



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 2017:

**STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Short-Term Business	Long-Term Business	TOTAL 2017	TOTAL 2016
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
<b>INCOME</b>				
Gross written premiums	3,268,661	933,847	4,202,508	3,328,074
Retrocession premiums	(135,988)	(158,878)	(294,866)	(296,880)
<b>Net written premiums</b>	<b>3,132,673</b>	<b>774,969</b>	<b>3,907,642</b>	<b>3,031,194</b>
<b>Gross earned premiums</b>	<b>3,029,948</b>	<b>933,847</b>	<b>3,963,795</b>	<b>3,511,142</b>
<b>Net earned premiums</b>	<b>2,904,168</b>	<b>741,472</b>	<b>3,645,640</b>	<b>3,204,124</b>
Investment income	485,561	173,083	658,644	607,134
Risk premium rebates earned	9,624	27,736	37,360	37,874
Other income	70	-	70	237
<b>Total income</b>	<b>3,399,423</b>	<b>942,291</b>	<b>4,341,714</b>	<b>3,849,369</b>
<b>OUTGO</b>				
Claims	1,678,032	451,317	2,129,349	2,106,767
Amounts recoverable from retrocessionaires	(11,239)	(73,784)	(85,023)	(155,712)
<b>Net claims</b>	<b>1,666,793</b>	<b>377,533</b>	<b>2,044,326</b>	<b>1,951,055</b>
Risk premium rebates	835,101	237,144	1,072,245	880,945
Operating and other expenses	331,343	76,402	407,745	349,015
<b>Total outgo</b>	<b>2,833,237</b>	<b>691,079</b>	<b>3,524,316</b>	<b>3,181,015</b>
<b>Profit before taxation</b>	<b>566,186</b>	<b>251,212</b>	<b>817,398</b>	<b>668,354</b>
Taxation charge	(137,261)	(78,570)	(215,831)	(202,796)
<b>Profit for the year</b>	<b>428,925</b>	<b>172,642</b>	<b>601,567</b>	<b>465,558</b>
Other comprehensive income for the year	121,448	-	121,448	-
<b>Total comprehensive income for the year</b>	<b>550,373</b>	<b>172,642</b>	<b>723,015</b>	<b>465,558</b>

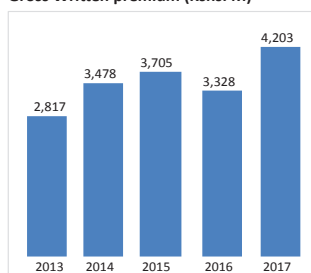
**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017**

	Short-Term Business	Long-Term Business	TOTAL 2017	TOTAL 2016
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
<b>SHAREHOLDERS' FUNDS</b>				
Share capital	1,000,000	500,000	1,500,000	1,500,000
Fair value reserve	6,624	-	6,624	8,460
Revaluation reserve	312,344	-	312,344	201,758
General reserve	-	515,349	515,349	428,292
Retained earnings	1,750,744	-	1,750,744	1,223,536
Proposed dividend	-	-	-	60,000
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>3,069,712</b>	<b>1,015,349</b>	<b>4,085,061</b>	<b>3,222,046</b>
<b>ASSETS</b>				
Property and equipment	546,684	-	546,684	393,445
Investment properties	800,000	-	800,000	780,000
Equity investments	93,461	38,511	131,972	104,895
Mortgage loans (staff)	39,640	-	39,640	43,929
Corporate bonds	533,574	87,640	621,214	411,093
Government securities (held to maturity)	2,186,445	1,057,736	3,244,181	2,354,746
Receivables arising out of retrocession arrangements	32,074	-	32,074	65,185
Receivables arising out of reinsurance arrangements	772,156	122,179	894,335	612,189
Retrocessionaires' share of reinsurance contract liabilities	468,947	50,002	518,949	553,024
Deferred risk premium rebates	386,830	-	386,830	298,569
Corporate tax recoverable	44,617	-	44,617	-
Other receivables	276,377	32,897	309,274	142,570
Deposits in financial institutions	1,022,861	305,367	1,328,228	1,916,416
Cash and bank balances	65,191	17,960	83,151	92,793
<b>TOTAL ASSETS</b>	<b>7,268,857</b>	<b>1,712,292</b>	<b>8,981,149</b>	<b>7,768,854</b>
<b>LIABILITIES</b>				
Deferred risk premium rebates arising from retrocession arrangements	3,907	-	3,907	-
Reinsurance/reassurance contract liabilities	1,769,716	161,832	1,931,548	1,761,048
Deferred taxation	134,494	220,864	355,358	263,153
Provision for unearned premiums	1,268,893	181,218	1,450,111	1,086,513
Payables arising from retrocession arrangements	16,816	48,136	64,952	134,465
Payables arising from reinsurance arrangements	672,829	26,367	699,196	658,377
Other payables	332,490	54,453	386,943	402,061
Tax payable	-	4,073	4,073	41,191
<b>TOTAL LIABILITIES</b>	<b>4,199,145</b>	<b>696,943</b>	<b>4,896,088</b>	<b>4,346,808</b>
<b>NET ASSETS</b>	<b>3,069,712</b>	<b>1,015,349</b>	<b>4,085,061</b>	<b>3,422,046</b>

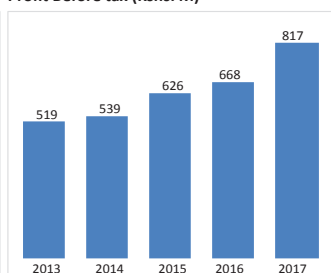
**KEY RATIOS**

<b>Capital adequacy ratio</b>	260%	203%	242%	240%
<b>Solvency ratio</b>	552%	2734%	736%	558%
<b>Claims ratio</b>	51%	48%	51%	63%
<b>Expense ratio</b>	36%	34%	35%	37%

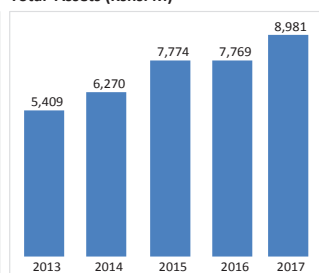
Gross Written premium (Kshs. M)



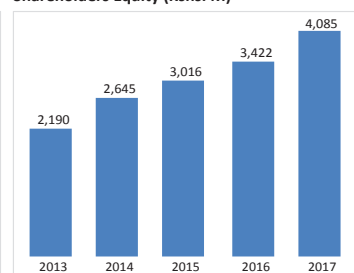
Profit Before tax (Kshs. M)



Total Assets (Kshs. M)



Shareholders Equity (Kshs. M)



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

The financial statements were approved by the Board of Directors on 22 February 2018 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).

**K. M. Ontiti**  
Company Secretary