



## 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 2013:

### STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2013

	Short-Term Business Kshs'000	Long-Term Business Kshs'000	TOTAL 2013 Kshs'000	TOTAL 2012 Kshs'000
<b>INCOME</b>				
Gross written premiums	2,482,237	335,219	2,817,456	2,460,700
Retrocession premiums	(53,263)	(60,778)	(114,041)	(134,824)
<b>Net written premiums</b>	<b>2,428,974</b>	<b>274,441</b>	<b>2,703,415</b>	<b>2,325,876</b>
<b>Gross earned premiums</b>	<b>2,414,840</b>	<b>335,219</b>	<b>2,750,059</b>	<b>2,317,491</b>
<b>Net earned premiums</b>	<b>2,370,358</b>	<b>274,441</b>	<b>2,644,799</b>	<b>2,162,288</b>
Investment income	318,511	74,104	392,615	424,729
Risk premium rebates earned	2,156	18,572	20,728	22,178
Other income	2		2	2,448
<b>Total income</b>	<b>2,691,027</b>	<b>367,117</b>	<b>3,058,144</b>	<b>2,611,643</b>
<b>OUTGO</b>				
Claims	1,252,121	175,619	1,427,740	1,244,715
Amounts recoverable from retrocessionaires	65,424	(16,293)	49,131	(7,230)
<b>Net claims</b>	<b>1,317,545</b>	<b>159,326</b>	<b>1,476,871</b>	<b>1,237,485</b>
Risk premium rebates	723,213	76,479	799,692	699,728
Operating and other expenses	245,353	41,771	287,124	270,119
<b>Total outgo</b>	<b>2,286,111</b>	<b>277,576</b>	<b>2,563,687</b>	<b>2,207,332</b>
Profit before taxation	404,916	89,541	494,457	404,311
Transfer of actuarial surplus	65,265	(65,265)		
<b>Total profit before taxation</b>	<b>470,181</b>	<b>24,276</b>	<b>494,457</b>	<b>404,311</b>
Taxation charge	(122,114)	(24,297)	(146,411)	(121,754)
<b>Profit for the year</b>	<b>348,067</b>	<b>(21)</b>	<b>348,046</b>	<b>282,557</b>
Other comprehensive income for the year	1,945	21	1,966	106,574
<b>Total comprehensive income for the year</b>	<b>350,012</b>		<b>350,012</b>	<b>389,131</b>
Proposed dividend			60,000	40,000

### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Short-Term Business Kshs '000	Long-Term Business Kshs '000	TOTAL 2013 Kshs '000	TOTAL 2012 Kshs '000
<b>SHAREHOLDERS' FUNDS</b>				
Share capital	700,000	300,000	1,000,000	800,000
Fair value reserve	13,970		13,970	15,936
Revaluation reserve	89,745		89,745	94,360
Retained earnings	880,517		880,517	765,890
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>1,684,232</b>	<b>300,000</b>	<b>1,984,232</b>	<b>1,676,186</b>
<b>ASSETS</b>				
Property and equipment	212,167		212,167	225,010
Equity investments	42,366	8,474	50,840	
Mortgage loans (staff)	34,369		34,369	18,149
Receivables arising out of retrocession arrangements	43,291		43,291	92,170
Receivables arising out of reinsurance arrangements	635,571	15,348	650,919	463,959
Retrocessionaires' share of reinsurance contract liabilities	128,928	9,246	138,174	236,243
Deferred risk premium rebates	285,909		285,909	254,941
Other receivables	157,759	828	158,587	155,092
Corporate bonds	68,309	7,662	75,971	86,248
Government securities (held to maturity)	575,313	250,780	826,093	501,482
Deposits in financial institutions	2,294,728	526,147	2,820,875	2,606,647
Cash and bank balances	96,935	14,791	111,726	58,057
<b>TOTAL ASSETS</b>	<b>4,575,645</b>	<b>833,276</b>	<b>5,408,921</b>	<b>4,697,998</b>
<b>LIABILITIES</b>				
Deferred risk premium rebates arising from retrocession arrangements	85		85	434
Reinsurance/reassurance contract liabilities	1,163,546	399,049	1,562,595	1,421,536
Deferred taxation	31,253		31,253	32,439
Provision for unearned premiums	971,238		971,238	872,873
Payables arising from retrocession arrangements	47,829	7,150	54,979	85,027
Payables arising from reinsurance arrangements	364,351	4,790	369,141	308,607
Other payables	302,367	120,460	422,827	251,130
Tax payable	10,744	1,827	12,571	49,766
<b>TOTAL LIABILITIES</b>	<b>2,891,413</b>	<b>533,276</b>	<b>3,424,689</b>	<b>3,021,812</b>
<b>NET ASSETS</b>	<b>1,684,232</b>	<b>300,000</b>	<b>1,984,232</b>	<b>1,676,186</b>

### KEY RATIOS

Capital adequacy ratio	200%	200%	200%	160%
Solvency ratio	320%	679%	362%	399%
Claims ratio	50%	52%	51%	51%
Expense ratio	39%	35%	39%	39%

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 27 February 2014 and signed on its behalf by J. P. M. Ndegwa (Chairman), D. G. M. Hutchison (Director) and P. K. Maina (Chief Executive Officer and Principal Officer).

L. A. Kimang'a  
Company Secretary