MOODY'S RATINGS

Rating Action: Moody's Ratings affirms ATIDI's IFSR at A2, outlook changed to negative

4 May 2026

London, May 4, 2026 – Moody's Ratings (Moody's) has today affirmed the A2 insurance financial strength rating (IFSR) of The African Trade Insurance Agency (known as African Trade & Investment Development Insurance, or ATIDI) with the outlook changed to negative from stable.

RATINGS RATIONALE

The change in outlook to negative reflects concerns around ATIDI's business profile as a result of challenges the company has faced in enforcing its preferred creditor status (PCS) with some member sovereigns to recover claims in a full and timely manner. Two sovereigns remain in arrears with growing risk of a further sovereign falling into arrears.

ATIDI's rating reflects its good market position in Africa, strong capitalisation and liquidity relative to its insured exposures, high quality and conservative investment portfolio and strong relationships with a number of global reinsurers that provide significant protection. These strengths are partially offset by the high risk nature of its insured exposures and membership base, dependence on reinsurance for underwriting capacity and limited direct access to capital markets.

ATIDI's credit profile benefits materially from its contractual PCS with member states and strong reinsurance protection. We view PCS as reducing product risk materially and recoveries have led to extremely low historical loss rates. However, the application of the G20 common framework in recent sovereign restructurings has tested ATIDI's PCS status as it has not been automatically excluded from restructuring processes. We expect the financial impact to be largely immaterial based on current exposure, however challenges in enforcing PCS are negative for ATIDI's business profile. Any further evidence of challenges to ATIDI's PCS, such as enforcement of a haircut on recoveries, may lead to us downgrading the rating.

In response to PCS challenges ATIDI is de-risking new business underwriting to reinforce its multilateral positioning, prioritising political risk insurance and risk-sharing with multilateral development banks as well as enhancing debt sustainability analysis in its underwriting. Additionally, ATIDI is diversifying its portfolio by growing its corporate credit risk insurance business which has extremely low historical losses.

ATIDI's capital has continued to grow rapidly, to $883 million at December 2025 from $792 million at December 2024, reflecting retention of profits and a continually growing membership base. We expect capital to reach $1 billion over the medium term. Given the challenging operating environment and the company's conservative underwriting risk appetite, this has driven low net exposure leverage of less than 1.5x, which we expect to continue reducing as capital grows.

Despite having limited direct access to capital markets, ATIDI maintains good relationships which large development finance institutions that have regularly funded a portion of the capital contribution required for countries to become members, or extend their memberships, of ATIDI, which has been an indirect but steady source of capital for ATIDI. It also benefits from a number of institutional members, including large international Development Finance Institutions (DFIs) and private insurers, which diversify its membership base outside of Africa.

-- OUTLOOK

Our negative outlook reflects our expectation that ATIDI will face challenges while recovering claims in full from some member sovereigns. While this is negative for its business profile, we expect financial exposure to be limited due to its strong capitalisation and underlying profitability and extensive reinsurance protection.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATING

The following factors could lead to an upgrade of the rating: (1) Significant strengthening of franchise including materially expanded membership, greater regional diversification and higher market shares; (2) ongoing enforcement of preferred creditor status leading to minimal claims, net of recoveries on a sustained basis; (3) strong capital adequacy, with net portfolio leverage remaining comfortably below 3x; and (4) demonstrated ability to retain strong reinsurance support.

Conversely, the following factors could lead to a downgrade of the rating: (1) Deterioration in ATIDI's franchise, including its standing with members and ability to enforce its preferred creditor status.(2) an increase in net insured portfolio leverage to be consistently above 4x shareholders' equity or a reduction in shareholders' equity of more than 10% over a one-year basis; (3) a sustained increase in claims, net of recoveries; and (4) significant reduction in reinsurance availability or quality of reinsurers.

PRINCIPAL METHODOLOGY

The principal methodology used in this rating was Trade Credit Insurers published in April 2024 and available at https://ratings.moodys.com/rmc-documents/418357. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

REGULATORY DISCLOSURES

For further specification of Moody’s key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody’s Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

For any affected securities or rated entities receiving direct credit support/credit substitution from another entity or entities subject to a credit rating action (the supporting entity), and whose ratings may change as a result of a credit rating action as to the supporting entity, the associated regulatory disclosures will relate to the supporting entity. Exceptions to this approach may be applicable in certain jurisdictions.

For ratings issued on a program, series, category/class of debt or security, certain regulatory disclosures applicable to each rating of a subsequently issued bond or note of the same series, category/class of debt, or security, or pursuant to a program for which the ratings are derived exclusively from existing ratings, in accordance with Moody's rating practices, can be found in the most recent Credit Rating Announcement related to the same class of Credit Rating.

For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

Moody’s does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

This rating is solicited. Please refer to Moody’s Policy for Designating and Assigning Unsolicited Credit Ratings available on its website https://ratings.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

The Global Scale Credit Rating(s) discussed in this Credit Rating Announcement was(were) issued by one of Moody’s affiliates outside the EU and is(are) endorsed for use in the EU in accordance with the EU CRA Regulation.

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