

Wapic Insurance Plc.

H1 2015 Financial Results Presentation

Presentation Team



Bode Ojeniyi

- ▲ Group Deputy Managing Director
- ▲ Divisional Head, Institutional Clients
- ▲ BSc, MSc, MBA
- ▲ Over 23 years Banking experience



Adedayo Arowojolu

- ▲ Managing Director, Wapic Ghana
- ▲ BA, MA, ACIN, MBA
- ▲ 17 years experience in insurance industry mostly with Royal Exchange General Insurance



Rantimi Ogunleye

- ▲ Managing Director, Wapic Life Assurance
- ▲ BSc, SMP, MBA
- ▲ Over 22 years experience in Insurance with Mansard, Crusader Insurance, Cornerstone Insurance, ARMCO



Zina Y. Giwa-Amu

- ▲ Strategy & Investor Relations; IT and Channels
- ▲ LL.B., LL.M
- ▲ Over 20 years experience in Strategy, IT and Consulting



Oluseyi Taiwo

- ▲ Group Head, Financial Control
- ▲ BSc., ACA
- ▲ Over 12 years experience spanning Auditing & Financial Control

Presentation Outline



▲ Wapic Insurance Plc. at a glance

Mr. Bode Ojeniyi

▲ Market and Industry Trends

Mr. Bode Ojeniyi

▲ HY Financial Review

Mr. Oluseyi Taiwo

▲ Key Performance Highlights

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▲ Statement of Financial Position

▲ Highlights of Financial Position

▲ Assets Under Management

▲ H2 Outlook

Mr. Bode Ojeniyi

▲ Appendices

▲ Q & A

As Required

Wapic Insurance Plc. at a glance



Our Vision

- ▲ To transform and illuminate the insurance industry for the benefit of our customers and other stakeholders

Our Mission

- ▲ To lead in all that is worthy

Our Values

- ▲ Excellence
- ▲ Professionalism
- ▲ Innovation
- ▲ Sustainability
- ▲ Teamwork
- ▲ Leadership
- ▲ Empathy

Rating

Financial Strength Rating: B-
Issuer Credit Rating: bb-
(AM Best)

Financial

Total Assets

N23.5bn (Q2, 2015)

Total Equity

13.4b ordinary shares of 50 kobo each in issue

Listing

Nigeria Stock Exchange (since 1978)

Subsidiaries

- ▲ Wapic Life Assurance Limited
- ▲ Wapic Insurance Ghana Limited

National Locations

- ▲ Abuja
- ▲ Benin
- ▲ Enugu
- ▲ Ibadan
- ▲ Kano
- ▲ Port Harcourt

Partners

- ▲ Munich Re
- ▲ Africa Re
- ▲ Accenture
- ▲ Alexander Forbes
- ▲ HR Actuaries
- ▲ Merchantcantos
- ▲ Interbrand

Our Strengths

- ▲ Experience & expertise
- ▲ Strong risk profiling framework
- ▲ Prompt claims settlement
- ▲ Comprehensive, convenient & timely service

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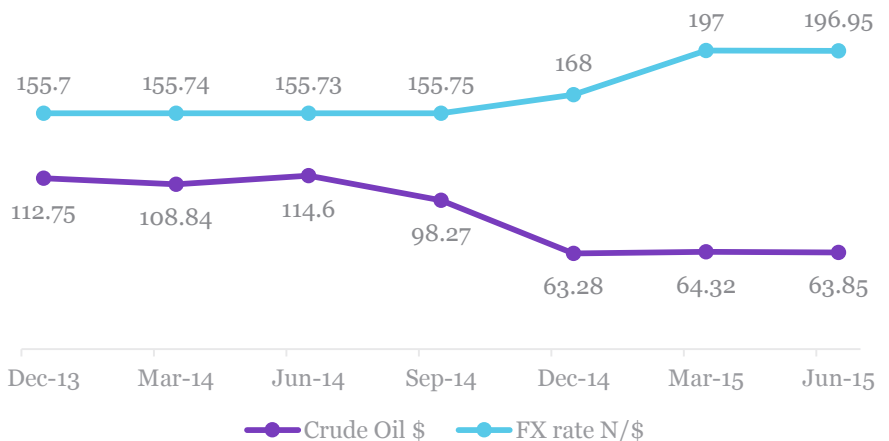
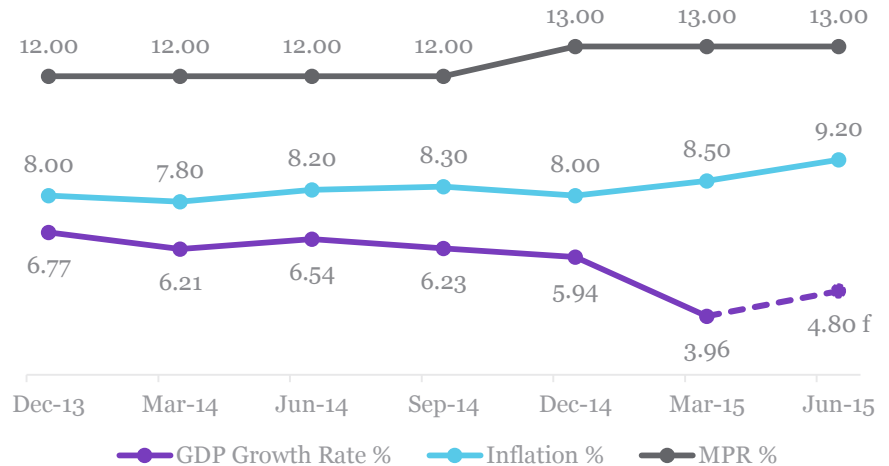
Market & Industry Trends

Operating Environment



THE NIGERIAN ECONOMY

- ▲ IMF forecast Nigeria's inflation to increase to 11.5%. Headline Inflation was 9.2% in June 2015, up from 8.5% in March- highest level in 24 months.
- ▲ GDP growth rate fell to 3.96% in Q1 2015, compared with 5.94% in Q4 2014 and 6.21% in the corresponding quarter of 2014.
- ▲ MPR remained at 13%, while CRR for private sector and public sector was harmonized to 13% in May'15.
- ▲ The official exchange rate was N196.95/\$ in June 2015, down from N197/\$ in March 2015 and N155.73 in the corresponding quarter of 2014. Naira traded at N230/\$ in the parallel market for the first time in history.
- ▲ Oil price (Brent crude) down 1.64% to \$63.85 pb. This is driven by speculations over Greek crisis and Iran's nuclear deal.



Source: Central Bank of Nigeria (CBN), Nigerian Bureau of Statistics (NBS), Financial Derivatives, Trading Economics

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- ▲ CBN released new guidelines allowing Bancassurance, after a 2 year moratorium.
 - ▲ The National Insurance Commission (NAICOM) has set a deadline for insurance companies in the country to clear all outstanding claims by September 30, 2015, or be sanctioned according to extant laws. This in line with the goal to transform and grow the insurance industry by triple digits over the next 3 years.
 - ▲ Ghana's National Insurance Commission (NIC) operationalized its new solvency regime effective January 2015.
 - ▲ Change in NAICOM leadership: Mr. Mohammed Kari succeeds Mr. Fola Daniel as the Commissioner for Insurance in a seamless transition process. Until his appointment, Mr. Kari was the Deputy Commissioner (Technical) at NAICOM. Mr. Kari is expected to continue with the reforms that were previously articulated under his predecessor.

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Financial Review

Key Performance Highlights



Profitability

	H1 2015	H1 2014	%Δ	
Gross Written Premium (N'm)	4,014	3,704	+8%	↑
Net Underwriting Income(N'm)	2,005	1,766	+14%	↑
Total Underwriting Expenses (N'm)	(1,173)	(907)	+29%	↑
Underwriting profit (N'm)	832	859	-3%	↓
Net Inv.& Other Income (N'm)	1,003	747	+34%	↑
Expenses & Provisions (N'm)	1,726	1,375	+26 %	↑
Profit after Tax (N'm)	19	179	-90%	↓
OPEX Ratio	43%	29%	+48%	↑
Claims Ratio	21%	21%	0%	

Balance Sheet

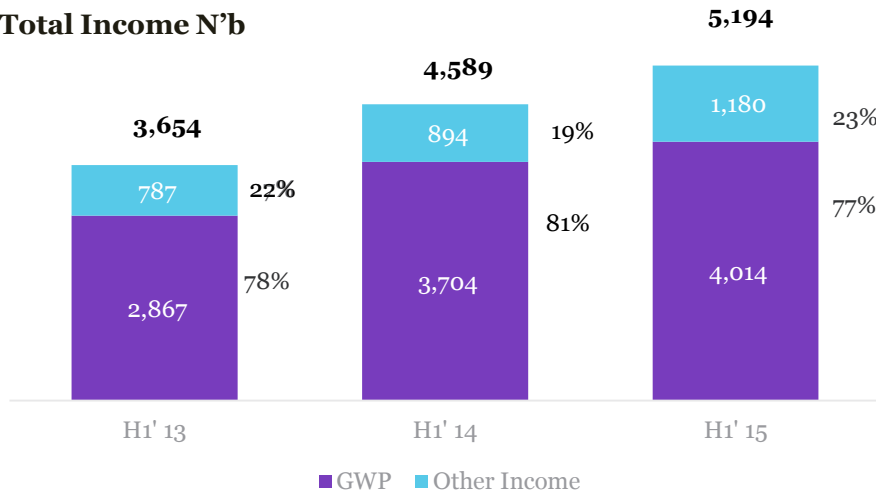
	H1 2015	FY 2014	%Δ	
Financial Assets (N'm)	14,244	8,786	+62	↑
Reinsurance Assets (N'm)	1,070	668	+60	↑
Total Assets (N'm)	23,535	22,058	+7	↑
Total Liabilities (N'm)	8,646	7,858	+11	↑
Shareholders' Funds	14,841	14,200	+5	↑
Solvency Ratio	176%	171%	+3	↑
ROA	0.09%	1.07%	-92	↓
ROE	0.73%	0.41%	+80	↑ ⁹

Income Statement

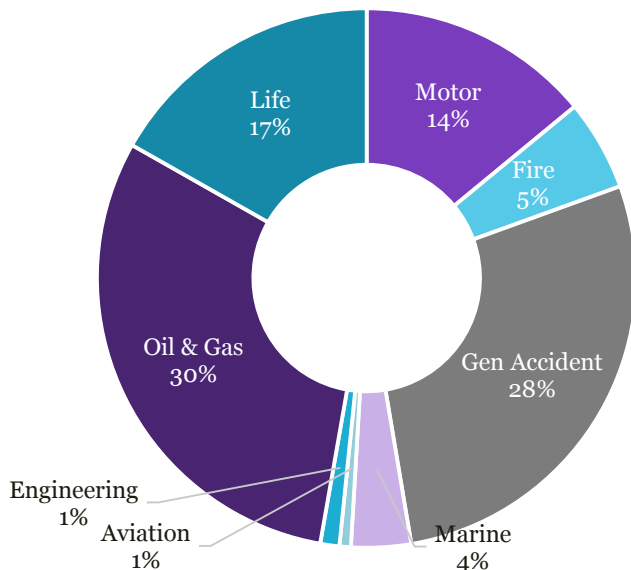
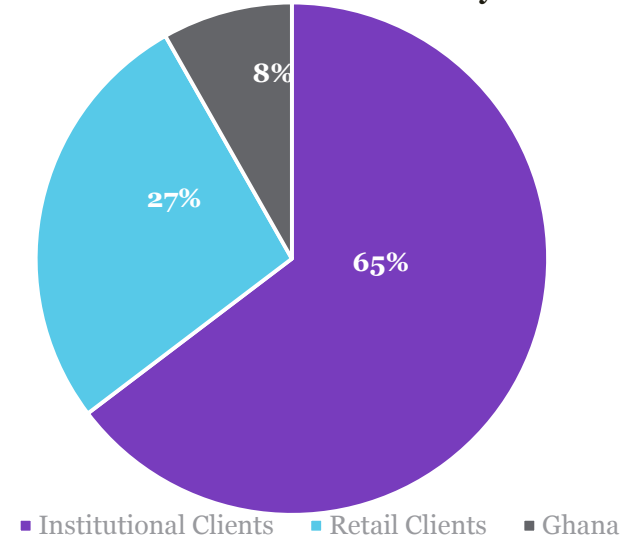


Underlying in N'M	H1'15	H1'14	y/y %Δ	Comments
Gross Written Premium	4,014	3,704	8%	▲ Gross Written Premium increased by 8% to N4.01bn in H1 2015.
Reinsurance Expenses	932	843	11%	▲ Reinsurance Expenses also grew by 11% in line with increased GWP.
Claims Expenses	567	303	87%	▲ Claims Expenses increased by 87% to N567m in H1 2015, in line with market expectations. This increase was largely driven by significant prior year oil & gas and fire claims.
Underwriting Expenses	605	603	0%	
Underwriting Profit	831	858	-3%	▲ Underwriting Expenses remained relatively unchanged which is reflective of the company's improved underwriting expense management
Investment Income	785	782	0%	
Other Operating Income	217	-35	720%	▲ Underwriting profit dipped by 3% due to the growth in claims expenses.
Operating Expenses	1,726	1,375	26%	▲ Operating expenses grew by 26% largely due to the Company's focus on customer experience, operational alignment and advertising expenses for the recently launched motor insurance product-Moov. As we improve our sales strategy execution, we expect a significant reduction in OpEx.
Profit Before Tax	109	231	-53%	▲ Profit before tax dipped by 53% as a result of slow growth in revenue while expenses grew in line with expectations.

Total Income N'b



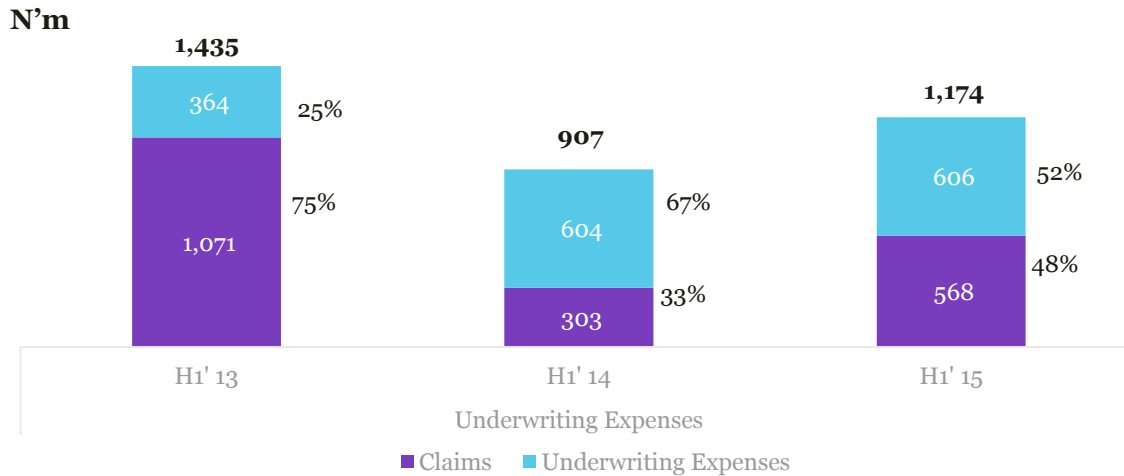
GWP by Business Division



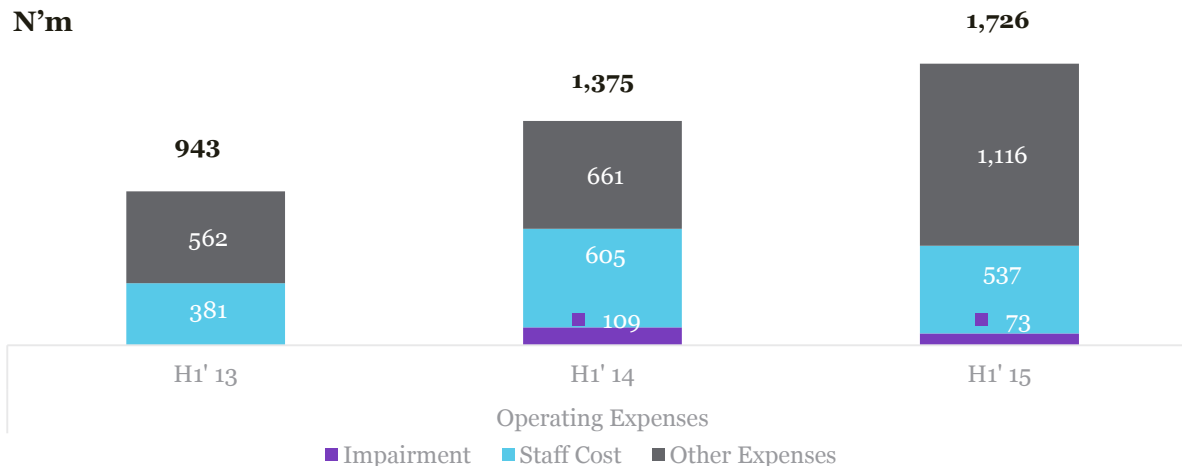
- ▲ GWP grew by 8% from H1 2014 to N4.01bn in H1 2015.
- ▲ Institutional Clients Division is still the largest contributor to the Group's GWP.
- ▲ GWP from Oil & Gas, General Accident & Life were 30%, 28% and 17% respectively.
- ▲ Wapic Ghana grew 33% in real terms however, sustained FX headwinds negatively impacted its overall contribution to the group.

Expenses

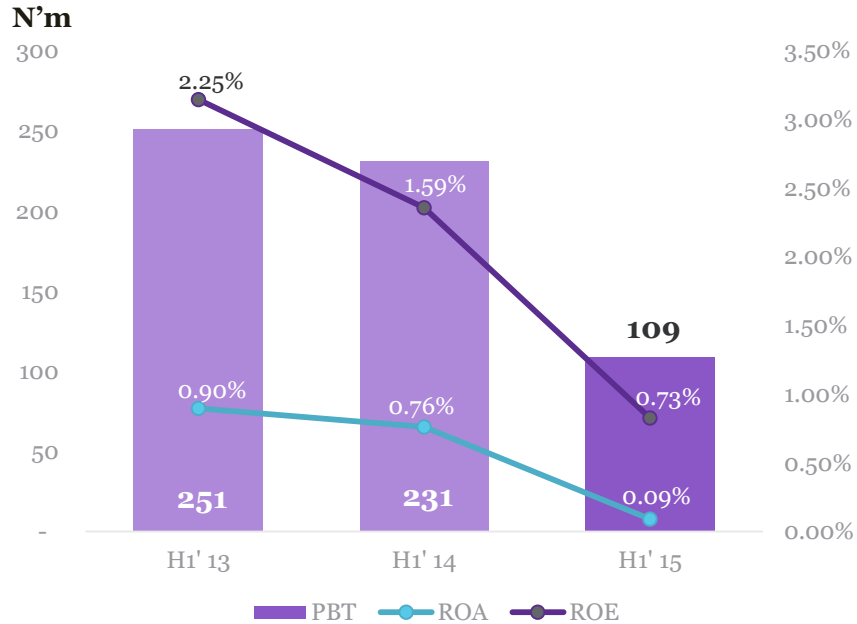
-Underwriting Expenses & Operating Expenses



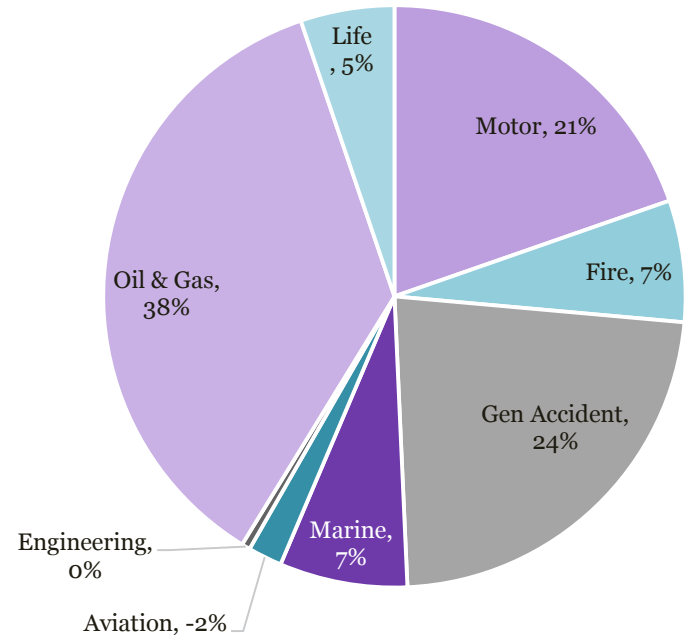
- ▲ Claims grew by 87% to N568m in H1 2015 in line with market expectations; this is largely due to significant prior year oil & gas and fire claims paid in the period.
- ▲ Other Underwriting expenses remained relatively flat due to improved underwriting expense management
- ▲ Total underwriting expenses grew at 29% as a result of the significant growth in claims expenses.



- ▲ Other Operating Expenses increased to N1.1b; a 69% increase from H1 2014. This expected growth will taper out as we improve execution of our sales strategy
- ▲ The benefits of these foundational investments are expected in H2 2015 through 2016. This increase in operating expenses is aligned with our focus on growth in our GWP in the short to medium term.
- ▲ Overall, total operating expenses increased by 26% compared to the corresponding period in 2014.



Underwriting Profit by Product Class



Comments

- ▲ PBT reduced by 53% in H1 2015 to N109m. We have made investments to better execute on our sales strategy, improving the topline. The collective impact of this strategic expenditure is an expected growth in GWP in the short to medium term.
- ▲ ROE and ROA fell to 0.73% and 0.09% respectively.
- ▲ Oil & Gas remained the group's most profitable product contributing 38% to the Group's underwriting profits. This is followed closely by General Accident and Motor Insurance which contributed 24% and 21% respectively.

Statement of Financial Position



Underlying in N'm	H1'15	FY'14	YTD%Δ	Comments
Cash and Cash Equivalents	2,071	5,173	(60)	▲ Financial Assets grew by 62% to N14.2b as at first half, 2015.
Financial Assets	14,244	8,786	62	
Reinsurance Assets	1,070	667	60	▲ The 60% reduction in cash & cash equivalents reflects a realignment of the Company's investment strategy for appropriate matching of the Company's liability profile to asset profile.
Investment Properties	1,059	4,056	(74)	
Fixed Assets & Intangibles	1,828	1,619	13	▲ Investment properties declined by 74% as a result of the disposal of significant portion of investment properties held for sale.
Receivables	1,664	316	426	
Other Assets	1,596	1,435	11	
Total Assets	23,534	22,058	7	▲ Reinsurance Assets increased by 60% as a result of an increase in prepaid reinsurance and claims recoverable
Trade Payables	506	417	21	
Provisions & Other Payables	2,281	2,893	(21)	▲ Receivables grew by 426% to N1.6bn largely driven by increased broker-related business written
Current Income Tax Liabilities	250	300	(17)	
Insurance Contract Liabilities	4,489	3,070	45	▲ Insurance contract liabilities increased by 45% driven largely by increased provisions for insurance policies written.
Investment Contract Liabilities	1,167	1,176	(1)	
Total Liabilities	8,693	7,858	11	
Equity	14,841	14,200	5	
Total Equity & Liabilities	23,534	22,058	7	

Receivables= Trade receivables+ Other receivables & prepayment

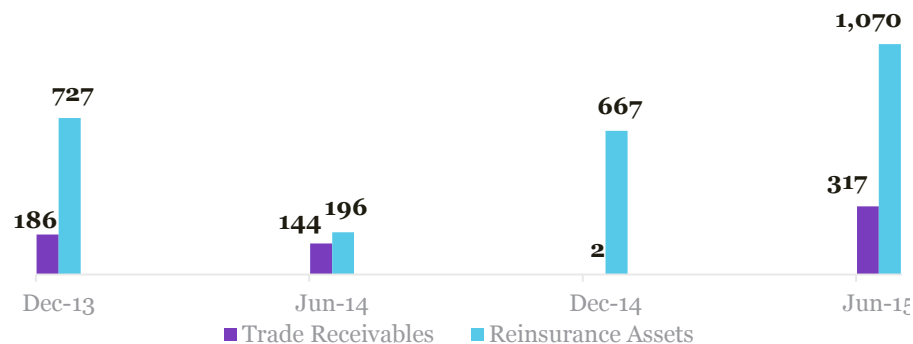
Other Assets= Deferred acquisition cost+ Deferred Tax asset + Statutory Deposits

Fixed Assets & intangibles= Property, plant & equipment + Intangible Assets

Highlights of Financial Position

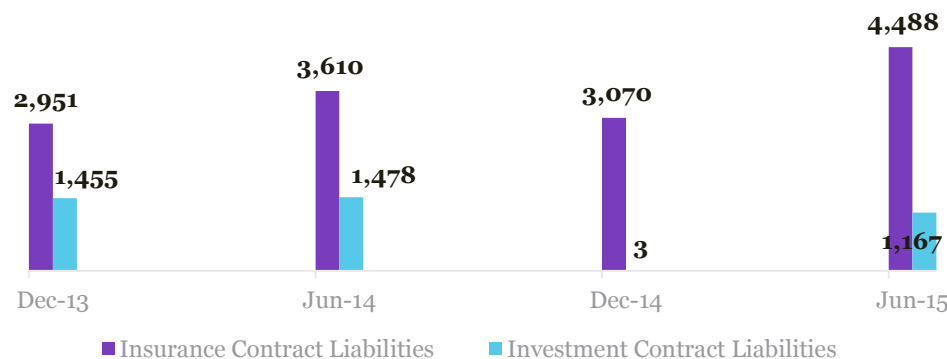


Trade Receivables & Reinsurance Assets (N'm)



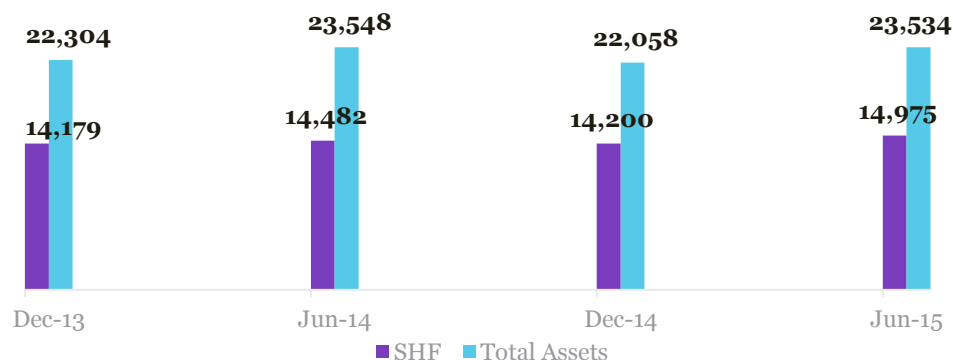
- ▲ Trade Receivables growth of 15,750% in H1 2015 was as a result of higher receivables driven by mid-year transactions.
- ▲ In compliance with NAICOM's NPNC policy, all trade receivables are on transactions with cash-backed credit notes having a 30-day settlement timeline
- ▲ Reinsurance assets growth of 60% from FY 2014 driven by prepaid reinsurance and claims recoverable

Insurance Liabilities & Investment Contract (N'm)



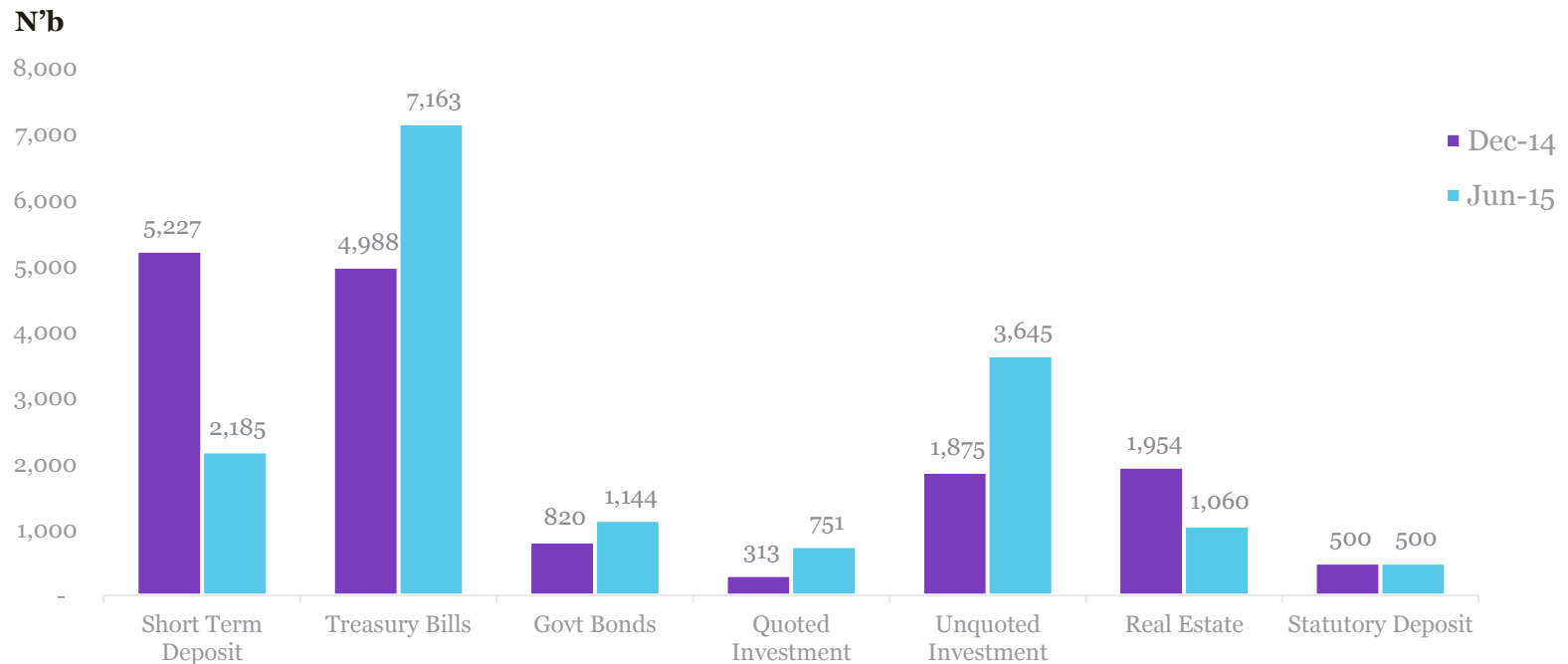
- ▲ Insurance Contract Liabilities increased by 46% in H1 2015 driven by increase in unearned premiums
- ▲ Investment Contract Liabilities increased to N1.1b a 38,800% increase from FY 2014 due to a rise in contributory deposits.

Shareholders' Funds & Total Assets (N'b)



- ▲ Shareholders' Funds and Total Assets grew by 5% and 7% respectively compared with FY 2014

Assets Under Management



- ▲ Treasury bills and placements have highest asset allocation at 60% of total portfolio, currently generating the highest return at average annualized return of 12.90%. This reflects the downward trend of interest rate in the market.
- ▲ Equities allocation increased significantly to reflect the strategic positioning for growth. There was a significant increase in quoted equity exposure in the quarter.

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H2 2015 Outlook

H2 Outlook

FINANCIAL

- ▲ We expect to close the year at a growth rate of 30%, ahead of average market growth rate of 10% - 15%. This is a result of our increased focus on revenue growth
- ▲ Wapic is focused on sustained growth; based on projections, we can expect an increased PBT margin for second half 2015
- ▲ Economic recovery in Ghana is expected based on signing of the \$1bn Eurobond, output from a strong cocoa season as well as significant credit loan inflows

OPERATIONAL

- ▲ We have eliminated legacy weaknesses and NAICOM's stance on claims validates the actions we have preemptively taken. We are well positioned to comply with Regulators on claims, given our strategic focus on improved claims experience for customers
- ▲ We expect significant investments and upgrade of technology as an enabler of our corporate strategy and focus on improved customer experience

SALES

- ▲ Increased focus on better execution of our sales strategy on our flagship products Moov and Group Life
- ▲ Renewed optimization of our strategy in the B2B2C space, specifically Bancassurance, due to the enormous potential for partnership and seamless execution

PEOPLE

- ▲ Wapic has seamlessly executed its disciplined succession plan, with leadership positions organically filled by quality insurance professionals, subject to requisite regulatory approvals
- ▲ Our focus on best-in-class professionals gets a boost with a top class infusion of staff at all levels, including graduates from the first rate Wapic Academy

RISK & ENVIRONMENT

- ▲ We expect a positive impact from policy stabilization over the next half year period
- ▲ Following CBN's recent monetary policy and suspension of foreign currency cash deposits by banks, Wapic is effectively monitoring and managing the unlikely event of any foreign exchange risk which may emerge
- ▲ With a scheduled review of our AM Best rating in Q3, 2015, Wapic has focused on improving on identified weaknesses and consolidating on our strengths.

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Thank You

For further enquires:

*Wapic will transform the insurance market in Nigeria and beyond.
A new paradigm.
A unique proposition.*



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Appendices

Evolution Since 1958



Became a publicly quoted company

Expanded presence to Ghana by establishing Wapic Insurance (Ghana) Limited

Merged with Intercontinental Properties Limited and became a top 5 Insurance Company in Nigeria by Shareholders' Fund and Assets and across other key performance indicators

- Awarded A.M. Best financial strength rating (FSR) of B- and an issuer credit rating (ICR) of bb- making Wapic one of only three insurance companies in Nigeria to have an A.M. Best rating.
- Recorded a 214% growth in PAT in 2014

1958

1990

2006

2008

2011

2012

2013

2014

- Established in 1958 as a subsidiary of Provincial Insurance Company, United Kingdom
- Incorporated as West African Provincial Insurance Company

Expanded scope of operations to Life Assurance by establishing Wapic Life Assurance Limited

Became a subsidiary of Access Bank Plc.

- Concluded capital raising exercise and emerge top 5 insurance company by SHF
- Divestment of Access Bank and enlargement of shareholder base to over 850,000

Statement of Financial Position



	Group		Company	
	30 Jun '15 N'000	31 Dec '14 N'000	30 Jun '15 N'000	31 Dec '14 N'000
Cash and cash equivalent	2,071,470	5,173,243	1,180,814	3,190,253
Financial assets	14,244,002	8,786,496	10,286,357	6,030,939
Trade receivables	317,742	2,699	215,356	-
Reinsurance assets	1,070,439	667,928	995,058	618,021
Deferred acquisition cost	420,938	253,507	377,132	214,140
Other receivables & prepayments	952,401	314,627	1,102,942	203,030
Investment in subsidiaries	-	-	3,231,976	3,231,976
Investment properties	1,059,813	4,056,313	1,024,814	4,021,313
Deferred tax asset	660,524	664,759	479,583	479,583
Property, plant and equipment	1,785,456	1,570,977	1,692,768	1,480,073
Intangible assets	43,040	49,814	40,022	45,835
Statutory deposit	514,795	518,508	300,000	300,000
Total assets	23,534,618	22,058,871	20,926,822	19,815,163
Trade Payables	506,036	417,655	429,076	328,885
Other payables	2,281,430	2,893,034	2,042,447	2,731,208
Current Income tax liabilities	249,942	300,498	103,167	162,683
Insurance contract liabilities	4,488,892	3,070,797	3,376,216	2,201,313
Investment Contract Liabilities	1,167,012	1,176,266	-	-
Total liabilities	8,693,311	7,858,250	5,950,905	5,424,089
Share capital	6,691,369	6,691,369	6,691,369	6,691,369
Share premium	6,194,983	6,194,983	6,194,983	6,194,983
Other reserves	947,855	325,957	1,182,390	460,605
Contingency reserves	1,549,193	1,436,917	1,323,083	1,232,784
Retained earnings	(542,093)	(448,605)	(415,909)	(188,667)
Share holders' fund	14,841,307	14,200,621	14,975,917	14,391,074
NET ASSETS	14,841,307	14,200,621	14,975,917	14,391,074

Income Statement



	Group		Company	
	JUNE 2015 N'000	JUNE 2014 N'000	JUNE 2015 N'000	JUNE 2014 N'000
Gross written premium	4,014,354	3,704,320	3,009,985	2,822,378
Movement in Unearned premium	(1,253,384)	(1,241,452)	(936,228)	(1,048,424)
Gross premium income	2,760,970	2,462,868	2,073,757	1,773,954
Reinsurance expenses	(932,899)	(843,293)	(815,765)	(733,408)
Net premium Income	1,828,071	1,619,575	1,257,992	1,040,545
Fees and commission income	176,872	146,385	151,548	132,878
Net underwriting income	2,004,943	1,765,960	1,409,540	1,173,424
Claims Paid	(580,781)	(715,114)	(331,591)	(448,405)
Movement in Outstanding Claims	(142,748)	492,770	(191,876)	544,895
Claims expense recoverable	155,947	(81,074)	123,556	(120,512)
Net claims expenses	(567,583)	(303,418)	(399,911)	(24,022)
Underwriting expenses	(605,841)	(566,712)	(421,410)	(453,515)
Total underwriting expenses	(1,173,424)	(870,130)	(821,320)	(477,537)
Total underwriting profit	831,519	895,830	588,219	695,887
Transfer to Life Fund	-	(37,188)	-	-
Investment income	785,931	782,595	417,656	478,768
Net FV Gain/Loss on Invest. Property @FVTPL	18,200	-	-	-
Net FV Gain/Loss on Financial Asset HFT@FVTPL	876	-	-	-
Other operating income	197,999	(35,206)	151,066	22,632
Net income	1,834,525	1,606,031	1,176,018	1,197,287
Impairment on trade receivable	(80,210)	(108,398)	(80,083)	-
Impairment on Other Assets	7,151	-	-	-
Employee benefit expenses	(536,535)	(605,154)	(373,593)	(427,444)
Other operating expenses	(1,116,084)	(661,013)	(821,549)	(453,363)
Profit before tax	108,848	231,466	(99,207)	316,479

About Us



- ▲ Wapic Insurance Plc. has been in operations for over half a century, offering a wide range of insurance coverage.
- ▲ Established in 1958, Wapic has built a strong franchise in two of the largest economies in Sub-Saharan Africa - Nigeria and Ghana.
- ▲ We operate two subsidiaries - Wapic Life Assurance Limited and Wapic Insurance (Ghana) Limited.
- ▲ We have a reputation for delivering efficient and transparent insurance solutions to discerning clients.
- ▲ Our vision is to transform and illuminate the insurance industry. In pursuit of this vision, We are committed to going beyond the ordinary, ensuring that our customers are supported with unique products and services designed to enable them understand, manage and better protect themselves against various classes of risks.

