

NOTICE OF THE 15TH ANNUAL GENERAL MEETING

Notice is hereby given that the **15th ANNUAL GENERAL MEETING OF KENYA REINSURANCE CORPORATION LIMITED** will be held at the Moi International Sports Centre, Kasarani Stadium Gymnasium, off Thika Super Highway, Nairobi, on **Friday, 7th June 2013 at 11.00 a.m.** when the following business will be transacted, namely:

AGENDA

1. Constitution of the Meeting - To read the notice convening the Meeting and determine if a quorum is present.
2. To receive, consider and, if approved, adopt the Corporation's audited Financial Statements for the year ended 31st December 2012 together with the Chairman's, Directors' and Auditors' Reports thereon.
3. To approve payment of a first and final dividend of KShs0.40 per share, subject to withholding tax where applicable, for the financial year ended 31st December 2012 to the shareholders registered in our books as at 7th June 2013 on or about 12th July 2013, as recommended by the Board, and approve the closure of the Register of Members on 10th June 2013.
4. Election of Directors:
 - a) In accordance with Article 110 of the Corporation's Articles of Association, Mr. Everest Lenjo and Mr. Felix Okatch retire by rotation as a Directors and, being eligible, offers themselves for re-election.
 - b) In accordance with Article 115 of the Corporation's Articles of Association, Mr. Maina Mukoma, Dr. Lumbi Wa M'Nabea and Ms. Priscilla Kirigua, retire as directors of the Corporation, and being eligible, offer themselves for election.
5. To note the Directors' remuneration for the period ended 31st December 2012.
6. Auditors
To note that the audit of the Corporation's books of accounts will continue to be undertaken by the Controller and Auditor-General or an audit firm appointed by him in accordance with Section 14 of the State Corporations Act and Sections 14 and 39 (i) of the Public Audit Act 2003.
7. To authorise the Directors to fix the remuneration of the Auditors.

SPECIAL BUSINESS

8. Amendment of the Corporation's Articles of Association.

To consider and, if thought fit, to pass the following resolutions as special resolutions:

- (i) By deleting Article 140 in its entirety and substituting it with the following new Article:

(a) Any dividend or other money payable in cash on or in respect of shares may be paid by electronic funds transfer or other automated system of bank transfer, electronic or mobile money transfer system, transmitted to such bank or electronic or mobile telephone address as shown in the Register of Members or by cheque or warrant payable at such place of business as the Company shall specify in writing, sent through the post to the address of the member or person entitled to it as shown in the Register of Members or if two or more persons are registered as joint holders of the shares to the registered address of the joint holders of the shares, to the registered address of the joint holder who is first named in the Register of Members or in the case of two or more persons being entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons at such address as the persons being entitled to received payment may in writing direct.

(b) Every such cheque or warrant or funds transfer shall be made payable to or to the order of the person to whom it is sent or to such person who may be entitled to the same [as described in Article 140 (a) aforesaid]. Payment of the cheque or warrant, if purporting to be endorsed or enfaced, by the addressee or as the case may be, confirmation of payment having been made by the transmitting entity to the addressee of a direct debit, bank transfer or other automated system of bank transfer or via a mobile money transfer system, shall in each case be a good discharge to the Company. Every such payment whether by cheque or warrant or electronic funds transfer or mobile money payments system shall be sent at the risk of the person entitled to the money represented to it.

- (ii) By deleting Article 142 in its entirety and substituting it with the following new Article:

"The Company may, if required by law, deliver or pay to any prescribed regulatory authority any unclaimed assets including but not limited to shares in the Company presumed to be abandoned or unclaimed in law and any dividends or interest thereon remaining unclaimed beyond prescribed statutory periods. Upon such delivery or payment, the unclaimed assets shall cease to remain owing by the Company and the Company shall no longer be responsible to the owner or holder or his or her estate, for the relevant unclaimed assets."

9. Expansion Programme – Subsidiarisation of the Cote D'Ivoire branch office

To consider and, if thought fit, to pass the following resolution as a special resolution:

- a) "That the Company be and is hereby authorised to establish a subsidiary in Cote D'Ivoire on such terms and conditions as may be determined by the relevant regulatory authorities and the Board of Directors.

- b) The Directors be and are hereby authorised to determine the conditions upon which the subsidiary in Cote D'Ivoire will be established and to obtain all the required regulatory approvals, consents and authorisations and generally to do and effect all acts and things required to give effect to the above resolution."
10. To transact any other business in respect of which due notice has been received.

By Order of the Board

Habil A. Waswani

Corporation Secretary,

Kenya Reinsurance Corporation Limited
Reinsurance Plaza, 15th Floor, Taifa Road
P.O. Box 30271-00100
Nairobi

23rd April 2013

NOTES:

- 1. A member entitled to attend and vote at the meeting and who is unable to attend is entitled to appoint a proxy to attend and vote on his or her behalf. A proxy need not be a member of the Company. To be valid, the form of proxy attached to this Annual Report or downloaded from the Corporation's website (www.kenyare.co.ke), must be duly completed and signed by the member and lodged at the registered offices of the Corporation's Share Registrars, **M/s. Image Registrars Limited, Transnational Plaza, 8th Floor, Mama Ngina Street, and of P.O. Box 9287 – 00100 GPO, Nairobi** or to be posted to the mail address, so as to reach **M/s. Image Registrars Limited**, not later than 5th June 2013 at 11.00 a.m.*
- 2. Any member may by notice duly signed by him or her and delivered to the Corporation Secretary on the above address, not less than seven (7) days and not more than twenty one (21) days before the date appointed for the Annual General Meeting give notice of his intention to propose any other person for election to the Board, such notice to be accompanied by a notice signed by the person proposed of his or her willingness to be elected. The proposed person need not be a member of the Company.*
- 3. Copies of the Corporation's complete Memorandum and Articles of Association are available for inspection on the Corporation's website (www.kenyare.co.ke) and also at the Company's Registered Offices – 15th Floor, Reinsurance Plaza, Taifa Road, Nairobi.*

KENYA REINSURANCE CORPORATION LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	SHORT - TERM BUSINESS SHS '000'	LONG -TERM BUSINESS SHS '000'	TOTAL 2012 SHS '000'	TOTAL 2011 SHS '000'
INCOME				
Gross Written Premium	6,891,600	1,052,583	7,944,183	6,613,884
Outward Reinsurance Premium	(235,990)	(148,345)	(384,335)	(365,930)
Net Written Premium	6,655,610	904,238	7,559,848	6,247,954
Change in unearned premiums	(505,533)	-	(505,533)	(513,276)
Net Earned Premium	6,150,077	904,238	7,054,315	5,734,678
Investment Income	2,095,951	555,471	2,651,422	1,419,902
Commissions Earned	1,182	69,012	70,194	27,202
Fair value gains on revaluation of investment properties	442,237	80,771	523,008	684,498
Other Income	94,254	-	94,254	72,093
Share of profit of associate	205,934	-	205,934	187,777
Total Income	8,989,635	1,609,492	10,599,127	8,126,150
OUTGO				
Claims & Policyholder benefits	(3,969,308)	(252,268)	(4,221,576)	(3,263,744)
Less: Reinsurers' share of claims	159,999	-	159,999	323,889
Net claims and policyholders benefits	(3,809,309)	(252,268)	(4,061,577)	(2,939,855)
Commission Payable	(1,769,517)	(272,338)	(2,041,855)	(1,729,908)
Operating & other expenses	(971,306)	(112,835)	(1,084,141)	(773,051)
Provision for doubtful debts	(466,919)	-	(466,919)	(646,559)
Total outgo	(7,017,051)	(637,441)	(7,654,492)	(6,089,373)
Profit before tax	1,972,584	972,051	2,944,635	2,036,777
Income tax expense	(116,216)	(26,527)	(142,743)	(122,193)
Profit for the year after Tax	1,856,368	945,524	2,801,892	1,914,584
OTHER COMPREHENSIVE INCOME				
Fair value gain on available for sale financial assets, net of tax	779,704	-	779,704	(544,462)
Reclassification adjustments relating to available-for-sale financial assets disposed in the year	(314,209)	-	(314,209)	(237,162)
Share of movement in associate reserves	31,749	-	31,749	26,697
Surplus on revaluation of equipment	-	-	-	4,158
Deferred tax on revaluation of equipment	-	-	-	(832)
Adjustment to deferred tax on revaluation surplus due to	-	-	-	-
Change in tax rate from 20% to 30%	(2,466)	-	(2,466)	-
Total other comprehensive income for the period	494,778	-	494,778	(751,601)
Total Profit & other comprehensive income	2,351,146	945,524	3,296,670	1,162,983
Earnings per Share - basic and diluted			4.00	2.74

KENYA REINSURANCE CORPORATION LTD
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	SHORT - TERM BUSINESS SHS '000'	LONG -TERM BUSINESS SHS '000'	TOTAL 2012 SHS '000'	TOTAL 2011 SHS '000'
SHAREHOLDERS FUNDS				
Share Capital	1,749,873	-	1,749,873	1,500,000
Statutory Reserve	-	2,402,630	2,402,630	1,457,106
Revaluation Reserve	15,994	-	15,994	13,439
Fair Value Reserve	1,299,255	-	1,299,255	817,768
Retained Earnings	9,000,098	-	9,000,098	7,608,624
Other Reserves (Translation reserve)	145,305	-	145,305	129,548
TOTAL SHAREHOLDERS FUNDS	12,210,525	2,402,630	14,613,155	11,526,485
ASSETS				
Property & Equipment	80,511	-	80,511	87,196
Intangible Assets	2,604	-	2,604	10,472
Investment in Associate	1,340,048	-	1,340,048	1,133,445
Investment Property	4,885,000	1,050,000	5,935,000	5,365,000
Receivables arising out of reinsurance arrangements	1,489,546	28,956	1,518,502	1,248,975
Premium and loss reserves	290,178	-	290,178	337,672
Deferred acquisition costs	761,158	-	761,158	626,597
Unquoted equity instruments	89,971	-	89,971	89,971
Inventories	28,794	-	28,794	28,794
Non current assets held for sale	40,032	-	40,032	186,858
Mortgage loans	521,539	-	521,539	320,074
Quoted equity instruments	2,436,749	-	2,436,749	2,008,823
Deferred tax asset	614,709	-	614,709	330,551
Other Receivables	56,470	-	56,470	42,781
Corporate bonds	153,970	-	153,970	48,393
Tax recoverable	-	-	-	15,795
Government Securities	3,947,650	1,511,468	5,459,118	3,357,582
Deposits in financial institutions	2,397,171	1,820,218	4,217,389	3,687,082
Cash & Bank Balances	173,384	67,831	241,215	170,380
TOTAL ASSETS	19,309,484	4,478,473	23,787,957	19,096,441
LIABILITIES				
Long term reinsurance Contract Liabilities	-	2,073,032	2,073,032	2,285,709
Short term reinsurance Contract Liabilities	3,049,991	-	3,049,991	2,373,622
Unearned Premiums	2,662,244	-	2,662,244	2,156,709
Payables arising out of reinsurance arrangements	706,634	2,811	709,445	394,555
Tax payable	164,661	-	164,661	-
Defined benefit liability	96,190	-	96,190	118,560
Other payables	419,239	-	419,239	240,801
TOTAL LIABILITIES	7,098,959	2,075,843	9,174,802	7,569,956
NET ASSETS	12,210,525	2,402,630	14,613,155	11,526,485

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital Sh '0	Revaluati reserve Sh '000	Fair val reserve Sh '000	Translati reserve Sh '000	Statuto reserve Sh '000	Retained earnin; Sh '000	Total Sh '000
At 1 January 2011	1,500,000	8,291	1,620,935	82,136	1,016,714	6,345,426	10,573,502
Profit for the year	-	-	-	-	440,392	1,474,192	1,914,584
Other comprehensive (loss)/ income	-	4,154	-803,167	47,412	-	-	-751,601
Total comprehensive income	-	4,154	-803,167	47,412	440,392	1,474,192	1,162,983
Dividends declared - 2010	-	-	-	-	-	-210,000	-210,000
Transfer of excess depreciation	-	1,242	-	-	-	-1,242	-
Deferred taxation thereon	-	-248	-	-	-	248	-
At 31 December 2011	1,500,000	13,439	817,768	129,548	1,457,106	7,608,624	11,526,485
At 1 January 2012	1,500,000	13,439	817,768	129,548	1,457,106	7,608,624	11,526,485
Issue of shares (note 32)	249,873	-	-	-	-	-249,873	-
Profit for the year	-	-	-	-	945,524	1,856,368	2,801,892
Other comprehensive (loss)/income	-	-2,466	481,487	15,757	-	-	494,778
Total comprehensive income	-	-2,466	481,487	15,757	945,524	1,856,368	3,296,670
Dividends declared - 2011	-	-	-	-	-	-210,000	-210,000
Transfer of excess depreciation	-	7,173	-	-	-	-7,173	-
Deferred taxation thereon	-	-2,152	-	-	-	2,152	-
At 31 December 2012	1,749,873	15,994	1,299,255	145,305	2,402,630	9,000,098	14,613,155

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 Sh '000	2011 Sh '000
Cash generated from operations	562,071	1,201,068
Interest received on corporate bond	5,925	5,925
Interest received on government securities	520,185	270,040
Tax paid in the year	-248,911	-307,847
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Net cash generated from operating activities	839,270	1,169,186
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Cash flows from investing activities		
Purchase of investment property	-46,992	-64,002
Purchase of property and equipment	-12,216	-20,415
Proceeds of disposal of equipment	-	6,650
Dividend received from associate company	31,080	33,759
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Net cash used in investing activities	-28,128	-44,008
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Cash flows from financing activities		
Dividends paid	-210,000	-210,000
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Net increase in cash and cash equivalents	601,142	915,178
Cash and cash equivalents at 1 January	3,857,462	2,942,284
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Cash and cash equivalents at 31 December	4,458,604	3,857,462
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The financial statements were approved by the Board of Directors on 23rd April 2013
and were signed on its behalf by;

Principal Officer
Jadiah Mwarania

Chairman
Nelius Kariuki

Director
Everest Lenjo

The above summary of financial statements are extracts from the full set of financial statements that have been audited by the Auditor General and received an unqualified opinion in his report dated 23rd april 2013.