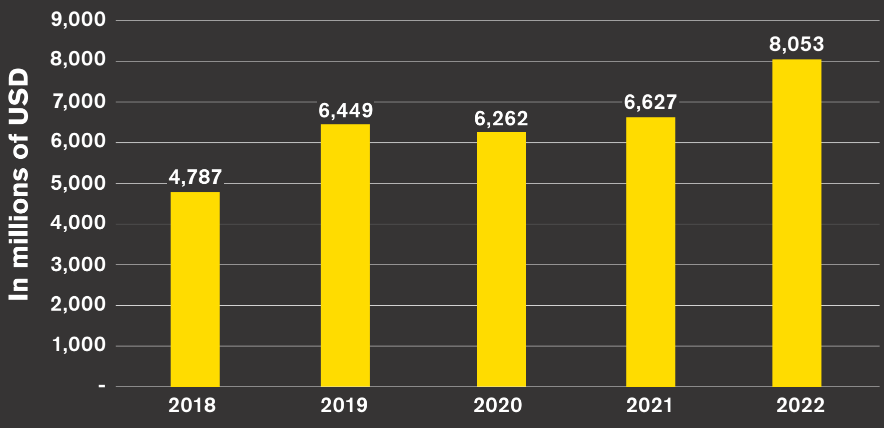
04 678% increase in net claims expenses due to more reserving with increased exposures.

05 7% growth in Equity out of support from Member States in the form of reinvested dividends and capital contributions as well as retained profits.

06 Fifth year of paying dividends.

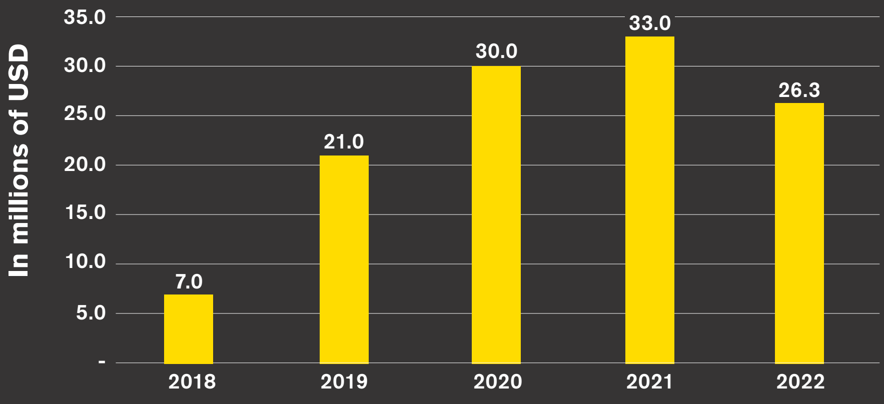
Key Highlights

Gross Exposure



22% increase in gross exposure in 2022 representing new business added to the portfolio, big risks covered by ATIDI and the high demand for ATIDI products in the member countries.

Net Underwriting Result



20% decline in Net Underwriting Results mainly driven by increase in claims provisions.

Management Report
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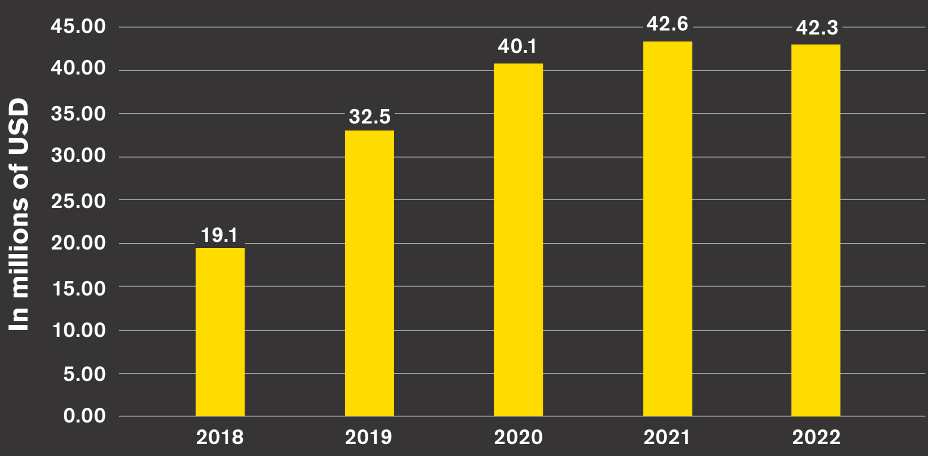
Key Highlights (continued)

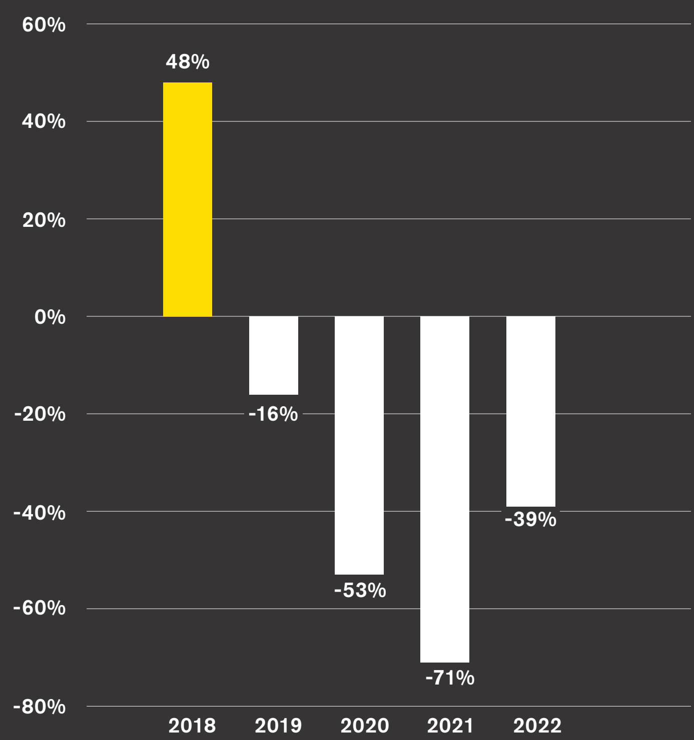
Total Net Earned Revenue Income (**)



(**) net earned premiums plus net commissions

Net Earned Revenue Income remains at par with prior year.

Combined Ratio*



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

Higher ceding commissions offset by increased claims reserves and pay-outs leading to the reduced margin.

Management Report
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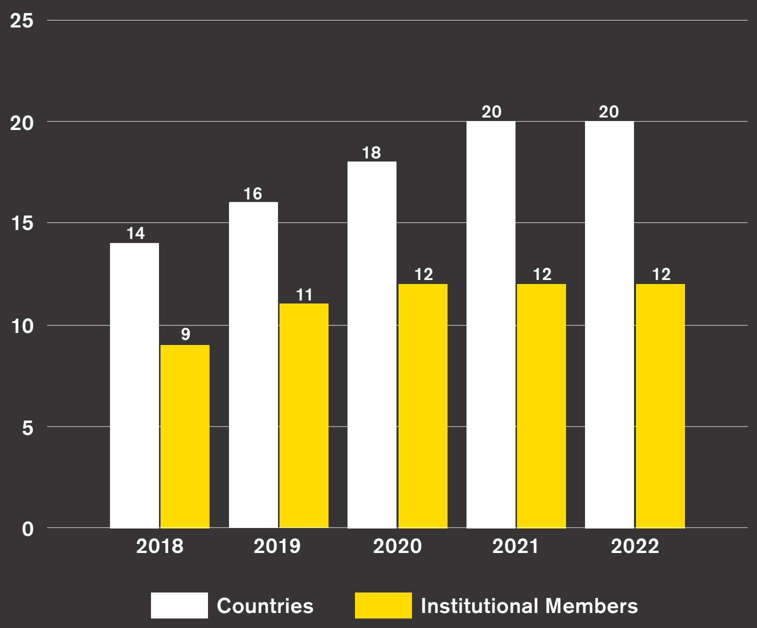
Key Highlights (continued)

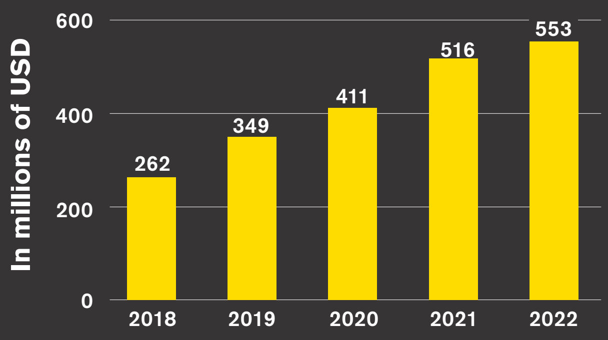
Membership Growth



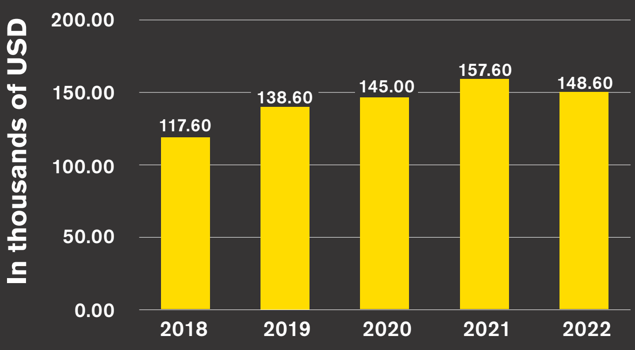
Accelerated membership expansion expected to continue into the future with the financial support of partners such as the African Development Bank, the European Investment Bank and the KfW Development Bank.

Equity Growth

Equity



Adjusted NAV per Share



Average Equity growth of 18% in the last five years. Average 7% growth in Net asset value over the past 5 years linked to equity growth, as a result of unrealised losses on mark to market value of bond investments.

Management Report
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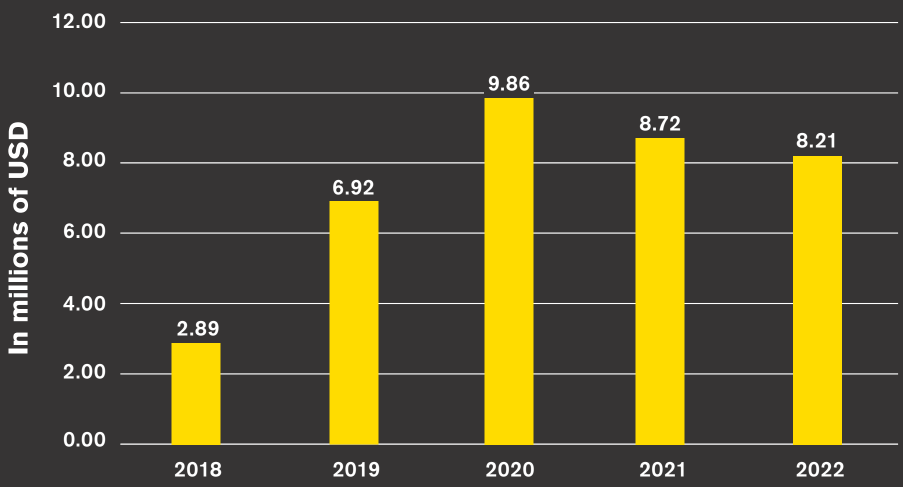
Key Highlights (continued)

Dividend History



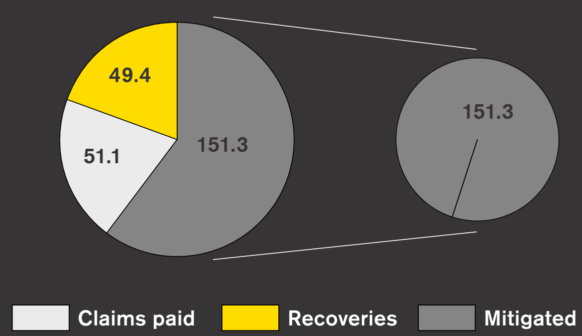
ATIDI has declared a dividend of USD8.2M in 2022. This is in line with its dividend policy and reflects its resilience and the Board and Management's confidence in the underlying strength of the business.

Claims

Adverse external shocks continue to trigger surges in inflation, exchange rate depreciation, supply chain shocks and pressure on foreign exchange reserves. The effect of these adverse occurrences is gradually being felt on performance of the transactions that ATIDI supports. This is manifested through an increase in the number of cases of reported losses or likelihood of losses either as a result of insolvency or liquidity challenges both at micro and macro levels and challenges in recovery.

Nevertheless, ATIDI continues to employ vigilance in the monitoring of its portfolio and in working out sustainable and amicable solutions aimed at remediating problem situations as soon as they occur. As a result, USD26.6M worth of potential loss was cured in 2022. Additionally, due to ATIDI's Preferred Creditor Status full recovery has been obtained on all claims involving sovereigns and sub sovereigns.

	Last 6 years - USD M
Claims paid	51.1
Recoveries	49.4
Mitigated	151.3



Management Report
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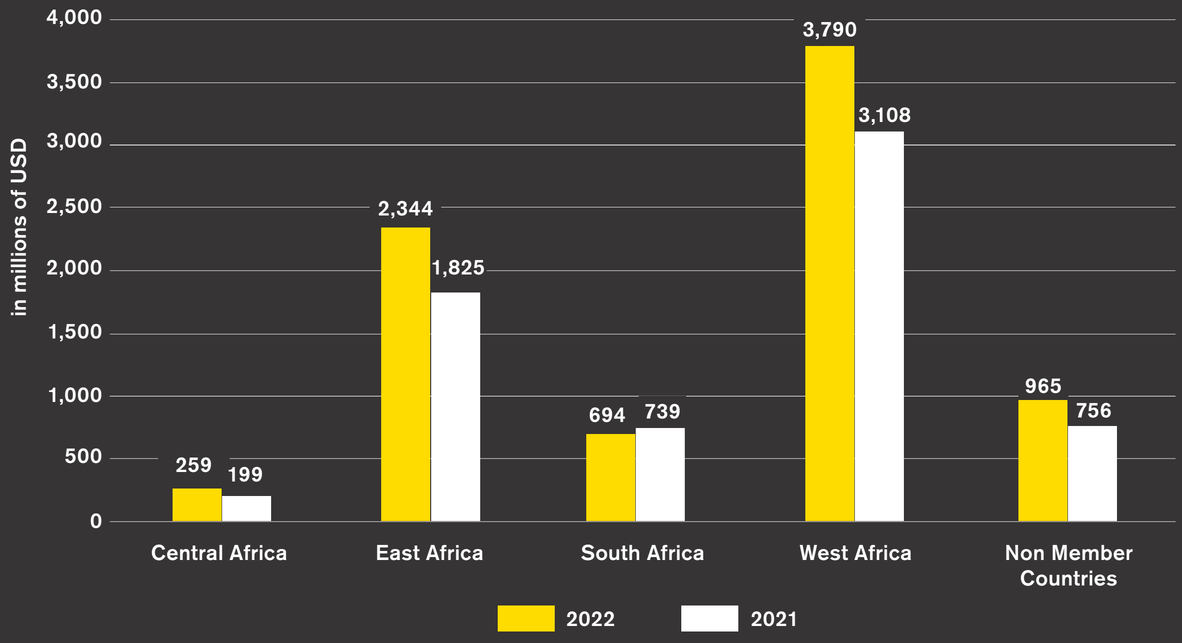
Key Highlights (continued)

Business Portfolio (based on Gross Exposure)

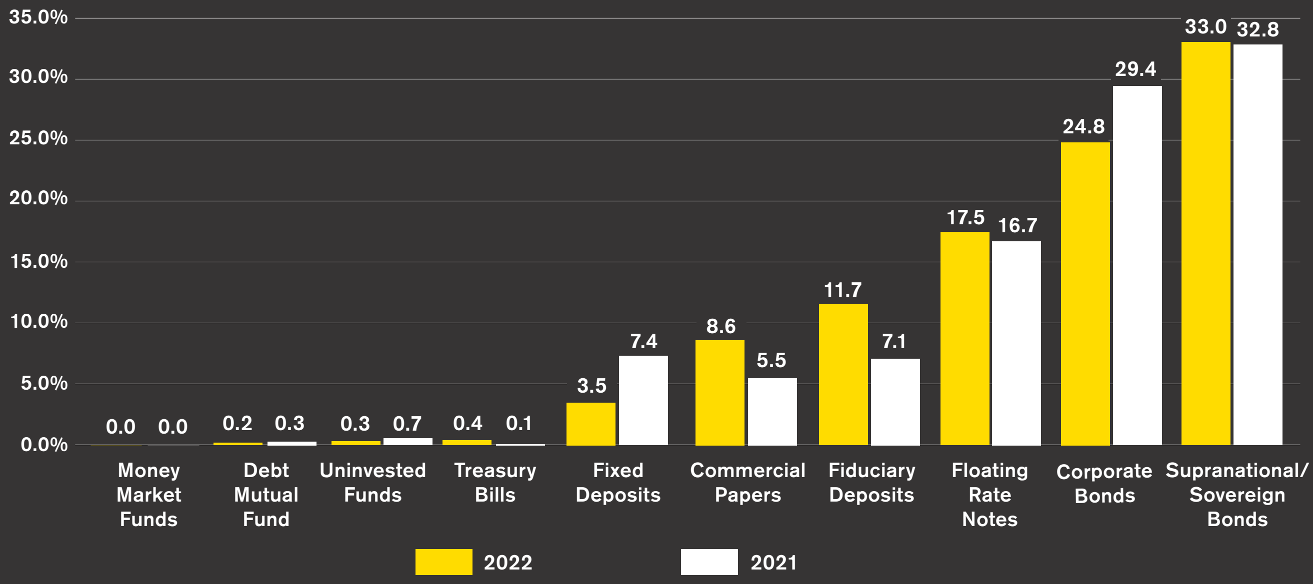
ATIDI's portfolio continues to reflect a robust risk diversification strategy in line with its mandate.

Gross Exposure by Region



Investment Portfolio

ATIDI's investment portfolio increased by 14% due to increase in proceeds from capital contributions and reinvested business income. Net investment income grew by 71% with increase in the investment portfolio size and as a result of increase in short and medium-term interest rates. Uninvested funds represent maturities received at the close of the year that were pending reinvestment as at 31 December 2022.

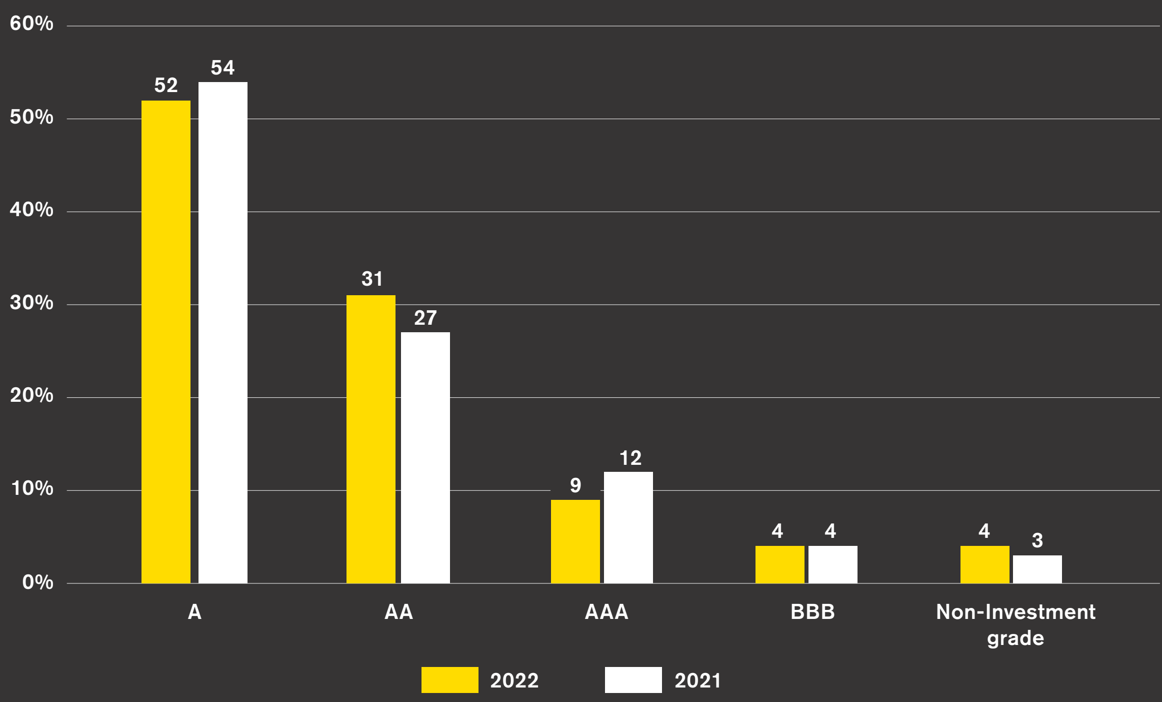


Management Report
- Continued

Key Highlights (continued)

Credit Quality of the Investment Portfolio

In addition to investment portfolio diversification, ATIDI permanently seeks to maintain the credit quality of its assets. To date, 96% (2021-97%) of the investment portfolio continues to be comprised of investment grade instruments.



Activities & Recognitions

01 Norad Partnership

ATIDI received a major boost for its Regional Liquidity Facility (RLSF) from the Norwegian Agency for Development Cooperation (Norad) who committed grant funding of NOK 500M (USD56M), allocated over an initial period of 5 years. The grant is geared towards the continued implementation of RLSF, which aims to mobilize private investment into renewable energy projects in Africa, while contributing to the achievement of Sustainable Development Goals 7 (affordable and clean energy), 8 (decent work and economic growth) and 13 (climate action). In addition, the grant will also contribute towards the development of additional insurance or guarantee products in support of small and medium sized renewable energy sector initiatives.

Since its launch, RLSF has supported five landmark projects in Burundi, Malawi and Uganda under phase 1 – enabling over USD172.5M in project financing and a total installed capacity of 116.3 MW.

Beyond RLSF, ATIDI has supported other renewable energy projects across its member countries, enabling an installed capacity of over 500 MW. ATIDI's current gross exposure in direct support towards generation of renewable energy transactions stands at USD225 million – with the grant and support from Norad, this exposure is poised to increase significantly in the long term.

german cooperation
DEUTSCHE ZUSAMMENARBEIT
KFW
Norad
ati aca African Trade Insurance Agency
Agence pour l'Assurance du Commerce en Afrique
20 YEARS ANS

02 Country Launches in Togo and Niger

In a bid to sensitize the market and provide an opportunity to raise awareness on ATIDI's products and services within the private sector and relevant government agencies, ATIDI in collaboration with Togo's Ministry of Economy and Finance and Niger's Ministry of Finance, launched its business activities and hosted a series of awareness activities in the two countries.

The launch activities entailed two press briefs to announce the countries' recent membership in ATIDI and stakeholder's workshops on De-risking Trade & Investments in Africa for African MSMEs. The main objective of the workshops was to examine the challenges faced by the private sector and government entities in attracting investments and trade facilities, with a view to showcasing ATIDI's solutions in West Africa.

Activities & Recognitions
- Continued

03 RLSF MoU

The Republic of Ghana and the Republic of Togo signed the Regional Liquidity Support Facility's (RLSF) Memorandum of Understanding (MoU), for the roll-out of RLSF within the countries, becoming the eighth and ninth ATIDI Member State respectively to sign the MoU. This is in line with the countries' mission to promote access to reliable, clean, and affordable electricity.

04 Annual Investor Roundtable on Africa's Trade & Investment Risks

The event, whose theme was, "Stimulating Economic and Sustainable Growth for Africa: Context, Thematic issues and Initiatives post COVID-19", was held in a hybrid format on the sidelines of ATIDI's 22nd Annual General Meeting, with the physical meeting hosted by the Government of Ghana. The event provided an opportunity for engagement with ATIDI's Stakeholders and included hosting an exclusive Boardroom session between partners and select Governments.

05 White Paper

As one of the world's foremost multilateral providers of trade credit and investment insurance to firms, lenders, and investors in Africa, ATIDI has an expansive development mandate to support trade & private sector growth in the region.

With the opportunities inherent to the African Continental Free Trade Area (AfCFTA), ATIDI will facilitate Foreign Direct Investments (FDI) and equitable trade balances. These form sustainable avenues for Africa to claw its way out of the current COVID-induced trough.

ATIDI published a White Paper that illustrates the case for Africa as an ideal destination for investment & trade. Follow the link to access the white paper: https://www.ati-aca.org/knowledge-centre/white-papers/

Activities & Recognitions
-Continued

06 Berne Union AGM

ATIDI was honored to host the Berne Union's (BU) Annual General Meeting (AGM), which was co-hosted by the Republic of Rwanda. The meeting provided an opportunity to showcase Africa as a prime destination for doing business, given the significant rewards to investors.

At ATIDI, we believe that stronger collaboration between public and private institutions in the financial industry is key to adequately support trade and investment in Africa, and the opportunity to host this AGM in Rwanda undoubtedly supported this momentum.

ATIDI's Chief Underwriting Officer, Mr. Benjamin Mugisha, was elected as the Vice President of the Berne Union.

07 London Roadshow

We were delighted to host a meet-and-greet cocktail reception for the London market, notably for brokers, underwriters, insurers, reinsurers, bankers and other partners, for which the objective was for the CEO and the CUO to meet players in the industry.

Activities & Recognitions

-Continued

08 African Bankers Awards

ATIDI received triple recognition for the Luanda BITA Water Supply project. The project aims to supply potable water service to currently unserved urbanized and urbanizing areas of South Luanda, in Angola.

This is the second time that ATIDI has been recognized at the African Banker Awards, after two of the renewable energy projects supported with RLSF cover (Nkhotakota and Mubuga solar PV power plants), were jointly awarded the Energy Deal of the Year in 2021. The two renewable energy projects were recognized for having had the most significant impact in lighting up Africa and introducing a new blueprint for renewable energy investment in the two countries.

09 ATIDI-NEXI Joint Webinar

This joint webinar themed, “Catalyzing Japanese investments in Africa”, was organized as a side-event, celebrating and leading up to the Eighth Tokyo International Conference on African Development (TICAD8), which was held in Tunis, Tunisia. The webinar can be accessed via this link https://www.youtube.com/watch?v=-NHwhVcmPes

Delegates following the 22nd AGM proceedings in Ghana

ATIDI staff at the annual Africa Energy Forum (aef) in Brussels

The Vice President of Ghana and the MoF of Ghana grace ATIDI 2022 AGM, which was held in Accra

H.E. Ahmat Jidoud, Minister of Finance of Niger and Manuel Moses during an event in Niger

Networking during the London Roadshow hosted by ATIDI

ATIDI Staff receiving an award for one of our flagship Projects

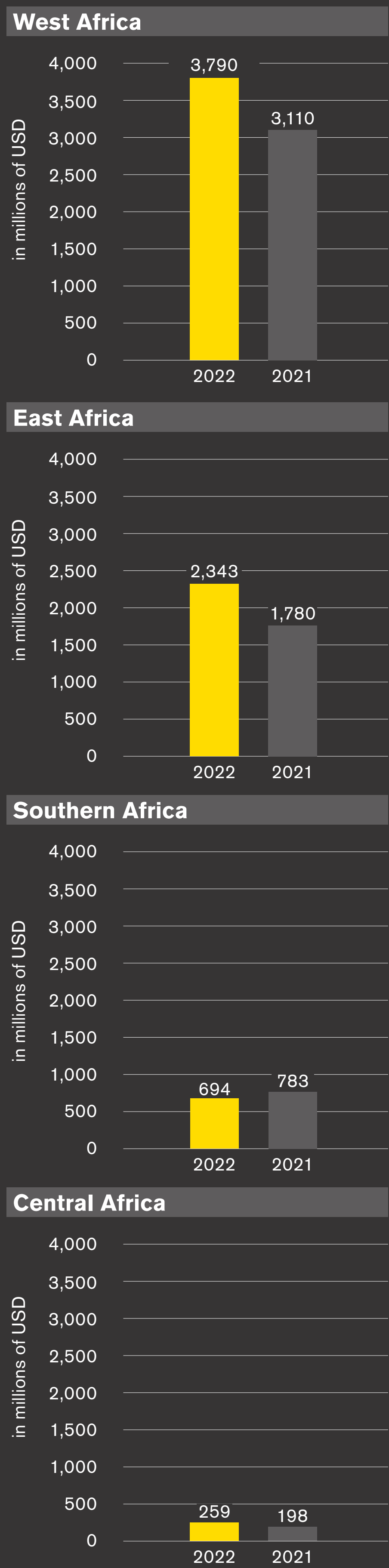
Projects Supported in 2022

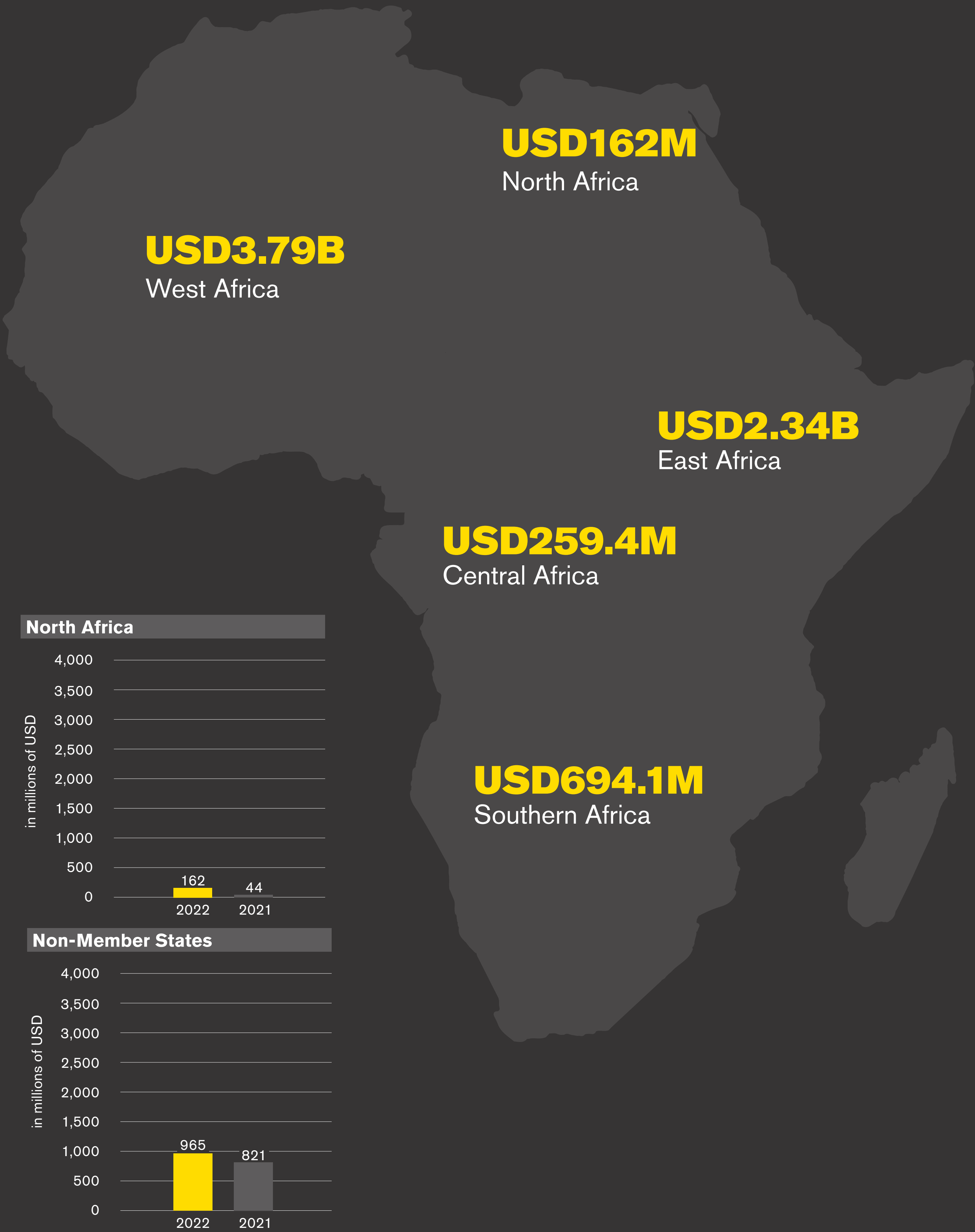
ATIDI closed FY2022 with a record 20-member states and a combined exposure of USD8B, a 22% increase from FY2021. ATIDI predominantly insured political (investment) risk transactions [74.9% of portfolio] but we are continuously looking to innovate private sector driven products [currently at 25.1% of portfolio] including SME support. We are in the process of rolling out a bank portfolio product targeted for SMEs and this is expected to increase SME exposures going forward.

ATIDI's activities are well diversified in terms of covered sectors. The sectors supported mirror the Countries' Development agenda and economic sector diversification, as we strive to support the governments through their strategic goals whilst also encouraging private sector development.

> ATIDI closed FY2022 with 20-member states and a combined exposure of USD8B, a 22% increase from FY2021

Gross Exposures

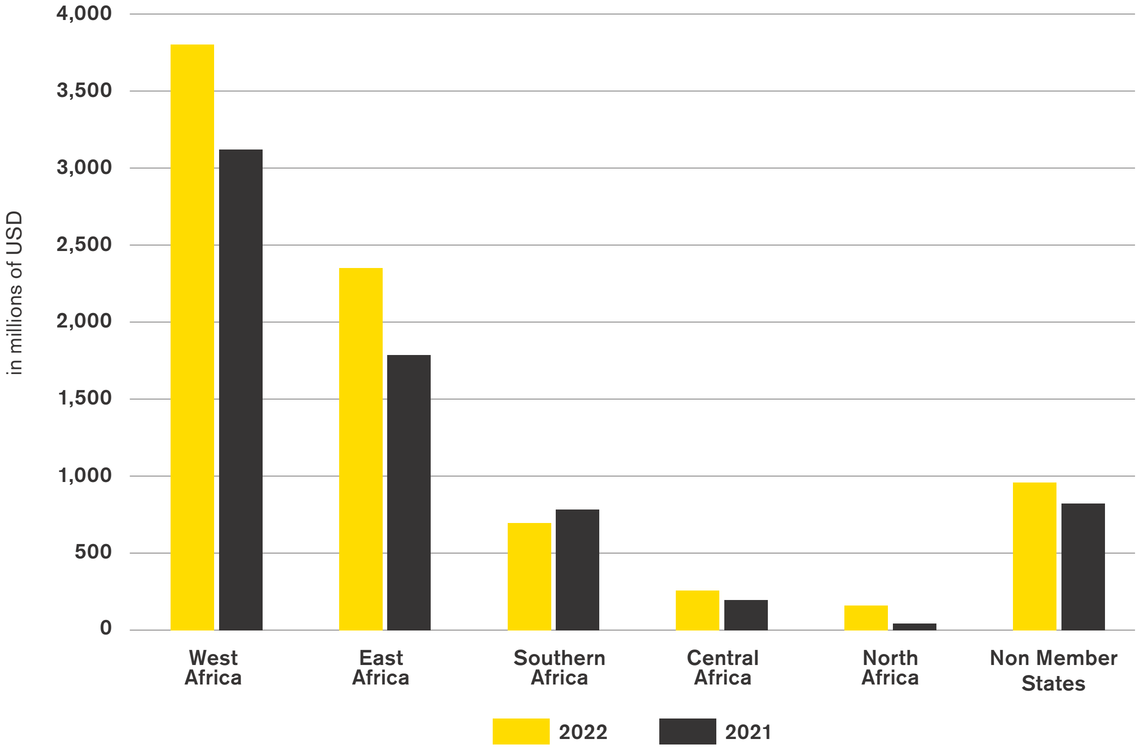



USD162M
North Africa
USD3.79B
West Africa
USD2.34B
East Africa
USD259.4M
Central Africa
USD694.1M
Southern Africa
North Africa
in millions of USD
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
162
44
2022
2021
Non-Member States
in millions of USD
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
965
821
2022
2021

Projects Supported in 2022

-Continued

Gross Exposures (continued)



Projects Supported in 2022

- Continued

Central Africa

01

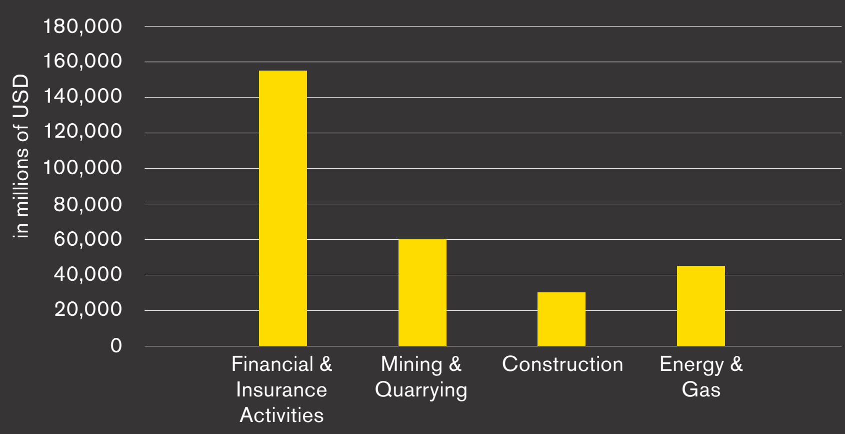
ATIDI has 2-member countries in the region - Cameroon and Democratic Republic of Congo - **with a combined gross exposure of USD259.4 million, representing 3% of the total gross exposure.**

02

Thanks to our Pan African mandate, ATIDI covered two transactions with a gross exposure of USD35.1 million in Gabon, a non-member country of ATIDI, in the financial and construction sectors. The projects were valued at USD866 million.

03

Active sectors for ATIDI include Construction (10%), Energy & Gas (16%), Financial & Insurance Activities (53%) and Mining & Quarrying (21%) with new projects supported in 2022 valued at USD1.39 billion.



04

Political risk insurance accounted for 16% of the region's gross exposure while credit risk insurance accounted for 84%.

05

Our expansion strategy aims to finalize membership for Gabon.

Projects Supported in 2022

-Continued

Eastern Africa

01

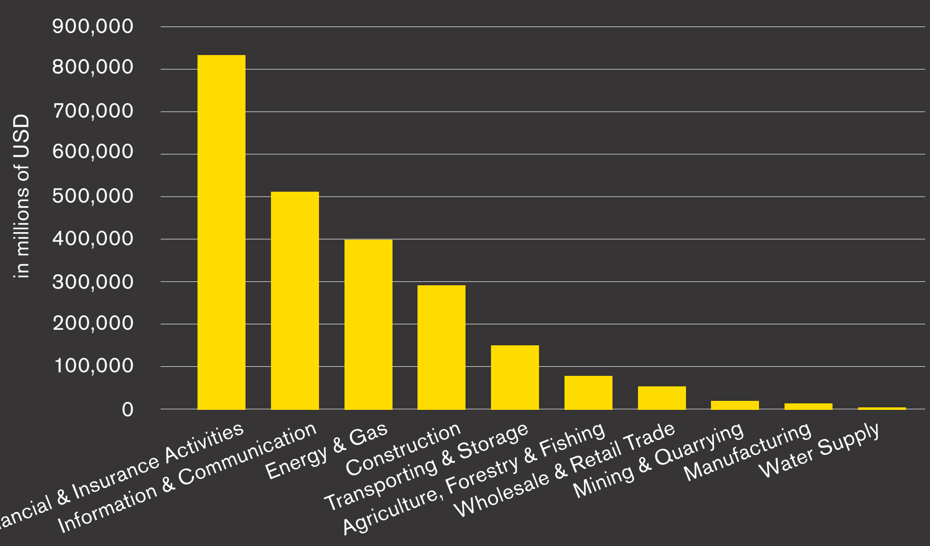
ATIDI has 7-member states in the region – Burundi, Ethiopia, Kenya, Rwanda, South Sudan, Tanzania and Uganda - **with a combined gross exposure of USD2.34 billion, representing 29% of the total gross exposure.**

02

Thanks to our Pan African mandate, ATIDI covered a transaction with a gross exposure of USD10.8 million in Eritrea, a non-member country of ATIDI, in the financial & insurance sector. The project was valued at USD50 million.

03

Active sectors for ATIDI in the region include Agriculture, Forestry & Fishing (3%), Construction (12%), Energy & Gas (17%), Financial & Insurance Activities (35%), Information & Communication (22%), Manufacturing (1%), Mining & Quarrying (1%), Transporting & Storage (6%) and Wholesale & Retail trade (2%) with new projects supported in 2022 valued at USD1.75 billion.



04

ATIDI's clients sought protection across the full spectrum of products with CRI accounting for 34% of the region's gross exposure and PRI accounting for 66%.

Projects Supported in 2022

-Continued

Southern Africa

01

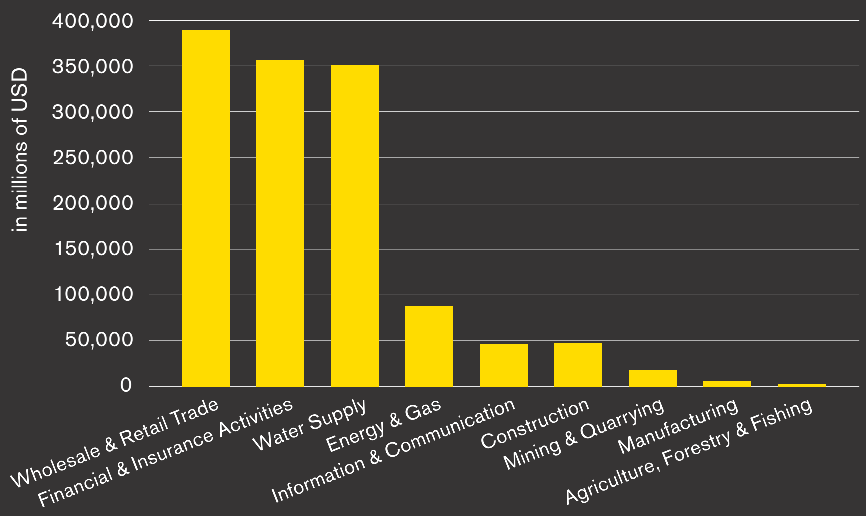
ATIDI has 4-member states in the region – Malawi, Madagascar, Zambia and Zimbabwe - **with a combined gross exposure of USD694.12 million, representing 9% of the total gross exposure.**

02

Thanks to our Pan African mandate, ATIDI covered transactions with a gross exposure of USD612.26 million in Angola, Botswana, Mauritius, Mozambique and South Africa - all non- member countries, in the Water Supply, Construction, Financial & Insurance Activities, Information & Communication and Energy & Gas sectors.

03

Other active sectors in our member states include Construction (4%), Energy and Gas (7%), Financial & Insurance Activities (27%), Information & Communication (4%), Mining & Quarrying (1%), Water Supply (27%), Wholesale & Retail trade (30%) with new projects supported in 2022 valued at USD345.78 million.



04

Political risk insurance accounted for 87% of the region's gross exposure while credit risk insurance accounted for 13%.

05

Our expansion strategy saw Angola become an ATIDI member state in Q1 of 2023 and Mozambique is also expected to join soon.

Projects Supported in 2022

- Continued

West Africa

01

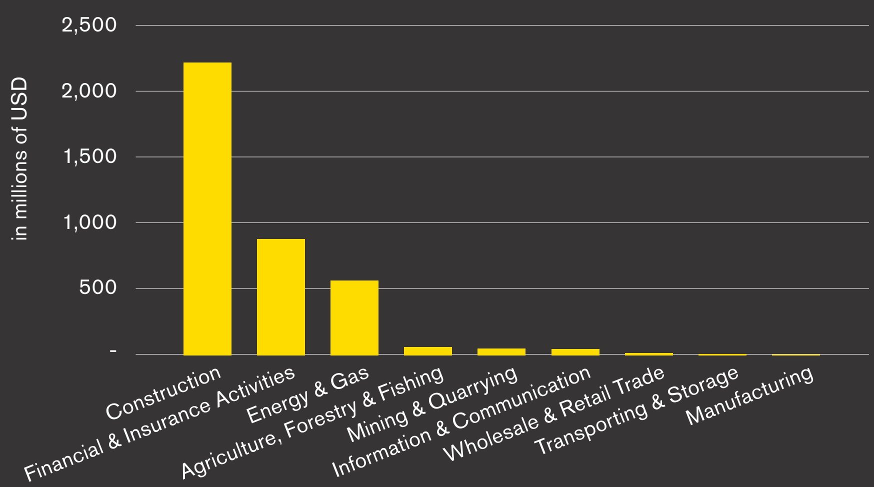
ATIDI has 7-member states in the region – Benin, Côte d'Ivoire, Ghana, Nigeria, Niger, Senegal and Togo - **with a combined gross exposure of USD3.79 billion, representing 47% of the total gross exposure.**

02

Despite their non-member status, ATIDI covered transactions in Burkina Faso and Mauritania, with a combined gross exposure of USD21.22 million in Financial & Insurance Activities and Energy & Gas activities.

03

Other active sectors in ATIDI's member states include Agriculture, Forestry & Fishing (2%), Construction (57%), Energy & Gas (15%), Financial & Insurance services (23%), Information & Communication (1%), Mining & Quarrying (1%), Transporting & Storage (1%) with projects supported in 2022 valued at USD2.71 billion.



04

Political risk insurance accounted for 83% of the region's gross exposure while credit risk insurance accounted for 17%.

05

Our expansion strategy aims to finalize membership for Burkina Faso and Mali in 2023.

Projects Supported in 2022

-Continued

North Africa

01

None of the countries in this region are members of ATIDI. Nonetheless, ATIDI covered transactions in Egypt and Sudan, **with new projects valued at USD474 million and a combined gross exposure of USD162.5 million in Financial and Insurance Activities.**

02

Political risk insurance accounted for 83% of the region's gross exposure while credit risk insurance accounted for 17%.

03

Our expansion strategy aims to finalize membership for Egypt.


image source: Freepik

Sample Projects Covered in 2022

Project:
Safaricom Telecommunications Ethiopia Plc (STE)

Country:
Ethiopia

Cover:
PRI (E)

Impact:
The project is poised to not only support rapid economic growth and transformation by maximizing opportunities presented by the digital technology, but will also increase foreign exchange earnings for the country – through the initial equity investment and future FDI flows, job creation and encourage more foreign investors.

Project:
Loan to Finance the Development of an Urban Centre

Country:
Senegal

Cover:
PRI (Non-Honouring of Sovereign Obligation)

Project Value:
USD113.6 million

Impact:
The new town will redeploy economic and administrative activities outside the capital (Dakar), while preserving the geostrategic advantages. Its urbanization will drive growth and will be a catalyst for the structural transformation of the Senegalese economy.

Sample Projects Covered in 2022

-Continued

Project:

Supply of Refined Petroleum on an Open Account Basis

Country:

Angola

Cover:

PRI (Non-Honouring of Sovereign Obligation)

Project Value:

USD100 million

Impact:

Gasoline is an important commodity in the country given that Angola imports about 80% of its refined fuel needs. Therefore, the government will regularly have recourse to the international market for the procurement of refined petroleum products and cannot afford to default on its obligations as it would send a wrong signal to traders.

Project:

Sustainable Bond Framework to Issue Green, Social and Sustainable Bonds

Country:

Côte d'Ivoire

Cover:

PRI (Non-Honouring of Sovereign Obligor)

Project Value:

Euro 412.9 million

Impact:

Proceeds to be used to finance or refinance existing and future projects including access to infrastructure, public health & social programs, entrepreneurship & employment opportunities and environment & sustainable development plans.

Project:

Forex Exchange Swap

Country:

Ghana

Cover:

PRI (Non- Honouring of Sovereign Obligor)

Project Value:

USD67.5 million

Impact:

Ghana needed to ease the shortfall of foreign exchange by increasing supply to meet the market demand for USD by its local importers.

Environmental, Social & Governance (ESG) Updates

Improvement in ESG Risk Framework

The year 2022 was marked by the strengthening of ATIDI's ESG framework and its implementation. ATIDI has completed the comprehensive review of its Environmental and Social Management System (ESMS) and defined new building blocks relevant to its mandate. The new building blocks are under development.

The new ESG building blocks will include:

ESG Policy

An ESG Policy that broadly defines ATIDI's commitments, roles and responsibilities to environmental and social sustainability, sets requirements for managing environmental and social risks and impacts linked to the portfolio and outlines how ATIDI assesses and monitors the ESG risks and impacts of transactions.

ESMS Guidelines

ESMS Guidelines that aim to identify, assess, manage and monitor ESG risks and impacts of transactions presented for insurance cover, considering the national laws and regulations, IFC Performance Standards and other applicable requirements.

Grievance Redress Mechanism

A Grievance Redress Mechanism that sets requirements for proper management of complaints from affected people or entities and defines responsibilities for both ATIDI and its clients for receiving, processing and monitoring complaints.

Climate Change Strategic Framework

Climate Change Strategic Framework that sets out a clear vision, objectives and strategies to help ATIDI address the challenges of climate change in a more structured and effective way.

In addition, regular activities are carried out including:

01 Systematic E&S review of transactions presented to ATIDI for insurance cover. E&S covenants are included in insurance policies, where relevant, to help monitor the agreed E&S mitigation measures. Transactions must demonstrate positive ESG impact before being approved;

02 Training of ATIDI staff on ESG topics to help support implementation;

03 E&S on-site monitoring of projects and periodic E&S reporting to shareholders.

Environmental, Social & Governance (ESG) Updates

-Continued

Gender Ratio

ATIDI has improved its gender ratio from 2021 to 2022 as presented below:

2022 Staff Ratio

2021 Staff Ratio

Strengthening CSR Initiatives

ATIDI has also strengthened its CSR activities with various initiatives, including support for school infrastructure improvement in a remote area of South Sudan. ATIDI contributed to the project entitled "Standing Up for Safe and Protective Education" by construction of two semi-permanent learning spaces for emergency-affected out of school children. The two schools selected in consultation with the Country's Ministry of Education are Nairiwo Primary School and Diatoro Primary School, Yambio county, Western Equaroria State (25km from Yambio Town). ATIDI's support helps bring back to school more than 600 children (boys and girls). The project is carried out on the ground by the NGO African Educational Trust (AET).

Enterprise Risk Management (ERM)

Overview

Managing risk and opportunities is a fundamental part of our strategy in the delivery of our mandate and ensuring that risks that threaten the achievement of ATIDI's objectives are identified, managed and mitigated.

ATIDI's ERM framework was revised and revamped in 2022, to better position the organization to cope with emerging risks and global macro-economic developments. The exercise resulted in the alignment of the Framework with best practices including the International Organization for Standardization (ISO 31000) and the Committee of Sponsoring Organizations (COSO) frameworks.

The ERM process at ATIDI places emphasis on accountability, responsibility, independence, reporting, communication and transparency. The approach to risk management takes a holistic view of the risks inherent in ATIDI's strategy, operations, business, and the management of risks is embedded into the mainstream planning, and decision-making process.

During the FY2022, ATIDI focused its risk activities in implementing the revamped ERM framework which ensures that the organization takes on calculated risks within the approved risk appetite. The framework defines risk appetite and tolerance levels within which the organization is willing to accept risks. While ATIDI remains committed to increasing shareholder value by developing and growing its business within the Board-sanctioned risk appetite, due consideration is given to the interests of all stakeholders in pursuing this objective. The organization therefore seeks to achieve an appropriate balance between risk and reward in its business.

Risk Reporting Governance Structure

The Board of Directors bears the ultimate responsibility of risk governance. Through the Board Risk Committee, the Board provides oversight of the implementation of the ERM framework. At the Management level, the Chief Risk Officer provides support and leadership of the risk management function and co-ordinates the identification, assessment, monitoring and reporting of the organization's risk profile.

Operationally, ATIDI bases its risk management framework on a well-established governance process, by adopting "three lines of defence" as follows:

Responsibility	Line of Defence	Key ERM Roles
Management	1st Line of Defence	1. Ultimate accountability for management of the organization's risks. 2. Operationalize, support, manage and report risks at functional/ process level. 3. Ensure that chosen risk treatments are appropriate for and in line with the risk tolerance levels. 4. Provide management oversight of the ATIDI risk portfolio and risk management processes.
Risk Department	2nd Line of Defence	1. Implement the ERM framework and enhance the risk culture within the organization. 2. Ensure integration of ERM framework within the organization's initiatives and clearly define the relationship between ERM, performance and value. 3. Monitor internal and external factors and events that might positively or negatively impact the organization's ability to implement its strategies and achievement of its objectives. 4. Ensure that chosen risk treatments are appropriate for and in line with the risk tolerance levels.

Enterprise Risk Management (ERM)

- Continued

Risk Reporting Governance Structure (continued)

Responsibility	Line of Defence	Key ERM Roles
Risk Department (continued)	2nd Line of Defence	5. Collate, analyze and report risks and responses enterprise-wide, and review the efficacy of the ERM framework. 6. Facilitate update of the ERM framework and quarterly reporting of the key risk indicators.
Board Risk Committee	3rd Line of Defence	1. Review the organization's risk identification, risk appetite framework and tolerance with the current and future business strategy considering ATIDI's capital adequacy and the external risk environment. 2. Recommend to the Board financial, underwriting, operational and market risk and related limits. 3. Oversee the current risk exposures, the organization's future risk strategy for capital and capital allocation. 4. Oversee and monitor management's documentation of material risks that ATIDI faces and update as events change and risks shift. 5. Review the organization's policies, plans, processes and any proposed changes to those policies for controlling significant financial risks. 6. Consider material breaches of the approved risks limits, review actions taken in response and to prevent a repeat.

Risk Management Process

ATIDI's risk management process is now benchmarked against those of peer organizations, and are aligned to international best practices as follows:

1. **Establishing the Context**
   Alignment of risk management to ATIDI's overall objectives. This stage is synonymous with ATIDI's annual business planning exercises. The organization identifies and evaluates all threats and opportunities to its strategic objectives at this stage.

2. **Risk Identification**
   Risk identification seeks to recognize the potential risks which may affect the achievement of ATIDI's objectives, examples of which may include among others the review of the business strategy, a change in existing legal regime, processes, or key staff and the development of new processes.

3. **Risk Assessment**
   This stage involves the assessment of the likelihood and consequence of the identified risk. This enables ATIDI to prioritize risks and focus resources on the most significant risks. Currently, ATIDI has a 5*5 risk scoring matrix with three levels of risk: low (risk rating 1 to 4), medium (risk rating 5 to 11) and high (risk rating 12 to 25).

4. **Risk Treatment**
   Once risks are identified, mitigation measures are put in place, and the effectiveness of the controls are measured to establish the residual risk levels. The ultimate aim is to ensure that each risk level is within the predetermined risk appetite.

5. **Risk Monitoring**
   Risk monitoring entails preparation of periodic risk assessment reports, analysis of trends and patterns, report on the performance and results, regular update of the risk registers and key risk indicators.

6. **Risk Communication & Reporting**
   The last risk management process is the effective communication and reporting of the risk profiles to the Board of Directors. This is an essential stage that ensures that those responsible for managing risk, understand the basis on which decisions are made and why particular treatment/ action options are selected or the reasons to accept risks have changed.

Enterprise Risk Management (ERM)

- Continued

Risk Universe

ATIDI's revised ERM framework comprises of six corporate risks, namely:

Strategic

Financial (Business)

Financial (Investments)

Operational

Reputational

Compliance Risks

The risk universe however includes all the corporate risks that are identified in the various departments and business units, and are maintained in ATIDI's risk registers. These are reviewed on an annual basis to establish their movements/ relevance in view of mitigation/control actions and changes in the risk landscape. Specific risks will subsequently be retired, maintained on escalated.

The corporate risks are defined as follows:

01 Strategic Risk

Refers to the array of external and internal events and trends that can affect ATIDI's ability to achieve its strategic objectives and initiatives that anchor effective delivery of its products in order to achieve its pan-African mandate.

02 Financial (Business) Risk

The risk that ATIDI's physical and financial resources will be impaired because of adverse activities related to its underwriting activities on both CRI and PRI risk, reinsurance and other core underwriting activities.

03 Financial (Investment) Risk

The risk that ATIDI's financial assets will be impaired because of adverse economic conditions, poor planning and inefficient instruments tracking and monitoring, inefficient resource utilization or increasing expenditure resulting in the organization's inability to finance its activities or realize its investment goals.

04 Operational Risk

Defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The definition includes legal risk but excludes strategic and reputational risk.

05 Reputational Risk

The risks arising from negative perception, fraud and other criminal activities from ATIDI's sponsors, shareholders, business partners, clients, media and other relevant parties that can adversely affect the organization's ability to achieve its mandate.

06 Compliance Risk

Exposure to events or circumstances that could potentially compromise compliance with Know your client (KYC) procedures, anti-money laundering (AML) and internal financial controls.

Enterprise Risk Management (ERM)

-Continued

Focus for 2023

The global economy continues to be volatile and uncertain, and ATIDI's sustained commitment to sound risk management practices is expected to provide effective mitigation against headwinds that may affect our business.

The risk function in 2023 is subsequently aimed at safeguarding the operational and financial stability of ATIDI and supporting the achievement of its strategic and financial objectives, as it embarks on the implementation of the next Five-Year Strategic Plan.

3

Corporate Information

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ATIDI's Products	67

Corporate Governance

Overview

ATIDI is regulated by the ATIDI Treaty and other Associated Legal Instruments (Articles of Association and Participation Agreements). In 2022, ATIDI carried out a comprehensive review of its Treaty and Associated Legal Instruments in order to align the legal instruments with international best practice.

The revised ATIDI Treaty and Associated Legal Instruments were adopted by the Shareholders at the Twenty-Second (22nd) Annual General Meeting held in Accra, Ghana on 23rd June, 2022.

The fundamental changes introduced in the revised ATIDI Treaty amongst others, include the reclassification of ATIDI's classes of shares and the review of the composition of the Board of Directors to enable the introduction of up to two Independent Directors. The revised edition of the ATIDI Treaty has been published and is accessible on ATIDI's Website.

Corporate Governance Structure

Corporate Governance
-Continued

General Meeting

The highest policy organ of ATIDI is the General Meeting of Shareholders which meets at least once a year.

In 2022, the Shareholders met once in Accra, Ghana. The officials of the General Meeting include a Chairperson, a vice Chairperson and a Secretary, elected by the Shareholders at an ordinary meeting, who collectively form the Bureau of the General Meeting. The current Chairperson of the General Meeting is H.E. Dr. Uzziel Ndagijimana, Minister of Finance and Economic Planning of the Republic of Rwanda. The current Vice-Chairperson of the General Meeting is Hon. Dr. Situmbeko Musokotwane, Minister of Finance and National Planning of the Republic of Zambia and the current Secretary of the General Meeting is H.E. Dr. Ahmat Jidoud, Minister of Finance of the Republic of Niger.

The following are the members of ATIDI as at 31 December 2022:

Member States
Angola[1]
Benin
Burundi
Cameroon
Côte d'Ivoire
DRC
Ethiopia
Ghana
India - Represented by Export Credit Guarantee Corporation of India (ECGC)
Kenya

Member States
Madagascar
Malawi
Niger
Nigeria
Rwanda
Senegal
South Sudan
Tanzania
Togo
Uganda
Zambia
Zimbabwe

Institutional Members
African Development Bank (AfDB)
African Reinsurance Corporation (Africa Re)
Atradius Participations Holding
CESCE (The Spanish Export Credit Agency)
Chubb Insurance Bermuda Ltd.
Kenya Reinsurance Corporation (Kenya Re)
SACE SpA (the Italian Export Credit Agency)
The Common Market of Eastern and Southern Africa (COMESA)
The PTA Re Insurance Company (Zep-Re)
The Trade & Development Bank (TDB)
UK Export Finance (UKEF)

Board of Directors

The second policy organ of ATIDI is the Board of Directors which meets at least quarterly a year.

The Board of Directors currently comprises 11 substantive members out of a maximum of 13 board seats. In accordance with the provisions of the ATIDI Treaty, each substantive board member has an alternate. All Directors are elected by the General Meeting for a period of three years and may be re-elected for a second and last term at the expiration of the first term. As outlined by the ATIDI Treaty, upon expiry of the term, Directors shall continue to serve on the Board of Directors until their successors are appointed.

In 2022, the Board of Directors met seven times. The current Chairperson of the Board of Directors is Dr. Yohannes A. Birru and the current Vice-Chairperson of the Board of Directors is Ms. Hope Murera.

Composition of Board of Directors

The following are the current substantive and alternate members of the Board of Directors of ATIDI and the group constituencies they represent[2]:

[1] The Republic of Angola became a Member State of ATIDI on 9 February 2023.
[2] Effective from **18th July, 2023**, the above listed share classes and board constituencies will subsequently change, in accordance with Resolutions 5 **(Consideration and adoption of the proposed amendments to the Treaty and Associated Legal Instruments),** 7 **(Composition of Group Constituencies)** and 8 (3) **(Election of Directors and Alternate Directors)** adopted by ATIDI's Twenty-Second (22nd) Annual General Meeting held on 23rd June, 2022, which relates to the reclassification of ATIDI's Shares and the re-composition of ATIDI's Board Constituencies.

Corporate Governance
-Continued

Board of Directors

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

Ms. Hope Murera
Vice Chair of the Board of Directors, Director representing D Group, Constituency 1 (COMESA, Trade & Development Bank and Zep-Re)

Mr. Hugues Toto
Director representing A Group, Constituency 1 (Burundi, DRC)

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

Ms. Esther Koimett
Director representing A Group, Constituency 2 (Kenya, Kenya Re, Nigeria, Rwanda, South Sudan)

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

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

Ms. Christina Westholm-Schröder
Director representing C Group Constituency (Chubb Insurance Bermuda Ltd.)

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

Mr. Kiiza Bichetero
Director representing D Group, Constituency 2 (Africa Re and SACE S.p.A.)

Mr. Ahmed Attout
Director representing E Group Constituency (African Development Bank)

Corporate Governance
- Continued

Board of Directors (continued)

Composition of Board of Directors (continued)

	Alternate Directors
01	**Ms. Sekai Chirume** Alternate Director for A Group, Constituency 3 (Ethiopia, Madagascar, Niger and Zimbabwe)
02	**Ms. Joy Ntare** Alternate Director for D Group, Constituency 1 (COMESA, Trade & Development Bank (TDB) and Zep-Re)
03	**Mr. Tharcisse Rutumo** Alternate Director for A Group, Constituency 1 (Burundi and DRC)
04	**Ms. Josephine Birungi** Alternate Director for A Group, Constituency 2 (Kenya, Kenya Re, Nigeria, Rwanda and South Sudan)
05	**Ms. Maryse Lokossou** Alternate Director for A Group, Constituency 6 (Benin, Côte d'Ivoire and Togo)
06	**Mr. Godfrey Simbeye** Alternate Director for A Group, Constituency 5 (Ghana, Tanzania and Uganda)
07	**Mr. Noel Loudon Mkulichi** Alternate Director for A Group, Constituency 4 (Cameroon, Malawi and Zambia)
08	**Mr. Sunil Joshi** Alternate Director for B Group Constituency (Republic of India represented by ECGC)
09	**Mr. Price Lowenstein*/ Ms. Natalie Chiaramonte**** Alternate Directors for C Group Constituency (Chubb Insurance Bermuda Ltd)
10	**Ms. Michal Ron** Alternate Director for D Group, Constituency 2 (Africa Re and SACE S.p.A.)
11	**Mr. Cheikh Mbaye** Alternate Director for E Group Constituency (African Development Bank)

**Alternate Director representing Class C shareholders up to 31 December 2022*
***Alternate Director representing Class C shareholders from 1 January 2023*

Corporate Governance
- Continued

Corporate Governance Structure (continued)

Board of Directors - Committee Meetings

The Directors are responsible for managing the business and general operations of the organization. In order to effectively discharge their mandate in response to business needs and best practice, the Board established three Committees (Board Finance and Audit Committee, Board Risk Committee and Board Human Resources Committee). In 2022, each of the three committees met twice.

In November 2022, in line with specific governance considerations applicable to ATIDI and best international governance standards, the Board of Directors approved a restructuring of its Committees and the establishment of the following standing Board Committees:

- Board Strategy and Finance Committee;
- Board Audit Committee;
- Board Risk Committee; and
- Board Human Resources and Governance Committee.

Subsequent to the restructuring and the establishment of the Board Committees, the Terms of Reference were also reviewed to align them with the restructured Board Committees and the Committees were further reconstituted. The reconstituted Board Committees met for the first time in December 2022.

Board Strategy and Finance Committee

This Committee assists the Board of Directors in fulfilling its oversight responsibilities regarding finance and investment management, operational and strategic planning, and the management of ATIDI's capital and cash resources through the budgeting process. In this respect, the Committee oversees and, when required, makes recommendations to the Board of Directors in respect of ATIDI's resource allocation, strategy and investment practices and processes.

Board Audit Committee

This Committee assists the Board of Directors in fulfilling its oversight responsibilities for:
(1) the financial reporting process;
(2) the system of internal control;
(3) the internal and external audit processes;
(4) the process for monitoring compliance with relevant laws and regulations;
(5) maintaining shareholder and investor confidence in ATIDI.

Board Risk Committee

This Committee assists the Board of Directors in fulfilling its oversight responsibilities for identifying, assessing, monitoring and managing risks. Moreover, the Committee oversees and, when required, makes recommendations to the Board of Directors in respect of ATIDI's enterprise-wide risk management practices and processes.

Board Human Resources and Governance Committee

This Committee assists the Board of Directors in fulfilling its oversight responsibilities in regards to human resources and talent management and sound corporate and Board governance. In this respect, the Committee reviews and oversees and, when required, makes recommendations to the Board of Directors in line with ATIDI's human resources management and corporate governance practices.

Ad Hoc Committees

Alongside the above standing committees, in 2022, the Board of Directors constituted the following Ad Hoc Committees to address specific key matters:

- Ad Hoc *Committee on the Board Code of Conduct*: To review and make recommendations to the Board on the design of its first Code of Conduct. The ad hoc committee met twice in 2022.
- Ad Hoc *Committee on the Restructuring of ATIDI's Board Committees*: To review possible board committee structures in line with best corporate governance practices and make recommendations to the Board on the ideal structure for ATIDI based on its specificities. The ad hoc Committee met twice in 2022.

Corporate Governance
- Continued

Corporate Governance Structure (continued)

Board of Directors - Committee Meetings (continued)

Ad Hoc Committees (continued)

- Nomination *Committee for the recruitment of a Chief Risk Officer*: Following the exit of the Chief Risk Officer in February, 2022, the Board of Directors tasked an ad hoc nomination committee to carry out a competitive recruitment process for a new Chief Risk Officer. In the meantime, the Board of Directors appointed Mr. Kefa Muga as Interim Chief Risk Officer until a substantive Chief Risk Officer is appointed. The new Chief Risk Officer is expected to be recruited in 2023.

The Chief Executive Officer

The third policy organ of ATIDI is the Chief Executive Officer (CEO). The CEO is responsible for the day to day management and operations of ATIDI. The CEO is appointed by the General Meeting of Shareholders for a term of five years and is eligible for re-appointment for a further and final term of five years, at the recommendation of the Board of Directors. Mr. Manuel Moses is the current Chief Executive Officer, who was appointed by the General Meeting in 2020.

ATIDI's Products

Trade Credit Insurance (Private Buyers/Borrowers)

Credit risk is defined as the risk of non-payment by a borrower or buyer arising from different events such as protracted default or insolvency. Buyer credit risk can also cover non-acceptance of goods that have been delivered according to the supply contract, non-payment of a 3rd party or non-performance. Credit risk policies are deemed comprehensive, i.e. they will tend to respond whatever the reason for non-payment.

There are two types of Trade Credit Products:

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

Political Risk / Investment Insurance

This insurance protects lenders, investors and suppliers against non-payment or unfair political action or inaction by a government that could deprive clients of investments, ownership benefits or use, causing financial loss in any of our member countries. This is divided into two:

1. Non-honoring of Sovereign or Sub-Sovereign Obligations which covers the public buyer/borrower's credit risk and unfair calling of bonds. This includes cover for non-honoring of sovereign or sub-sovereign guarantees.
2. Pure Political/ Investment Risk policies cover specific perils, with political risk being defined as the risk of a loss arising from any actions or inactions of governments or a loss following political events outside the control of the contracting parties. Such policies may also include the default (non-payment) risk of the sovereign or other public entities. Political (investment) risk has different sub-risks, such as embargo and expropriation that may materialize due to different events. ATIDI's insurance policy can combine several sub-risks and insured events, depending on the nature of the transaction, the needs of the client and the risk assessment of ATIDI.

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 assets due to war or civil disturbance
- Breach of contract by a host government
- Unilateral cancellation of an operating contract or license
- Default by a host government on an arbitration award
- A host government or a public institution unfairly refuses to reimburse 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

Regional Liquidity Support Facility (RLSF)

ATIDI offers RLSF 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 RLSF policy, which is backed by ATIDI, KfW and Norad, can be used to either complement or replace the form of Buyer Payment Security to be provided by the off-taker.

RLSF has been revamped to make its contractual structure simpler, cheaper and for the product to be easily deployed. The new structure no longer involves an LC issuing bank. This allows IPPs to continue to benefit from ATIDI's positive credit rating of A/ A3 (S&P & Moody's, respectively).

How it Works

- ATIDI issues guarantees directly to the IPPs without the involvement of an LC Issuing Bank
- The guarantees issued by ATIDI is supported by cash collateral and guarantees. The guarantee covers up to twelve (12) months' worth of revenue for the IPP – doubling the current coverage offered under Phase 1
- A single "Liquidity Support Agreement" issued by ATIDI replaces the Terms of Use Agreement and the Standby Letter of Credit (SBLC) issued under Phase 1

ATIDI's Products
- Continued

Regional Liquidity Support Facility (RLSF) (continued)

- Renewable energy projects of up to 100 MW are eligible for cover (larger projects can be considered on a case-by-case basis)
- The guarantee issued is available for a maximum tenor of up to 15 years

Qualifying Projects
To be eligible for RLSF, projects must meet the criteria below:
- Power producer is located in an ATIDI member country, or in a non-member country in which ATIDI can develop necessary agreements with the government

Surety Bonds
This product protects employers, which includes government agencies and contracting companies, to ensure that contracts are completed according to mutually agreed terms. ATIDI'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

4

Financial Statements

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Directors' Report

The Directors submit their report and the audited financial statements for the year ended 31 December, 2022, which disclose the state of affairs of the African Trade Insurance Agency (ATIDI).

Principal Activity

ATIDI has been established to provide, facilitate, encourage and otherwise develop the provision of, or the support for, insurance, including coinsurance and reinsurance, guarantees, and other financial instruments and services, for purposes of trade, investment and other productive activities in African States in supplement to those that may be offered by the public or private sector, or in cooperation with the public or private sector.

To serve its objective and purpose, ATIDI 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, ATIDI's main activities in 2022 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 75. The profit for the year amounted to USD32.8M compared to USD34.9M in 2021.

Dividend

The twenty second Annual General Meeting held in Accra, Ghana on 23 June, 2022 approved and declared a dividend distribution of USD8.7M to ATIDI's members and shareholders relating to the financial year 2021.

The Directors are pleased to recommend a dividend of USD8.2M for the current financial year ended 31 December 2022 subject to the approval of the forthcoming Annual General Meeting.

Auditors

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

Statement of Directors' Responsibilities

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

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the ATIDI Treaty, and for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the ATIDI Treaty. The Directors are of the opinion that the financial statements give a true and fair view of the financial position of ATIDI 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 ATIDI 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 75 to 116 were approved and authorized for issue by the Board of Directors on 31 March 2023.

Dr. Yohannes Ayalew Birru
Chairman of the Board of Directors

Ms. Hope Murera
Vice - Chair of the Board of Directors

Nairobi, 31 March 2023

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Independent Auditor's Report to the Shareholders of the African Trade Insurance Agency

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the African Trade Insurance Agency (ATIDI) set out on pages 75 to 116, which comprise the statement of financial position as at 31 December 2022, 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 ATIDI as at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Other Information

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

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

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

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 ATIDI 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 ATIDI'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 ATIDI or to cease operations, or have no realistic alternative but to do so.

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

Independent Auditor's Report to the Shareholders of the African Trade Insurance Agency

-Continued

Report on the Audit of the Financial Statements (continued)

Directors' Responsibilities for the Financial Statements

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 ATIDI 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 ATIDI'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 ATIDI or to cease operations, or have no realistic alternative but to do so.

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

Auditors' responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, 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 ATIDI'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 ATIDI's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause ATIDI to cease to continue as a going concern.

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

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

The engagement partner responsible for the audit resulting in this independent auditor's report is **CPA David Waweru, Practicing certificate No. 2204.**

For and on behalf of Deloitte & Touche LLP
Certified Public Accountants (Kenya)

Nairobi, 31 March 2023

Annual Financial Statements

1. Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December, 2022

		2022			2021		
(in thousands of USD)	Notes	GROSS	CEDED	NET	GROSS	CEDED	NET
Written Premiums		**133,242**	**(112,820)**	**20,422**	**143,534**	**(124,097)**	**19,437**
Change in Unearned Premiums		(647)	(854)	(1,501)	(7,607)	7,521	(86)
Earned Premiums		**132,595**	**(113,674)**	**18,921**	**135,927**	**(116,576)**	**19,351**
Commissions		(4,024)	27,825	23,801	(3,771)	28,860	25,089
Change in Unearned Commissions		589	(985)	(396)	215	(2,014)	(1,799)
Earned Commissions	6	**(3,435)**	**26,840**	**23,405**	**(3,556)**	**26,846**	**23,290**
Claims Paid		(10,247)	10,103	(144)	(11,364)	21,588	10,224
Change in Provisions for Incurred Claims		(4,178)	(4,956)	(9,134)	11,326	(1,940)	9,386
Recoveries and Outstanding Recoveries		12,256	(3,831)	8,425	(24,889)	3,890	(20,999)
Change in Other Claims Reserves	7(b)	(62,651)	58,206	(4,445)	21,990	(21,289)	701
Claims Handling Costs		(59)	-	(59)	(1)	-	(1)
Claims Net of Recoveries	7(a)	**(64,879)**	**59,522**	**(5,357)**	**(2,938)**	**2,249**	**(689)**
Underwriting Profit before Operating Expenses				**36,969**			**41,952**
Net Other Income	8			362			222
Operating Expenses	9			(11,030)			(9,145)
Underwriting Profit after Operating Expenses				**26,301**			**33,029**
Interest Income	10			10,542			6,551
Changes in fair value of financial assets	23			(394)			(966)
Realised Losses on Disposal of Bonds				(47)			(2)
Impairment Losses on Financial Assets	13			(96)			(25)
Asset Management Fees				(1,064)			(1,001)
Net Investment Result				**8,941**			**4,557**
Finance Costs	11			**(84)**			**(62)**
Foreign Exchange Loss	12			(2,320)			(2,654)
PROFIT FOR THE YEAR				**32,838**			**34,870**
OTHER COMPREHENSIVE INCOME FOR THE YEAR				**-**			**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR				**32,838**			**34,870**

The notes on pages 79 to 116 are an integral part of these financial statements.

Annual Financial Statements

- Continued

2. Statement of Financial Position as at 31 December, 2022

(in thousands of USD)	Notes	31-Dec-2022	31-Dec-2021	31-Dec-2020
ASSETS			**Restated***	**Restated***
Cash and Cash Equivalents	14	59,886	72,567	50,581
Deposits and money market instruments	15	71,380	65,829	61,435
Other Assets	16	4,361	2,980	2,997
Insurance and Reinsurance Receivables	17(a)	20,566	23,825	18,269
Recoveries	18	12,428	6,079	30,996
Reinsurers' Share of the Claims Reserves	19	146,089	94,841	119,339
Reinsurers' Share of Unearned Premiums	20	52,781	53,634	46,114
Deferred Acquisition costs	21	2,327	1,739	1,524
Other Financial Assets	22	68,460	36,026	6,765
Investment in Money Market Funds	23	1,217	1,738	16,436
Investments in Floating Rate Notes	24	102,014	85,067	78,815
Investments in Bonds	25	338,957	322,677	262,726
Intangible Assets	26	302	352	282
Right of use	27(b)	823	-	-
Vehicles and Equipment	27(a)	514	390	330
Total Assets		**882,105**	**767,744**	**696,609**
LIABILITIES				
Insurance and Reinsurance Payables	17(b)	33,237	29,460	27,686
Other Liabilities	28	12,126	2,313	5,919
Claims Reserves	19	170,921	105,381	140,166
Reinsurers' Share of Recoveries	18(b)	9,446	13,529	26,768
Unearned Premium Reserves	20	62,675	62,028	54,421
Unearned Ceding Commissions	20(b)	13,150	12,166	10,151
Lease Liability	27(b)	810	-	-
Unearned Grant Income	29	19,321	18,791	12,331
Financial Liabilities - IDA Loan	30	7,072	7,825	8,382
Total Liabilities		**328,758**	**251,493**	**285,824**
EQUITY				
Share Capital	31(a)	373,300	365,300	309,900
Share Premium Account	31(b)	46,782	42,172	17,339
Unallocated Share Capital	31(b)	1,749	1,383	1,158
Revenue Reserve		131,516	107,396	82,388
Total Equity		**553,347**	**516,251**	**410,785**
Total Equity & Liabilities		**882,105**	**767,744**	**696,609**

**In the prior year, deposits and money market instruments were included in cash and cash equivalents this has now been disclosed separately, refer to note 14.*

The financial statements on pages 75 to 116 were approved and authorized for issue by the Board of Directors on 31 March 2023 and were signed on its behalf by:

Dr. Yohannes Ayalew Birru
Chairman of the Board of Directors

Ms. Hope Murera
Vice - Chair of the Board of Directors

Annual Financial Statements

- Continued

3. Statement of Changes in Equity for the Year Ended 31 December, 2022

(in thousands of USD)	Notes	Share Capital	Share Premium Account	Unallocated Share Capital	Revenue Reserve	Total
At 1 January, 2022		365,300	42,172	1,383	107,396	516,251
Capital Disbursements	31(c)	2,900	1,671	114	-	4,685
Dividends		-	-	-	(8,718)	(8,718)
Reinvested dividends	31(d)	5,100	2,939	252	-	8,291
Total Comprehensive Income for the Year		-	-	-	32,838	32,838
At 31 December, 2022		**373,300**	**46,782**	**1,749**	**131,516**	**553,347**
At 1 January, 2021		309,900	17,339	1,158	82,388	410,785
Capital Disbursements	31 (c)	48,600	21,849	211	-	70,660
Dividends		-	-	-	(9,862)	(9,862)
Reinvested dividends	31(d)	6,800	2,984	14	-	9,798
Total Comprehensive Income for the Year		-	-	-	34,870	34,870
At 31 December, 2021		**365,300**	**42,172**	**1,383**	**107,396**	**516,251**

The notes on pages 79 to 116 are an integral part of these financial statements.

Annual Financial Statements

-Continued

4. Statement of Cash Flows for the Year ended 31 December, 2022

(in thousands of USD)	Notes	2022	2021
			Restated*
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Cash Generated from Operating Activities	32	**57,810**	**38,330**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Vehicles and Equipment	27	(310)	(242)
Purchase of Intangible Assets	26	(9)	(163)
Proceeds from Disposal of Vehicles and Equipment	8	9	11
Net Investment in Deposits and money market instruments	15	(6,237)	(4,664)
Net Redemptions /(Investments) in Other Financial Assets	22	(32,423)	(29,273)
Net Investments in Money Market Funds	23	-	13,279
Net Investments in Floating Rate Notes	24	(16,870)	(7,339)
Net Investments in Bonds and Accrued Interest there on	25	(18,187)	(62,274)
Net Cash Used in Investing Activities		**(74,027)**	**(90,665)**
CASH FLOWS FROM FINANCING ACTIVITIES			
RLSF Disbursements	29	347	7,518
IDA Development Credit Repayments	30	(376)	(327)
Net Capital Increase	31(c)	4,685	70,660
Payment of Principal and Interest portion of Lease liability	27(b)	(304)	-
Dividends paid		(667)	(3,530)
Net Cash Generated from Financing Activities		**3,685**	**74,321**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(12,532)**	**(21,986)**
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		72,567	50,581
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	(14&32)	**60,035**	**72,567**

The notes on pages 79 to 116 are an integral part of these financial statements.

Notes to the Financial Statements

1. Entity Information

The African Trade Insurance Agency (ATIDI) is a legal entity established under the ATIDI Treaty which came into force on 20 January, 2001, and amended on 20 January, 2007. ATIDI 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.

ATIDI had 20 African Member States as at 31 December 2022 (2021: 20 Members) and 12 other shareholders (2021: 12 other shareholders).

2. Accounting Policies

(a) Basis of Preparation

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

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

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

(i) New and revised IFRSs that are effective for the year ended 31 December, 2022

ATIDI has adopted the following new standards and amendments during the year ended 31 December 2022, including consequential amendments to other standards with the date of initial application by ATIDI DIbeing 1 January 2022 where applicable. The nature and effects of the changes are as explained here in.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2021, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments did not have an impact on the Organization.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2021, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments did not have an impact on the Organization.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2021, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments did not have an impact on the Organization.

Notes To The Financial Statements

- Continued

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, 2022 (continued)

IFRS 1 First-time Adoption of International Financial Reporting Standards

As part of its 2018-2021 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16 (a) of IFRS 1.

The amendments did not have an impact on the Organization.

IFRS 9 Financial Instruments

As part of its 2018-2021 annual improvements to IFRS standards process the IASB issued amendment to IFRS9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments did not have an impact on the Organization.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. The amendment did not have an impact on the Organization.

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 2022:

Standard	Description	Effective periods beginning on or after:
IFRS 17	Insurance Contracts & amendments	1 January 2023
Amendment to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of ATIDI in future periods except if indicated hereafter.

Notes To The Financial Statements
- Continued

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, 2022

IFRS 17 Insurance Contracts and its related amendments

IFRS 17, 'Insurance contracts' is applicable for annual reporting periods commencing on 1 January 2023. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The key objectives of IFRS 17 are comparable recognition and measurement of contracts in the scope of the standard, the recognition of insurance service results based on the services provided to the policyholder and provision of disclosures that will enable the users of the financial statements to assess the impact of these contracts on the financial position, financial results, and cash flows of the entity. The standard distinguishes between the sources of profit and quality of earnings between insurance service results and insurance finance income and expense (reflecting the time value of money and financial risk).

Structure and Status of the Organization Implementation Project

Both the Organization's audit committee and the management provide oversight and governance over the implementation of the IFRS 17 project. ATIDI, in 2021 selected PwC as their implementation partner for IFRS 17. Together with ATIDI's internal project team they constitute the IFRS 17 implementation team. This team has come up with Accounting policy papers, actuarial methodologies and disclosure requirements. The IFRS 17 implementation team remains up to date, and closely monitors, all technical developments from the IASB and industry to evaluate the effects of such developments. Where applicable, the policy and methodology papers are updated to reflect any changes in requirements.

ATIDI has made significant progress in the implementation of IFRS 17. However, the following still need to be finalized to complete the transition to IFRS 17.

- Complete validation of reinsurance numbers
- Come up with a transition statement of Financial Position.
- Continue refining the policy & methodology papers
- Finalize the layout and disclosure of the IFRS 17 compliant annual financial statements.
- Continue engaging with the stakeholders through various training initiatives.
- Finalize and implement future financial and data governance processes and accountabilities.

Measurement Model

Measurement is not carried out at the level of individual contracts, but on the basis of groups of contracts. To allocate individual insurance contracts to groups of contracts, an entity first needs to define portfolios which include contracts with similar risks that are managed together. These portfolios are to be subdivided into groups of contracts on the basis of profitability and annual cohorts. IFRS 17 consists of 3 measurement models:

- The general measurement model (GMM), sometimes referred to as the building block approach, consists of the fulfilment cash flows and the contractual service margin.
- The variable fee approach is a mandatory modification of the general measurement model regarding the treatment of the contractual service margin in order to accommodate direct participating contracts.
- The premium allocation approach (PAA) is a simplified approach for the measurement of the liability for remaining coverage an entity may choose to use when the premium allocation approach provides a measurement which is not materially different from that under the general measurement model or if the coverage period of each contract in the group of insurance contracts is one year or less. Under the premium allocation approach, the liability for remaining coverage is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period based on the passage of time.
- Broadly speaking, ATIDI's underwrites two kinds of products; Credit Risk Insurance (CRI) and Political Risk Insurance (PRI). In ATIDI, all products are measured using either the GMM or the PAA measurement models. In determining the measurement model to apply, ATIDI considered the coverage period, the claims basis of the contract i.e., loss occurring or risk attaching contracts and Repricing/

Notes To The Financial Statements
- Continued

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, 2022 (continued)

IFRS 17 Insurance Contracts and its related amendments (continued)

Measurement Model (continued)

cancellation clauses in the contract which give the entity the right to reassess risks and reprice the contract before contract maturity. After this assessment, most of ATIDI's policies - about 70% would be measured under GMM and 30% under PAA. The only contracts that will be measured under PAA are CRI Bank Master Policy - short-term loss occurring contracts, CRI Lenders (Counter Guarantees) - short-term contracts and CRI Non-Lenders (Supplier Credit). The rest of ATIDI's products would then be measured under GMM.

Reinsurance contracts held will be measured separately as prescribed by the Standard. An entity may use the PAA to simplify the measurement of the remaining coverage component of a group of reinsurance contracts held if, on initial recognition of the group, it meets the eligibility criteria, adapted to reflect the features of reinsurance contracts held. ATIDI's Reinsurance Contracts held will therefore be measured using GMM with modifications as prescribed by the standard and a few that meet the PAA eligibility criteria measured under the PAA approach.

The measurement of the liability for incurred claims is identical for both measurement models, apart from the determination of locked-in interest rates used for discounting. An explicit risk adjustment for non-financial risk is estimated separately from the other estimates for the liability for incurred claims. This risk adjustment represents compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The risk adjustment forms part of the fulfilment cash flows for a group of insurance contracts.

Contractual Service Margin

Contractual service margin (CSM) is recognised to defer gain at contract inception while losses at inception are recognised immediately. CSM is equal and opposite to the sum of fulfilment cash flows for insurance contract at initial recognition; and any pre-coverage cash flows. At subsequent measurement, the CSM is unlocked for differences between current and previous estimates of future cash flows relating to future coverage and other future services and interest is accreted using the locked in discount rate. The CSM is released in each reporting period for an amount recognised in profit or loss to reflect the insurance contract services provided under the group of insurance contracts in that period.

This is determined by identifying the coverage units in the group. The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering, for each contract, the quantity of benefits provided and its expected coverage period. ATIDI has determined coverage units based on the pattern of release of risk that is dependent on the various sub products that has been described in detail in the CSM policy & methodology paper. ATIDI has also acquired an IFRS 17 CSM engine software that calculates CSM at subsequent measurement in line with the requirements of the standard based on the selected coverage units.

Best Estimate Cashflows

In determining the Cashflows, the contract Boundary has to be established. The measurement of insurance liabilities involves estimates of all cash in-and outflows within the boundary of an insurance contract that relate directly to the fulfilment of the portfolio of contracts. Contract boundary is where the entity has right or practical ability to reassess risk of particular policyholder and can re-price; or where both of the following:

- Entity has right or practical ability to reassess risk of portfolio of insurance contracts and can re-price; and
- Pricing of premiums up to reassessment of risks does not take into account future risks.

IFRS 17 *requires an entity to split expenses into three distinct categories:*

- Acquisition costs–Costs related to the acquisition of new insurance contracts (e.g. commission).
- Other insurance costs–Costs related to the

Notes To The Financial Statements

- Continued

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, 2022 (continued)

IFRS 17 Insurance Contracts and its related amendments (continued)

Best Estimate Cashflows (continued)

provision of insurance business (e.g. claims and related claims handling costs and policy administration.

- Out of scope costs–Costs that are to fulfilling existing insurance business or cannot be directly attributed to portfolios (e.g. internal project expenses not related to the provision of insurance services).

IFRS 17 prescribes that Such overheads are allocated to groups of contracts using methods that are systematic and rational, and are consistently applied to all costs that have similar characteristics. ATIDI has relied on the numbers of staff in the various departments to guide the allocation approach. ATIDI's Trial Balance is split to various cost centers which are aligned to the departments. The Expenses are then allocated to the contracts that were in-force in the respective financial year

ATIDI uses consistent assumptions to measure the estimates of the present value of the expected cash flows for the group of reinsurance contracts held and the estimates of the present value of the expected cash flows for the group(s) of underlying insurance contracts. As a result, the cash flows used to measure the group of reinsurance contracts held reflect the extent to which those cash flows depend on cash flows of the contracts that they cover.

Insurance revenue and insurance service expenses are recognized in the statement of comprehensive income based on the concept of services provided during the period. The standard requires losses to be recognized immediately on contracts that are expected to be onerous. For insurance contracts measured under the PAA, it is assumed that contracts are not onerous at initial recognition, unless facts and circumstances indicate otherwise. The Organization's focus is to grow a profitable and sustainable business. However, a limited number of policies were considered onerous at initial recognition. Management is currently conducting a review of these policies to ensure that their pricing aligns with our business objectives and expectations.

Key Judgements and Estimates

Discount Rates

The bottom-up approach was used to derive the discount rate. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). ATIDI relied on the risk-free rate was derived using the US Government treasuries to come up with its yield curve.

This is because most of ATIDI's policies are denominated in USD. As at Dec 2022, the assets held in USD account for approximately 88% of total assets while 12% were held in other currencies -10% of which was in EUR. On the liabilities side 78% of the contracts were in USD while 22% were in other currencies - 19% of which was in EUR. The illiquidity premium has been derived from a portfolio of investment grade corporate bonds that ATIDI holds. A single illiquidity premium adjustment will be assumed rather than a liquidity premium curve varying by duration.

This will be based on an average duration of the cash flows. A framework of application ratios will be used to allocate products into "buckets" depending on their characteristics. This will be in the form of a spectrum from "highly liquid" to highly illiquid". Analysis has been conducted to ensure that the adopted scoring system does not create spurious accuracy. The allocation ratio takes a particular proportion of the illiquidity premium determined by reference portfolio of assets. The approach adopted ensures that it is easily repeatable and where possible minimize expert judgement.

The standard recommends that the effect of changes in Foreign Exchange Rates to a group of insurance contracts that generate cash flows in a foreign currency, including the contractual service margin, be treated as a monetary item. In its subsequent issues in the support the implementation agenda, the International Accounting Standards Board (IASB) it observed that an entity uses its judgement to develop and apply an accounting policy that determines on initial recognition the currency or currencies in which the group—including the

Notes To The Financial Statements
- Continued

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, 2022 (continued)

IFRS 17 Insurance Contracts and its related amendments (continued)

Discount Rates (continued)

contractual service margin—is denominated (currency denomination). The entity could determine that the group—including the contractual service margin—is denominated in a single currency or in the multiple currencies of the cash flows in the group. ATIDI has thus made and assessment and adopted the use of a single currency.

Risk Adjustment
The cost of capital method will be used to derive the overall risk adjustment for non-financial risk. In the cost of capital method, the risk adjustment is determined by applying a cost rate to the present value of projected capital relating to non-financial risk. The cost rate will represent the return required to compensate for the exposure to non-financial risk. The capital is determined at a 75% confidence level, and it is projected in line with the run-off of the business. The diversification benefit is included to reflect the diversification in contracts sold across geographies, because this reflects the compensation that the entity requires. The corresponding confidence level will be determined along with other remaining project items.

Transition
On the date of initial application, 1 January 2023, IFRS 17 should be applied retrospectively. Where the full retrospective approach is impracticable, IFRS 17 allows for alternative transition methods.

ATIDI has determined that reasonable and supportable information is available for all contracts in force at the transition date. As at 31 Dec 2022, ATIDI had an active contract that was incepted as far back as 2011. ATIDI was able to obtain data for this contract in addition to other contracts incepted in the years after 2011.

Accordingly, the Organization will:
- Identify, recognize and measure each group of insurance contracts and any assets for insurance acquisition cash flows as if IFRS 17 had always applied;
- Derecognize any existing balances that would not exist if ifrs 17 had always applied; and
- Recognize any resulting net difference in equity.

Impact on presentation and disclosures on transition to IFRS 17.

In the statement of financial position, deferred acquisition costs and insurance related receivables will no longer be presented separately but as part of the insurance liabilities. This change in presentation will lead to a reduction in total assets, offset by a reduction in total liabilities.

The amounts presented in the statement of financial performance (statement of profit or loss and other comprehensive income) need to be disaggregated into an insurance service result, consisting of the insurance revenue and the insurance service expenses, and insurance finance income and expenses. Income or expenses from reinsurance contracts held need to be presented separately from the expenses or income from insurance contracts issued.

The presentation of the income statement will change as follows:

	Year 2023
Insurance service revenue	X
Insurance service expenses	X
Net gain/expense from reinsurance contracts held	X
Insurance service result	**XX**
Interest income	X
Net investment income	**XX**
Finance expenses from insurance contracts issued	X
Finance income from reinsurance contracts held	X
Net insurance finance expenses	**XX**
Net insurance and investment result	**XX**
Other investment income	X
Other operating expenses	X
Profit/(loss) for the year	**XX**

Notes To The Financial Statements

- Continued

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, 2022 (continued)

IFRS 17 Insurance Contracts and its Related Amendments (continued)

Transition (continued)

IFRS 17 has introduced additional disclosures which would need to be provided. The Organization will be required to provide disaggregated qualitative and quantitative information about:

- Amounts recognized in its financial statements from insurance contracts issued and reinsurance contracts held within the scope of IFRS 17;
- Significant judgements, and changes in those judgements, when applying the standard; and
- The nature and extent of the risks from contracts within the scope of the standard.

Amendments to IAS 1 – *'Presentation of Financial Statements'* on Classification of Liabilities as Current or Non-current.

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. This will have a minimal impact on the financial statement's presentation.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IAS 1 and IFRS Practice Statement 2

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

Notes To The Financial Statements
- Continued

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, 2022 (continued)

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates (continued)

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments. The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

(c) Foreign Currency Translation

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

The USD is ATIDI'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 as commission expenses.

(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 ATIDI'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

Notes To The Financial Statements

- Continued

2. Accounting Policies (continued)

(d) Insurance Activities and Reinsurance (continued)

(ix) Outward Reinsurance (Cessions) (continued)

provisions or recoveries are determined on the basis of the claims and technical provisions recorded either under liabilities or assets.

(x) Ceding and Deferred Commissions

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 recognized 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) Expenses

Expenses are recognised in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably and is independent from transactions with equity participants. This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets (for example, the accrual of employee entitlements or the depreciation of equipment).

(i) When economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined expenses are recognised in the statement of profit or loss on the basis of systematic and rational allocation procedures. This is often necessary in recognising the equipment associated with the using up of assets such as property and equipment in such cases the expense is referred to as a depreciation or amortisation. These allocation procedures are intended to recognise expenses in the accounting periods in which the economic benefits associated with these items are consumed or expire.

(ii) An expense is recognised immediately in profit or loss when expenditure produces no future economic benefits or when, and to the extent that; future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

(i) 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.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash-in-hand and at bank and call deposits These are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(k) 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 ATIDI 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.

Notes To The Financial Statements

- Continued

2. Accounting Policies (continued)

(k) Vehicles and Equipment (continued)

(ii) Measurement
Vehicles and Equipment are measured at cost and depreciated on a straight-line basis (4-5 years) 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, ATIDI 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.

(l) 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:

- 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 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, ATIDI 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.

(m) Financial Assets
(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
ATIDI classifies its fixed income assets (Bonds, Floating rate Notes and other financial 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. The organization measures a financial asset at amortised cost if both of the following conditions are met:

- The financial asset is held within the organization with an objective to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Notes To The Financial Statements

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2. Accounting Policies (continued)

(m) Financial Asset (continued)

(ii) Measurement (continued)

Organization measures financial assets at fair value through profit or loss unless as a financial asset is measured at amortised cost. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates.

(n) Leases

At inception of a contract, the Organization assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the organization uses the definition of a lease in IFRS 16.

a. Recognition of a Lease

At the commencement date, the Organization shall recognise a right of-use asset and a lease liability. At commencement or on modification of a contract that contains a lease component, the organization allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

b. Measurement

The Organization measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, the Organization recognises depreciation of the right-of-use asset and interest on the lease liability. Assets and liabilities arising from a lease are initially measured on a present value basis.

The measurement includes noncancelable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the Organization is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

(i) Right of Use Asset

At the commencement date, the Organization shall measure the right of-use asset at cost. The cost of the right-of-use asset shall comprise:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received; The right-of-use asset is subsequently measured applying a cost model. The Organization shall measure the right-of-use asset at cost:
- Less any accumulated depreciation and any accumulated impairment losses; and
- Adjusted for any remeasurements of the lease liability. The Organization shall apply the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset and IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified

(ii) Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Organization's incremental borrowing rate is used. Generally, the Organization uses its incremental borrowing rate as the discount rate. After the commencement date, the Organization shall measure the lease liability by:

- Increasing the carrying amount to reflect interest on the lease liability;
- Reducing the carrying amount to reflect the lease payments made; and
- Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments the Organization determines its incremental borrowing rate as the risk-free rate of the treasury bonds.

(iii) Re-measurement of the Lease Liability

After the commencement date, the Organization shall remeasure the lease liability to reflect

Notes To The Financial Statements
- Continued

2. Accounting Policies (continued)

(n) Leases (continued)

b. Measurement (continued)

(iii) Re-measurement of the Lease Liability (continued)

changes to the lease payments. The Organization shall recognise the amount of the remeasurements of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the company shall recognise any remaining amount of the remeasurements in profit or loss.

(iv) Short Term Leases and Leases of Low Value Assets

The Organization has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases (leases whose term is less than 12 months). The Organization recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(o) Financial Liabilities

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

(i) Impairment of Financial Assets Measured at Amortised Cost

ATIDI 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.

(p) Employee Benefits

(i) Post-Employment Benefits

ATIDI operates a defined contribution post-employment plan for its employees. Under the defined contribution scheme, ATIDI 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. ATIDI's contributions to the defined contribution plan are charged to the profit or Loss in the year to which they relate.

(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.

(q) Taxation

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

(r) 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 ATIDI'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 ATIDI's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(a) Technical Reserves

The claims reserve for unknown claims (Technical reserves) are determined by product. ATIDI's current technical reserving methodology was developed in 2016 in collaboration with external consultants. The methodology involves using severity estimates (net outstanding exposure), frequency factors from external rating agencies (probabilities of default) and recovery rates to determine the provisions for technical reserves. The methodology is applied to each policy individually and is differentiated by product line. It was benchmarked against industry peers to ensure compliance with accepted practices.

Notes To The Financial Statements
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3. Accounting Estimates and Judgments (continued)

(a) Technical Reserves (continued)

In 2022, an increase in technical reserves of USD4.4M (2021: decrease of USD0.7M) was recorded in ATIDI's accounts bringing the total amount of technical reserves reported on the Statement of Financial Position as at 31 December 2022 to USD19.9M from USD15.6M as at 31 December 2021.

(b) 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.

4. Risk Management

ATIDI recognizes the importance of risk management and the fact that strong systems of internal control are essential for effective risk management. It currently has five levels of risk control.

The first level are the permanent operational controls which are governed by ATIDI's various policies and involve process and procedure performed by each department. These collectively form the risk-managed outcome of every individual contribution to ATIDI'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 ATIDI in a tangible or intangible way, and to subsequently manage the quantifiable value of these events to be within ATIDI'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. ATIDI 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 ATIDI's internal audit function since 2011 to a globally known Audit firm.

The fourth level is ATIDI's risk department. ATIDI recognizes the importance of risk management and that robust internal control and informed oversight are essential for effective risk management. Commencing February 2021, a full-time Chief Risk Officer (CRO) was appointed as an independent moving voice within the Management team with oversight of policies, process and procedures within ATIDI 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 ATIDI.

The quarterly review of the Risk Register is discussed with the BRC and particular points may then be flagged to the main Board.

Moving forward, portfolio data analysis, complex transaction risk management and enhanced environmental, social and governance (ESG) impact evaluation are further areas of development through intake of new resources.

The insurance policies underwritten by ATIDI involve the possibility of insured events occurring and the resulting uncertainty of the amount and timing of insurance claims. ATIDI recognises that adequate control of insurance risk is paramount and central to the integrity of its operation as a credit and investment insurer.

(a) Underwriting Risk

(i) Risk of Losses Arising From Claims

In this context, ATIDI 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, ATIDI sets, in addition to its overall underwriting

Notes To The Financial Statements
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4. Risk Management (continued)

(a) Underwriting Risk (continued)
(i) Risk of Losses Arising From Claims (continued)

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, 2022 and as at December 2021:

Exposure by Product:

(in thousands of USD)	31-Dec-22		31-Dec-21	
	Gross Exposures	Net Exposures	Gross Exposures	Net Exposures
Bank Portfolio Cover	97,680	38,176	149,070	46,780
Bonds	55,840	9,864	54,527	9,299
CRI-SO	1,863,728	428,697	1,395,359	326,967
CRI-WTO	6,539	3,269	6,377	3,189
PRI	6,028,848	661,935	5,021,519	547,392
TOTAL	**8,052,635**	**1,141,941**	**6,626,852**	**933,627**

Exposure by Country:

(in thousands of USD)	31-Dec-22		31-Dec-21	
	Gross Exposures	Net Exposures	Gross Exposures	Net Exposures
Benin	806,625	57,499	900,542	63,264
Burundi	50	50	50	50
Cameroon	8,426	2,107	14,168	4,306
Côte d'Ivoire	1,494,155	146,328	942,574	77,617
DRC	250,943	69,233	184,738	44,076
Ethiopia	790,440	52,218	329,428	27,003
Ghana	395,512	63,298	390,788	61,778
Kenya	776,991	135,131	720,367	125,725
Madagascar	35,572	5,676	44,855	9,946
Malawi	229,316	31,298	307,038	42,731
Niger	207,137	23,632	217,137	24,662
Nigeria	421,504	97,178	351,585	69,193
Rwanda	99,190	37,491	139,664	47,239
Senegal	132,233	13,208	-	-
South Sudan	148,000	37,000	50,000	12,500
Tanzania	350,416	77,283	345,329	70,203
Togo	332,850	42,380	305,644	33,092
Uganda	178,740	47,682	195,497	52,331
Zambia	352,010	21,946	346,032	22,189
Zimbabwe	77,221	17,002	85,835	21,456
Non-country members	965,304	164,301	755,581	124,266
Total Exposure	**8,052,635**	**1,141,941**	**6,626,852**	**933,627**

Notes To The Financial Statements

- Continued

4. Risk Management (continued)

(a) Underwriting Risk (continued)

(ii) Reinsurance Counterparty Risk

ATIDI 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 ATIDI's liability as primary insurer.

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

The table below shows ATIDI's reinsurers rating profile as per Standard & Poor's (S&P) rating as of 31 December, 2022:

S&P Rating	Weight in % of Ceded Exposures	
	31-Dec-22	31-Dec-21
AA	1.2%	1.3%
AA-	32.3%	36.2%
A+	56.9%	53.5%
A	2.2%	1.9%
A-	4.7%	5.1%
Not Rated (*)	2.7%	2.0%
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 0.1% (2021:0.1%) of the ceded premiums.

The table below shows ATIDI's reinsurers rating profile as per A.M. Best rating as of 31 December, 2022:

A.M. Best Rating	Weight in % of Ceded Exposures	
	31-Dec-22	31-Dec-21
A+	48.4%	43.9%
A	41.5%	53.1%
A-	2.2%	1.5%
B++ (**)	0.1%	0.2%
Not Rated (*)	7.8%	1.3%
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.

Notes To The Financial Statements

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4. Risk Management (continued)

(b) Investment Risk

ATIDI'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 ATIDI is unable to meet its payment obligations when due, at a reasonable cost.

ATIDI's investment policy defines its broad investment guidelines and strategic asset allocation which can be amended from time to time subject to the approval of the Board of Directors. One of the main objectives of the investment policy is capital preservation.

The Management Investment Committee (MIC) ensures that investments are allocated within both the investment guidelines and the strategic asset allocation. Regularly, the MIC reviews the portfolio positioning and performance and assesses any new proposed investments. The MIC reports to the Board of Directors through its Strategy & Finance Committee on a quarterly basis.

Where ATIDI 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 ATIDI's investment policy.

(i) Market risk

Market risk is the risk that the value of ATIDI 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, 2022, ATIDI's investment portfolio was comprised of 82% (2021: 82%) of fixed-rate instruments which largely covered its fixed-rate borrowings (IDA loan – USD7.1M against USD7.8M as of 31 December 2021). Therefore, any increase in interest rate should not impact ATIDI's result negatively.
- The following table shows the potential effects of increases/decreases in SOFR rates on ATIDI's interest income and net result.

USD 3m SOFR *(in bps)*	**Expected Improvement of ATIDI's Income** *(in thousands of USD)*	
	2022	**2021**
(25)	517	(88)
(50)	262	(296)
25	1,028	328
50	1,283	536
75	1,538	744
100	1,793	952

Most of ATIDI's financial instruments were measured at amortised cost in 2022. As at year-end, only 0.2% (2021: 0.6%) of ATIDI's financial assets (i.e. USD1.7M against USD16.4M as at 31 December 2021) 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 ATIDI's financial position or income statement unless the assets are sold before their maturity dates.

ATIDI's functional and reporting currency is the US Dollar (USD). As ATIDI carries out the majority of its transactions in USD, it has chosen to allocate more than 91% (2021: more than 91%) of its investments in this currency to minimise exposure to ***currency risk.***

Notes To The Financial Statements

- Continued

4. Risk Management (continued)

(b) Investment Risk (continued)

(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 ATIDI's financial position or profit or loss, ATIDI maintains a diversified portfolio and defines various limits which can be revised periodically.

In addition to portfolio diversification, ATIDI permanently seeks to maintain the credit quality of its assets. As at 31 December, 2022, 96% of ATIDI's investment portfolio was comprised of investment grade instruments against 96% as at 31 December, 2021.

The table below summarizes the expected credit losses on ATIDI's financial assets:

	Stage 1	Stage 2	Stage 3		ECL Allowance	Net Amount
(in thousands of USD)	**Performing**	**Under Performing**	**Non-Performing**	**12 months**	**Life time**	
As at 31 December, 2022						
Cash and Bank Balances	59,886	-	-	-	-	59,886
Deposits with Financial Institutions	21,512	-	-	(426)	-	21,086
Money Market Instruments	52,075	-	-	(25)	-	52,050
Other Financial Assets	68,539	-	-	(79)	-	68,460
Investment in Floating Rate Notes	102,065	-	-	(51)	-	102,014
Investment in Bonds	339,020	-	-	(63)	-	338,957
Total	**643,097**			**(644)**	-	**642,453**
As at 31 December, 2021						
Cash and Bank Balances	72,568	-	-	-	-	72,568
Deposits with Financial Institutions	38,686	-	-	(401)	-	38,285
Money Market Instruments	28,494	-	-	(12)	-	28,482
Other Financial Assets	36,050	-	-	(24)	-	36,026
Investment in Floating Rate Notes	85,110	-	-	(43)	-	85,067
Investment in Bonds	322,745	-	-	(68)	-	322,677
Total	**583,653**	**-**	**-**	**(548)**	**-**	**583,105**

Notes To The Financial Statements

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4. Risk Management (continued)

(b) Investment Risk

(ii) Credit Risk

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

(in thousands of USD) *As at 31 December 2022*	Gross	Impaired	Net
Insurance & Reinsurance Receivables	20,566	-	20,566
Reinsurance share of claims	10,151	-	10,151
Recoveries	12,428	-	12,428
Total	**43,145**	**-**	**43,145**

(in thousands of USD) *As at 31 December 2021*	Gross	Impaired	Net
Insurance & Reinsurance Receivables	23,825	-	23,825
Reinsurance share of claims	16,006	-	16,006
Recoveries	6,079	-	6,079
Total	**45,910**	**-**	**45,910**

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)	12-month ECL	Lifetime ECL
Deposits with Financial Institutions and Commercial Papers		
ECL balance as at 31 December 2021	413	554
Net re-measurement of loss allowance	(413)	(554)
ECL from new deposits	451	
ECL balance as at 31 December 2022	**451**	**-**
Other Financial Assets		
ECL balance as at 31 December 2021	24	-
Net re-measurement of loss allowance	(24)	-
ECL from new Other Financial Assets	79	-
ECL balance as at 31 December 2022	**79**	**-**
Floating Rate Notes		
ECL balance as at 31 December 2021	43	-
Net re-measurement of loss allowance	(17)	-
ECL from new Floating Rate Notes	26	-
ECL balance as at 31 December 2022	**52**	**-**
Bonds		
ECL balance as at 31 December 2021	68	-
Net re-measurement of loss allowance	(16)	-
ECL from new Bonds	10	-
ECL balance as at 31 December 2022	**62**	**-**
Total ECL balance as at 31 December 2022	**644**	**-**

Notes To The Financial Statements

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4. Risk Management (continued)

(b) Investment Risk (continued)

(iii) Liquidity Risk

Liquidity risk is the risk that ATIDI is unable to meet its financial obligations as they fall due.

The table below presents the undiscounted remaining contractual maturities of amounts payable by ATIDI 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 2022					
Insurance and Reinsurance Payables	33,237	-	-	-	33,237
Other Liabilities	12,126	-	-	-	12,126
Claims Reserves	15,111	-	-	-	15,111
Financial Liabilities	185	185	2,230	4,472	7,072
Total Payable	**60,659**	**185**	**2,230**	**4,472**	**67,546**
As at 31 December 2021					
Insurance and Reinsurance Payables	29,460	-	-	-	29,460
Other Liabilities	2,313	-	-	-	2,313
Claims Reserves	10,627	-	-	-	10,627
Financial Liabilities	194	194	2,231	5,206	7,825
Total Payable	**42,594**	**194**	**2,231**	**5,206**	**50,225**

As an insurance provider, in addition to its financial obligations arising from the normal operating activities, ATIDI is exposed to calls on its available cash for unexpected losses under claims settlement.

As at 31 December 2022, 24% (2021: 21%) of ATIDI's financial assets were comprised of deposits and money market instruments with maturities below one year. Besides, ATIDI's investments in debt securities are all tradable and can be converted into cash within less than three months. Consequently, ATIDI 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

ATIDI's previous CEO, Mr. George Otieno, has filed a lawsuit against the institution for early termination of his contract. As per the Court documents presented by Mr. George Otieno, he claimed an amount of KSH151.9M (around USD1.5M). According to ATIDI'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. ATIDI'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 2022 financial statements on this case.

Notes To The Financial Statements

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5. Capital Management

In accordance with the ATIDI Treaty, the organization, 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. ATIDI is therefore not subject to local regulatory capital requirements.

ATIDI 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 thousands of USD)	2022	2021
Current Net Exposure (A) (Note 4a)	1,141,941	933,627
Equity (B)	553,347	516,251
Capacity (C)=5*(B) (2021: 5*(B))(*)	2,766,735	2,581,255
Capital Cushion (C-A)	**1,624,794**	**1,647,628**

(*) Based on ATIDI's internal underwriting capacity

6. Commission Income

(in thousands of USD)	2022	2021
Gross Commission	(3,435)	(3,556)
Ceded commission	26,840	26,846
Net commissions	**23,405**	**23,290**

7. Claims Net of Recoveries

a) The claims net of recoveries for the year ended 31 December 2022 amounted to USD(5.4M) (2021: USD0.69M) and included an increase in technical reserves of USD4.4M (2021: decrease of USD0.7M).

(in thousands of USD)	2022			2021		
	Gross	Reinsurer Share	Total	Gross	Reinsurer Share	Total
Claims paid	(10,247)	10,103	(144)	(11,367)	21,588	10,224
Changes in incurred claims reserves	8,078	(8,787)	(709)	(13,563)	1,950	(11,613)
Changes in statistical reserves	(62,651)	58,206	(4,445)	21,990	(21,289)	701
Claims handling costs	(59)	-	(59)	(1)	-	(1)
Total Net Claims Reserves as at	**(64,879)**	**59,522**	**(5,357)**	**(2,938)**	**2,249**	**(689)**

b) As at 31 December 2022, the amount of Net Technical reserves reported in the Statement of Financial Position amounted to USD19.9M (note 19) compared to USD15.6M as at 31 December 2021.

(in thousands of USD)	2022			2021		
	Gross	Reinsurer Share	Total	Gross	Reinsurer Share	Total
1 January	(94,430)	78,835	(15,595)	(117,877)	101,391	(16,486)
Increase (Decrease)	(62,651)	58,206	(4,445)	21,990	(21,289)	701
Forex exchange Gains/(Losses)	1,271	(1,103)	168	1,457	(1,267)	190
Total Net Claims Reserves as at	**(155,810)**	**135,938**	**(19,872)**	**(94,430)**	**78,835**	**(15,595)**

Notes To The Financial Statements
- Continued

8. Net Other Income

(in thousands of USD)	2022	2021
Earned Grants	287	152
Gain on Sale of Disposal of Equipment and Vehicles (note 27)	9	11
Net Credit Limit Charges	66	52
Miscellaneous	-	7
Total Net Other Income for the Year Ended 31 December	**362**	**222**

Grants
In 2017, ATIDI entered into a financing agreement with KfW, the German Development Bank, whereby it would receive a financial contribution - Technical Assistance (TA) - not exceeding EUR1.3M (USD1.5M) to help it implement the Regional Liquidity Support Facility (RLSF) project. Most of the funds had been disbursed by the end of year 2021 with the final disbursement made on 10 June 2022. In January 2022, ATIDI entered into another financing agreement with Norwegian Agency Development Cooperation (Norad) for support to its Regional Liquidity Support Facility (RLSF) and Renewable Energy Sector initiatives whereby ATIDI shall in addition receive Technical assistance(TA) funds in support of the development and promotion of the project and related activities that contribute to the expansion of renewable energy sources in Africa, this is capped at NOK 50M. ATIDI is required to make written requests for the TA disbursements in advance for a period not exceeding twelve months. This grant is earned when related eligible expenses are recognized in the accounts.

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

(in thousands of USD)	2022	2021
FAPA - grant	-	25
RLSF - technical assistance	287	127
Total Grant Income for the Year Ended 31 December	**287**	**152**

9. Operating Expenses

(in thousands of USD)	2022	2021
Staff costs (9b)	(7,112)	(6,220)
General Administration Costs	(606)	(856)
Consultancy Fees	(1,082)	(802)
Depreciation on Vehicles and Equipment	(186)	(182)
Lease amortization	(258)	-
Travel Costs	(448)	(94)
Recruitment Expenses	(14)	(126)
Annual General Meeting	(392)	(28)
Board Expenses	(271)	(185)
Marketing Costs	(494)	(432)
Amortisation of Intangible Assets	(59)	(93)
Bank charges	(104)	(137)
Provision for Bad Debts Increase / (Decrease)	(4)	10
Total Operating Expenses for Year Ended 31 December	**(11,030)**	**(9,145)**

Notes To The Financial Statements

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9. Operating Expenses

b) Staff Costs Include

(in thousands of USD)	2022	2021
Salaries and allowances	(5,018)	(4,111)
Other employee benefits	(1,490)	(1,618)
Defined contribution post-employment plan	(604)	(491)
Total staff costs	**(7,112)**	**(6,220)**

10. Interest Income

(in thousands of USD)	2022	2021
Interest from Time Deposits and Money Market Instruments	2,416	915
Interest from Investments in Floating Rate Notes	2,258	857
Floating Rate Note Amortisation (note 24 & 32)	(81)	(326)
Interest from Investments in Bonds	7,049	6,442
Bond Amortisation (notes 25 & 32)	(1,391)	(1,436)
Other Interest Income	291	99
Total Interest Income for the Year Ended 31 December	**10,542**	**6,551**

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'.

11. Finance Costs

(in thousands of USD)	2022	2021
IDA Service Charges	(51)	(62)
Interest on Leases	(33)	-
Total Finance Costs for the Year Ended 31 December	**(84)**	**(62)**

ATIDI pays a service charge of 0.75% per annum on the outstanding principal amount on the IDA Development Credit (note 30).

12. Foreign Exchange Gains /(Losses)

(in thousands of USD)	2022	2021
IDA Loan-Foreign Exchange Losses (note 30)	377	230
Other Foreign Exchange Gains / (Losses)	(2,697)	(2,884)
Total Foreign Exchange Gains / (Losses) for the Year	**(2,320)**	**(2,654)**

The IDA loans (note 30) were issued and are payable in SDR and are translated into USD using the spot rate as at each reporting period.

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13. Impairment Losses on Financial Assets

(in thousands of USD)	2022	2021
Change in 12-month ECL on Fixed deposits and money market instruments (note 15)	(38)	(29)
Change in 12-month ECL on Floating Rate Notes (note 24)	(9)	3
Change in 12-month ECL on Bonds (note 25)	6	13
Change in 12-month ECL on Other Financial Assets (note 22)	(55)	(12)
Total Impairment Losses for the year ended	**(96)**	**(25)**

14. Cash and Cash Equivalents

(in thousands of USD)	2022	2021	2020
		Restated*	Restated*
Cash and bank balances-As previously reported		138,396	112,016
Reclassified to Deposits and Money market instruments (Note 15)		(65,829)	(61,435)
Total Cash and Cash Equivalents as at	**59,886**	**72,567**	**50,581**

**The restatement of cash and cash equivalents is due to a reclassification of deposits/placements to Deposits and money market instruments. This as per IAS 7 Par 7, an investment normally qualifies as a cash equivalent only when it has a short maturity of three months or less from the date of acquisition. In our case these deposits had a maturity up to one year.*

15. Deposits and Money Market Instruments

(in thousands of USD)	2022	2021	2020
		Restated*	Restated*
As previously reported	-	-	-
Reclassified from cash and cash Equivalent (Note14)	-	65,829	61,435
Total Deposits and Money market instruments as at	**71,380**	**65,829**	**61,435**
Movement for Deposits and Money market instruments			
As at 1 January	65,829	61,435	88,793
New placements	73,208	67,189	62,525
Maturities	(66,822)	(62,525)	(88,551)
Discount on money market instruments (note 10)	(797)	(241)	(1,174)
12-month ECL (note 13)	(38)	(29)	(158)
Total Deposits and Money market instruments as at	**71,380**	**65,829**	**61,435**
Maturity Analysis			
Maturing within three months	149	-	-
Maturing after three months	72,066	66,099	62,767
Discount on money market instruments	(797)	(241)	(1,174)
Change in 12-month ECL (notes 13 & 32)	(38)	(29)	(158)
Total Deposits and Money market instruments as at	**71,380**	**65,829**	**61,435**

Notes To The Financial Statements

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15. Deposits and Money Market Instruments (continued)

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

	31-Dec-2022		31-Dec-2021	
(in thousands of USD)	Amount	Weighted Average Interest Rate %	Amount	Weighted Average Interest Rate %
Fixed Deposits in USD	13,187	3.25%	27,615	1.00%
Fixed Deposits in EUR	3,714	0.59%	7,625	0.47%
Fixed Deposits in KSH	4,036	9.36%	3,045	9.14%
Fixed Deposits in UGX	149	6.5%		
Deposits as at	**21,086**	**3.98%**	**38,285**	**1.54%**
Money Market Instruments in USD as at	**52,050**	**3.10%**	**28,537**	**0.49%**
Deposits & Money Market Instruments as at	**73,136**	**3.35%**	**66,822**	**1.10%**

16. Other Assets

(in thousands of USD)	31-Dec-2022	31-Dec-2021
Pre-payments	341	206
Staff Loans and Advances	400	132
Interest Receivable	3,400	2,343
VAT Receivable	211	209
VAT Impaired	(211)	(209)
Others	220	299
Total Other Assets as at	**4,361**	**2,980**

17. Insurance and Reinsurance Receivables and Payables

(in thousands of USD)	31-Dec-2022	31-Dec-2021
(a) Insurance and Reinsurance Receivables		
Insurance & Inward Reinsurance Balances Receivable	19,751	23,633
Outward Reinsurance Balances Receivable	815	192
Provision for Bad Debts	-	-
Insurance and Reinsurance Receivables as at	**20,566**	**23,825**
(b) Insurance and Reinsurance Payables		
Insurance & Inward Reinsurance Balances Payable	2,856	4,676
Outward Reinsurance Balances Payable	30,381	24,784
Insurance and Reinsurance Payables as at	**33,237**	**29,460**

Notes To The Financial Statements

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18. Recoveries

(in thousands of USD)	31-Dec-2022			
	Receivable Recoveries	**Capital Reduction**	**Write-off**	**Net Receivable Recoveries**
Recoveries Receivable on Political Risk Insurance	10,657	-	-	10,657
Other Recoveries	1,771	-	-	1,771
Total Recoveries as at	**12,428**	**-**	**-**	**12,428**
	Receivable Recoveries	**Capital Reduction**	**Write-off**	**Net Receivable Recoveries**
Recoveries Receivable on Political Risk Insurance	3,681	-	-	3,681
Other Recoveries	2,398	-	-	2,398
Total Recoveries as at	**6,079**	**-**	**-**	**6,079**

19. Claims Reserves

(in thousands of USD)	31-Dec-2022			31-Dec-2021		
	Incurred & IBNER(*)	**Technical Reserves**	**Total**	**Incurred & IBNER(*)**	**Technical Reserves**	**Total**
Claims	(15,111)	(155,810)	(170,921)	(10,951)	(94,430)	(105,381)
Reinsurers' Share of Claims	10,151	135,938	146,089	16,006	78,835	94,841
Recoveries (note 18)	12,428	-	12,428	6,079	-	6,079
Reinsurance Share of Recoveries	(9,446)	-	(9,446)	(13,529)	-	(13,529)
Total Net Claims Reserves as at	**(1,978)**	**(19,872)**	**(21,850)**	**(2,395)**	**(15,595)**	**(17,990)**

(*) IBNER stands for Incurred But Not Enough Reported

Notes To The Financial Statements

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19. Claims Reserves (continued)

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 Outsanding as at 31-Dec-2022**	**Gross Claims Outsanding as at 31-Dec-2021**
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	10	11,217			11,217	10
2016	2,115	3,420	1,806	7,184	573	611	515				515	611
2017	4,245	3,129	1,172	21,398	10,186	139					139	10,186
2018	-	41	41	41	752						752	41
2019	-	87	83	83							83	83
2020	152	20	26								26	20
2021	-	2,379									2,379	-
2022	-										-	-
Grand Total											**15,111**	**10,951**

Notes To The Financial Statements

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20. Unearned Premium reserves

(in thousands of USD)	31-Dec-2022			31-Dec-2021		
		Reinsurer			Reinsurer	
	Gross	Share	Total	Gross	Share	Total
As 1 January	(62,028)	53,635	(8,394)	(54,421)	46,113	(8,308)
Increase (Decrease) during the year	(647)	(854)	(1,501)	(7,607)	7,521	(86)
Unearned Premium reserves as at	**(62,675)**	**52,781**	**(9,895)**	**(62,028)**	**53,634**	**(8,394)**

21. Deferred Acquisition Costs

(in thousands of USD)	31-Dec-2022	31-Dec-2021
At 1 January	1,739	1,524
Net Increase/(Decrease) during the year	588	215
Deferred Acquisition costs as at	**2,327**	**1,739**

22. Other Financial Assets

(in thousands of USD)	31-Dec-2022	31-Dec-2021
Outstanding Value as at 1 January	36,026	6,765
New Placements	68,473	36,050
Maturities	(36,050)	(6,777)
Change in 12-month ECL (notes 13 & 32)	(55)	(12)
Foreign exchange gains/(losses)	66	-
Total Other Financial Assets as at	**68,460**	**36,026**

These represent USD and Euro deposits with an average yield of 3.5% and a weighted average maturity period of 12 months (2021: 0.55% and an average maturity period of 12 months).

23. Investment in Money Market Funds

(in thousands of USD)	31-Dec-2022	31-Dec-2021
Outstanding Value as at 1 January	1,738	16,436
New Purchases	-	2,389
Redemption	-	(15,668)
Change in fair value (note 32)	-	3
Impairment of Supply Chain Finance Fund	(394)	(969)
Foreign Exchange Loss	(127)	(453)
Total Investments in Money Market Funds as at	**1,217**	**1,738**

Money market investments are measured at fair value.

Notes To The Financial Statements
-Continued

24. Investment in Floating Rate Notes

(in thousands of USD)	31-Dec-2022	31-Dec-2021
Outstanding Value as at 1 January	85,067	78,815
New Placements	54,137	36,108
Maturities & Presales	(37,267)	(28,769)
Amortisation (notes 10 & 32)	(81)	(326)
Change in 12-month ECL (notes 13 & 32)	(9)	3
Foreign exchange gains/(losses)	167	(764)
Total Floating Rate Notes as at	**102,014**	**85,067**

The effective interest rate on the floating rate notes as at 31 December 2022 was 2.77% (2021: 0.87%).

25. Investment in Bonds

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

(in thousands of USD)	31-Dec-2022	31-Dec-2021
Outstanding Value as at 1 January	322,677	262,726
New Purchases	90,812	111,599
Sales and Redemptions	(72,625)	(49,325)
Amortisation (notes 10 & 32)	(1,391)	(1,436)
Change in Accrued Interest on Bonds Purchased	22	33
Change in 12-month ECL (notes 13 & 32)	6	13
Exchange gain/(Loss)	(544)	(933)
Total Investments in Bonds as at	**338,957**	**322,677**

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

	31-Dec-2022		31-Dec-2021	
Maturity	**Face Value (in USD'000)**	**Weight (%)**	**Face Value (in USD'000)**	**Weight (%)**
2022	-	-	69,800	21.9%
2023	39,620	11.7%	38,220	12.0%
2024	86,610	25.6%	57,935	18.2%
2025	94,280	27.9%	63,460	20.0%
2026	79,499	23.5%	63,041	19.8%
2027	20,845	6.2%	10,010	3.2%
2028	9,620	2.9%	7,920	2.5%
2029	400	0.1%	400	0.1%
2030	7,236	2.1%	7,236	2.3%
Total as at	**338,110**	**100%**	**318,022**	**100.0%**

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

	2022	2021
Bond Portfolio's Average Maturity	3.065 years	3.37 years
Bond Portfolio's Gross Average Yield	1.97%	1.62%

Notes To The Financial Statements

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26. Intangible Assets

(in thousands of USD)	**31-Dec-2022**	**31-Dec-2021**
Cost		
As at 1 January	1,113	950
Additions	9	163
As at	**1,122**	**1,113**
Amortisation		
As at 1 January	(761)	(668)
Charge for the Year (notes 9 & 32)	(59)	(93)
As at	**(820)**	**(761)**
Net Book Value		
As at	**302**	**352**

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

Notes To The Financial Statements

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27. Vehicles and Equipment

(in thousands of USD)	Motor Vehicles	Computers & Office Equipment	Furniture & Fittings	Total
As at 31 December 2022				
Cost				
As at 1 January 2022	249	1,059	893	2,201
Additions	195	115	-	310
Disposals	(45)	(7)	(4)	(56)
As at 31 December 2022	**399**	**1,167**	**889**	**2,455**
Depreciation				
As at 1 January 2022	(227)	(872)	(712)	(1,811)
Charge for the Year	(34)	(93)	(59)	(186)
Eliminated on Disposals	45	7	4	56
As at 31 December 2022	**(216)**	**(958)**	**(767)**	**(1,941)**
As at 31 December 2021				
Cost				
As at 1 January 2021	277	946	767	1,990
Additions	-	113	93	206
Adjustment	-	3	33	36
Disposals	(28)	(3)	-	(31)
As at 31 December 2021	**249**	**1,059**	**893**	**2,201**
Depreciation				
As at 1 January 2021	(232)	(780)	(648)	(1,660)
Charge for the Year	(23)	(95)	(64)	(182)
Eliminated on Disposals	28	3	-	31
As at 31 December 2021	**(227)**	**(872)**	**(712)**	**(1,811)**
Net Book Value				
As at 31 December 2022	**183**	**209**	**122**	**514**
As at 31 December 2021	**22**	**187**	**181**	**390**

Notes To The Financial Statements

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27. Vehicles and Equipment (continued)

(b) Leases

(in thousands of USD)	31-Dec-2022	31-Dec-2021
Right of use asset		
As at 1 January	1,081	-
Amortisation	258	-
As at	**823**	**-**
Lease liability		
As at 1 January	1,081	-
Accretion of interest	33	-
Rent paid	(304)	
As at	**810**	**-**

Lease Liability Maturity Analysis

(in thousands of USD)	2022	2021
Right of use asset		
Year 1	397	-
Year 2	287	-
Year 3	204	-
Year 4	167	-
Year 5	180	-
Onwards	187	-
As at	**1,422**	**-**

2022 is the first year of application of IFRS16 for ATIDI.

28. Other Liabilities

(in thousands of USD)	31-Dec-2022	31-Dec-2021
Accrued Expenses	1,474	1,660
Defined Contribution Post-Employment Plan Payable	237	27
Non-Trade Accounts Payable	10,367	337
IDA Service Charges	16	17
Dividend payable	32	272
Total Other Liabilities as at	**12,126**	**2,313**

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29. Unearned Grant Income

(in thousands of USD)	31-Dec-2022	31-Dec-2021
Unearned Grant as at 1 January	18,791	12,331
Expenditure Incurred	(12)	(55)
RLSF Disbursements	347	7,518
Foreign exchange gain	195	(1,003)
Unearned Grant as at	**19,321**	**18,791**

In addition to the technical assistance (see note 7), KfW, the German development bank, agreed to extend a grant of upto EUR31.6M in two tranches to ATIDI 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 ATIDI in 2018 while the second disbursement of EUR5.2M (USD5.7M) was received in 2020. A third disbursement of EUR6.6M (USD 7.5M) was received on 17th November 2021. These funds are held in a designated holding account approved by KfW. ATIDI 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, ATIDI 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 ATIDI will meet the balance. No risks had been attached to this facility as at 31 December 2022. In January 2022, ATIDI entered into another financing agreement with Norwegian Agency Development Cooperation (Norad) for support to its Regional Liquidity Support Facility (RLSF) and Renewable Energy Sector initiatives. Norad shall, subject to Norwegian parliamentary appropriations, provide a financial grant in support of the Project not exceeding NOK 500,000,000 (Norwegian Kroner five hundred million) and in addition provide ATIDI with Technical assistance (TA) funds in support of the development and promotion of the project and related activities that contribute to the expansion of renewable energy sources in Africa, this is capped at NOK 50M. ATIDI is required to make written requests for the TA disbursements in advance for a period not exceeding twelve months. Norad has since disbursed USD0.4M for the Technical assistance Fund as at 31 December 2022.

30. Financial Liabilities - IDA Development Credit (Loan)

(in thousands of USD)	31-Dec-2022	31-Dec-2021
As at 1 January	7,825	8,382
Foreign Exchange Losses/(Gains) (notes 12 & 32)	(377)	(230)
Repayments	(376)	(327)
IDA Loan as at	**7,072**	**7,825**

Under the Development Credit Agreement (DCA) between IDA and ATIDI 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 ATIDI a development credit amounting to SDR7.2M to finance ATIDI's operational costs. This amount includes: (a) an original Credit of SDR3.9M and (b) a supplemental Credit of SDR3.3M. The full development credit amounting to SDR7.2M has been fully disbursed.

The principal amount is repayable in semi-annual installments over a 25 year period, effective with respect to: (a) the original credit, from 15 September, 2011 to 15 March, 2036; and (b) the supplemental credit, from 15 September, 2015 to 15 March, 2040.

Notes To The Financial Statements

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31. Share Capital and Share Premium

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

Share premium is the difference between the par value of the share and the current value.

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 ATIDI Treaty.

ATIDI's capital stood at USD373.3M as at 31 December 2022 against USD365.3M as at 31 December 2021, an increase USD8M out of which USD2.9M came from capital increase and USD5.1M from dividends reinvestments from shareholders.

Notes To The Financial Statements
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31. Share Capital and Share Premium (continued)

(a) Share Capital

The status of the issued and called share capital at 31 December 2022 is shown below:

(in thousands of USD)	31-Dec-2022		31-Dec-2021	
Member/Shareholder	**Number Of Shares**	**Paid Up Capital**	**Number Of Shares**	**Paid Up Capital**
Benin	272	27,200	269	26,900
Burundi	159	15,900	157	15,700
Cameroon	92	9,200	91	9,100
Côte d'Ivoire	202	20,200	199	19,900
Democratic Republic of Congo	207	20,700	202	20,200
Ethiopia	74	7,400	73	7,300
Ghana	155	15,500	153	15,300
Kenya	297	29,700	292	29,200
Madagascar	72	7,200	70	7,000
Malawi	185	18,500	182	18,200
Niger	93	9,300	92	9,200
Nigeria	124	12,400	122	12,200
Rwanda	90	9,000	89	8,900
Senegal	116	11,600	116	11,600
South Sudan	95	9,500	93	9,300
Tanzania	176	17,600	173	17,300
Togo	248	24,800	246	24,600
Uganda	238	23,800	234	23,400
Zambia	180	18,000	177	17,700
Zimbabwe	137	13,700	135	13,500
Total Member Countries	**3,212**	**321,200**	**3,165**	**316,500**
Kenya Reinsurance Corporation	10	1,000	10	1,000
Total Public Entities	**10**	**1,000**	**10**	**1,000**
African Development Bank	150	15,000	150	15,000
Africa Reinsurance Corporation	10	1,000	10	1,000
Atradius	1	100	1	100
CESCE	10	1,000	10	1,000
Chubb	88	8,800	87	8,700
COMESA	1	100	1	100
ECGC	105	10,500	103	10,300
SACE SpA	100	10,000	100	10,000
TDB (formerly PTA Bank Limited)	10	1,000	10	1,000
UK Export Finance	1	100	1	100
ZEP-RE (PTA Reinsurance Company)	35	3,500	5	500
Other Shareholders	**511**	**51,100**	**478**	**47,800**
TOTAL SHARES	**3,733**	**373,300**	**3,653**	**365,300**

Notes To The Financial Statements

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31. 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:

(in thousands of USD)	31-Dec-2022			31-Dec-2021		
Member/Shareholder	**Paid Up Capital**	**Share Premium**	**Unallocated share capital**	**Paid Up Capital**	**Share Premium**	**Unallocated share capital**
Benin	27,200	5,992	131	26,900	5,819	49
Burundi	15,900	295	109	15,700	180	6
Cameroon	9,200	4,148	44	9,100	4,091	134
Côte d'Ivoire	20,200	1,452	139	19,900	1,279	85
Democratic Republic of Congo	20,700	642	2	20,200	354	93
Ethiopia	7,400	204	60	7,300	146	23
Ghana	15,500	2,893	144	15,300	2,778	51
Kenya	29,700	610	80	29,200	323	89
Madagascar	7,200	445	15	7,000	330	143
Malawi	18,500	527	24	18,200	354	11
Niger	9,300	3,618	107	9,200	3,560	19
Nigeria	12,400	2,347	73	12,200	2,232	64
Rwanda	9,000	148	150	8,900	90	71
Senegal	11,600	5,215	78	11,600	5,215	44
South Sudan	9,500	289	75	9,300	173	144
Tanzania	17,600	353	26	17,300	180	38
Togo	24,800	10,612	8	24,600	10,496	83
Uganda	23,800	455	47	23,400	225	53
Zambia	18,000	450	6	17,700	277	7
Zimbabwe	13,700	383	76	13,500	268	31
Kenya Reinsurance Corporation	1,000	-	66	1,000	-	38
Total	**322,200**	**41,078**	**1,554**	**317,500**	**38,370**	**1,276**
African Development Bank	15,000	-	-	15,000	-	-
Africa Reinsurance Corporation	1,000	-	55	1,000	-	28
Atradius	100	-	-	100	-	-
CESCE	1,000	386	28	1,000	386	-
Chubb	8,800	1,645	82	8,700	1,588	-
COMESA	100	-	3	100	-	3
ECGC	10,500	1,944	17	10,300	1,828	58
SACE SpA	10,000	-	-	10,000	-	-
Trade Development Bank	1,000	-	-	1,000	-	-
UK Export Finance	100	-	10	100	-	4
ZEP-RE (PTA Reinsurance Company)	3,500	1,729	-	500	-	14
	51,100	**5,704**	**195**	**47,800**	**3,802**	**107**
TOTAL SHARES	**373,300**	**46,782**	**1,749**	**365,300**	**42,172**	**1,383**

Notes To The Financial Statements
- Continued

31. Share Capital and Share Premium (continued)

(c) Capital Disbursements

(in thousands of USD)	31-Dec-2022				31-Dec-2021			
Member/ Shareholder	**Share Capital**	**Share Premium**	**Unallocated Share Capital**	**Total**	**Share Capital**	**Share Premium**	**Unallocated Share Capital**	**Total**
ZEP-RE (PTA-RE)	2,900	1,671	114	4,685	-	-	-	-
Benin	-	-	-	-	12,300	5,530	4	17,834
Cameroon	-	-	-	-	9,100	4,091	134	13,325
Senegal	-	-	-	-	11,600	5,215	44	16,859
Togo	-	-	-	-	15,600	7,013	29	22,642
TOTAL	**2,900**	**1,671**	**114**	**4,685**	**48,600**	**21,849**	**211**	**70,660**

(d) Reinvested Dividends

(in thousands of USD)	31-Dec-2022			31-Dec-2021		
Member/Shareholder	**Share Capital**	**Share Premium**	**Unallocated Share Capital**	**Share Capital**	**Share Premium**	**Unallocated Share Capital**
Africa Reinsurance Co	-	-	27	-	-	28
Benin	300	172	82	600	250	(67)
Burundi	200	115	103	400	180	(85)
Cameroon	100	57	(90)	-	-	-
CESCE	-	-	28	-	-	-
Côte d'Ivoire	300	173	54	600	215	(19)
COMESA	-	-	-	-	-	3
Chubb	100	57	82	200	90	(2)
Democratic Republic of Congo	500	289	3	400	180	49
ECGC	200	116	(41)	200	89	35
Ethiopia	100	58	37	200	90	(42)
UK Export Finance	-	-	6	-	-	(1)
Uganda	400	230	(6)	500	225	17
Ghana	200	115	93	300	135	50
Kenya	500	287	(9)	600	270	56
Kenya Reinsurance Co.	-	-	28	-	-	33
Madagascar	200	115	(128)	100	45	76
Malawi	300	173	13	400	180	(14)
Nigeria	200	115	9	300	135	(50)
Niger	100	58	88	200	90	(25)
Rwanda	100	58	79	200	90	(8)
Senegal	-	-	34	-	-	-
South Sudan	200	116	(69)	300	135	106
Tanzania	300	173	(12)	400	180	(33)
Togo	200	116	(75)	200	90	(68)
Zambia	300	173	(1)	400	180	(21)
ZEP-RE (PTA-RE Co)	100	58	(128)	-	-	14
Zimbabwe	200	115	45	300	135	(18)
TOTAL	**5,100**	**2,939**	**252**	**6,800**	**2,984**	**14**

Notes To The Financial Statements

-Continued

32. Note to the Statement of Cash Flows

(in thousands of USD)	31-Dec-2022	31-Dec-2021
		Restated*
Profit for the Year	**32,838**	**34,870**
Adjustments for:		
Depreciation - Vehicles and Equipment (notes 9 & 27)	186	182
Amortisation - Intangible Assets (notes 9 & 26)	59	93
Amortisation – Right of use (notes 9 & 27b)	258	-
Amortisation - Bonds (notes 10 & 25)	1,391	1,436
Amortisation – Floating Rate Notes (notes 10 & 24)	81	326
Foreign Exchange Loss/(Gain)	234	2,654
Gain on disposal (note 8)	(9)	(11)
Change in Fair Value of Financial Instruments (note 23)	394	966
Discount on Money Market instruments (note 10 & 15)	797	241
ECL on Other Financial Assets (notes 13 & 22)	55	12
ECL on Floating Rate Notes (notes 13 & 24)	9	(3)
ECL on Bonds (notes 13 & 25)	(6)	(13)
ECL on Deposits and Money market instruments (note 13 & 15)	38	29
Interest on lease liability (Notes 11 & 27b)	33	-
Movements in Working Capital items:		
Decrease /(Increase) in Insurance and Reinsurance Receivables	3,259	(5,556)
(Increase)/Decrease in Other Assets	(1,381)	17
(Increase)/Decrease in Reinsurers' Share of the Claims Reserves	(51,248)	24,498
(Increase)/Decrease in Recoveries	(6,349)	24,917
Decrease/(Increase) in Reinsurers' Share of Unearned Premiums	853	(7,520)
(Increase)/Decrease in Deferred Acquisition Costs	(588)	(215)
Increase in Insurance and Reinsurance Payables	3,777	1,774
Increase in Other Liabilities (*)	10,053	40
Increase/(Decrease) in Claims Reserves	65,540	(34,595)
Decrease in Reinsurer's Share of Recoveries	(4,083)	(13,239)
Increase in Unearned Premiums Reserve	647	7,607
Increase in Unearned Ceding Commissions	984	2,015
Decrease in Unearned Grant Income	(12)	(2,061)
Decrease in Defined Benefit-Post Employment Plan	-	(134)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**57,810**	**38,330**
b) Cash and cash equivalents;		
Bank and cash balance (note 14)	59,886	72,567
Deposits with Financial institutions maturing within 3 months (15)	149	-
TOTAL CASH AND CASH EQUIVALENT	**60,035**	**72,567**

(*) Excluded within the movements is the dividend payable

Notes To The Financial Statements

- Continued

33. Fair Value of Financial Instruments Carried at Amortised Cost

(in thousands of USD)	31-Dec-2022	31-Dec-2021
Fair Value of Bonds	320,508	322,999
Book Value of Bonds (note 25)	338,957	322,677
Unrealized Gain/(Loss) as at	**(18,449)**	**322**

34. Related Party Disclosures

(in thousands of USD)	31-Dec-2022	31-Dec-2021
(i) Key Management Compensation;		
▪ Salaries & Other Short-Term Benefits	1,389	1,168
▪ Defined Contribution Post-Employment Plan	165	126
▪ Leave Encashment	-	70
▪ Education Allowance	165	188
Total key management compensation	**1,719**	**1,552**
(ii) Directors - Sitting Allowances & Per Diem	**133**	**143**

Abbreviations

ATI	African Trade Insurance Agency
ATIDI	African Trade & Investment Development Insurance
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
ESMS	Environmental and Social Management System
FAPA	Fund for African Private Sector Assistance
FVTPL	Fair Value Through Profit or Loss
GMM	General Measurement Model
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)
PAA	Premium Allocation Approach
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

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