



A Secure Risk Partner

The Board of Directors of East Africa Reinsurance Company Limited is pleased to announce the audited results for the year ended 31 December 2012:

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2012

	Short-Term Business Kshs'000	Long-Term Business Kshs'000	TOTAL 2012 Kshs'000	TOTAL 2011 Kshs'000
INCOME				
Gross written premiums	2,086,800	373,900	2,460,700	2,152,221
Retrocession premiums	(63,865)	(70,959)	(134,824)	(267,465)
Net written premiums	2,022,935	302,941	2,325,876	1,884,756
Gross earned premiums	1,943,591	373,900	2,317,491	2,001,383
Net earned premiums	1,859,347	302,941	2,162,288	1,704,396
Investment income	338,810	85,919	424,729	134,240
Risk premium rebates earned	965	21,213	22,178	71,557
Other income	2,448		2,448	604
Total Income	2,201,570	410,073	2,611,643	1,910,797
OUTGO				
Claims	1,033,452	211,263	1,244,715	1,286,848
Amounts recoverable from retrocessionaires	18,671	(25,901)	(7,230)	(421,400)
Net claims	1,052,123	185,362	1,237,485	865,448
Risk premium rebates	614,274	85,454	699,728	609,432
Operating and other expenses	201,953	68,166	270,119	272,380
Total outgo	1,868,350	338,982	2,207,332	1,747,260
Profit before taxation	333,220	71,091	404,311	163,537
Transfer of actuarial surplus	51,250	(51,250)		
Total profit before taxation	384,470	19,841	404,311	163,537
Taxation charge	(101,327)	(20,427)	(121,754)	(61,051)
Profit for the year	283,143	(586)	282,557	102,486
Other comprehensive income for the year	105,988	586	106,574	
Total comprehensive income for the year	389,131		389,131	102,486
Proposed dividend			40,000	15,000
Earnings per share (Kshs)			353.20	136.65

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Short-Term Business Kshs '000	Long-Term Business Kshs '000	TOTAL 2012 Kshs '000	TOTAL 2011 Kshs '000
SHAREHOLDERS' FUNDS				
Share capital	650,000	150,000	800,000	750,000
Fair value reserve	15,936		15,936	28,150
Revaluation reserve	94,360		94,360	
Retained earnings	765,890		765,890	536,119
TOTAL SHAREHOLDERS' FUNDS	1,526,186	150,000	1,676,186	1,314,269
ASSETS				
Property and equipment	225,010		225,010	102,738
Intangible assets				5,557
Deferred taxation				7,005
Equity investments				1,462
Mortgage loans - staff	18,149		18,149	19,366
Receivables arising out of retrocession arrangements	92,170		92,170	80,952
Receivables arising out of reinsurance arrangements	455,709	8,250	463,959	400,315
Retrocessionaires' share of reinsurance contract liabilities	217,310	18,933	236,243	354,594
Deferred risk premium rebates	254,941		254,941	245,674
Corporate tax recoverable				1,523
Other receivables	150,667	4,425	155,092	86,590
Corporate bonds	77,313	8,935	86,248	82,026
Government securities - held to maturity	333,690	167,792	501,482	628,922
Deposits in financial institutions	2,157,019	449,628	2,606,647	1,758,406
Cash and bank balances	34,238	23,819	58,057	27,826
TOTAL ASSETS	4,016,216	681,782	4,697,998	3,802,956
LIABILITIES				
Deferred risk premium rebates arising from retrocession arrangements	434		434	13,207
Reinsurance contract liabilities	1,019,908	401,628	1,421,536	1,188,049
Deferred taxation	32,439		32,439	
Provision for unearned premiums	872,873		872,873	720,397
Payables arising from retrocession arrangements	58,399	26,628	85,027	95,876
Payables arising from reinsurance arrangements	289,023	19,584	308,607	218,705
Other payables	172,862	78,268	251,130	239,041
Tax payable	44,092	5,674	49,766	13,412
TOTAL LIABILITIES	2,490,030	531,782	3,021,812	2,488,687
NET ASSETS	1,526,186	150,000	1,676,186	1,314,269

KEY RATIOS

Capital Adequacy Ratio	186%	100%	160%	150%
Solvency Ratio	401%	388%	399%	502%
Claims Ratio	50%	57%	51%	60%
Expense Ratio	39%	41%	39%	41%

The above statement of comprehensive income and statement of financial position are extracts from the Company's financial statements which were audited by Deloitte & Touche and received an unqualified opinion.

The financial statements were approved by the Board of Directors on 28 February 2013 and signed on its behalf by Messrs J. P. M. Ndegwa (Chairman), D. G. M. Hutchison (Director) and P. K. Maina (Chief Executive Officer & Principal Officer).

L. A. Kimang'a
Company Secretary