

Wapic Insurance Plc.

2014 Financial Year Results Presentation to Investors & Analysts

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- **Macroeconomic Review**
- Industry Review
- Wapic Overview
- FY 2014 Financial Performance

- ▲ Real GDP growth rate of the Nigerian economy declined for the first time in recent years to 5.94% by December 2014.
- ▲ Falling crude oil prices puts tremendous pressure on the Nigerian foreign reserve leading to the devaluation of the Naira.
- ▲ Stock index performance has declined 26.6%, from a high of 41,321.14 in January 2014 to 30,308.51 in December 2014.
- ▲ The Monetary policy remains contractionary -
 - CRR for public sector remains constant while the private sector increased from 15% to 20%.
 - Interest rates (MPR) increased by 100 basis points to 13%.
 - Headline inflation highest in four months, at 8.2% in January 2015; however, it remains in the single digits.
 - CBN closes RDAS FOREX window, and shifts demand to the Interbank market.
- ▲ Resilient earnings performance by banking sector leaders in 2014.

- Macroeconomic Review
- **Industry Review**
- Wapic Overview
- FY 2014 Financial Performance

▲ Nigerian Insurance Summit:

- The industry's first National Summit, a game-changing government led forum, which set bold aspirations for the industry.
 - ▲ The plan will call for tripling the size of the insurance industry over the next 3 years from N300b in GWP to N1t; from 3 million policy holders to 10 million and from 30,000 people employed to 90,000 by 2017.

▲ Committed enforcement by regulator:

- NAICOM seeks to curb sharp practices around commissions to brokers and agents, and pushes for ethical business practices.
- NAICOM continued its enforcement of “No premium, no cover” through on-site audits.
- Approvals of FY2013 accounts were delayed for most of the industry, Wapic was one of a select few that met the deadline. In addition, Wapic was the first to get approval for FY2014 accounts.

▲ Impediment to Bancassurance (Lifted in March 2015):

- The CBN's regulations restricting the practice of Bancassurance in Nigeria ran throughout 2014, but was subsequently lifted in March 2015.

▲ Continued expression of interest by foreign investors:

- AXA acquired a 70% equity stake in Mansard with over \$650M invested.

- Green Oak Global Ltd. (UK) acquired controlling stake in Union Assurance at a cost of \$33M and injected further capital of \$25M.

- Macroeconomic Review
- Industry Review
- **Wapic Overview**
- FY 2014 Financial Performance

Financial Strength

1

- Grew GWP by 38% in 2014 from N3.8bn to N5.2bn
- Group PAT grew by 214%
- Group increased Underwriting profit by 1272%
- Two subsidiaries moved from loss positions to profit
- Largest pool of shareholders in the industry (850,000)

Governance & People

2

- Achieved A.M. Best rating, one of only 3 insurance companies in Nigeria
- Continue to comply with regulatory requirements prescribed by NAICOM, SEC, NSE and other regulators
- FY2014 accounts were first to be released by NAICOM
- Commenced the Financial Services Associate programme
- Continue to strengthen capacity, with best-in-class talent composed of local and foreign professionals
- Wapic Academy attracting best-of-breed entry level professionals

Operations & Markets

3

- Growing expertise to support the needs of all sub-segments of Corporate target market
- Invested in industry transforming products, specifically group life, motor and occupiers liability insurance
- Claims and policy turn-around-times improved significantly

- Macroeconomic Review
- Industry Review
- Wapic Overview
- **FY 2014 Financial Performance**

Key Performance Highlights 2014

1

Statement of Comprehensive Income

| | FY 2014 | FY 2013 | Growth/(Loss) |
|-------------------------------|------------------|------------------|---------------|
| | N'000 | N'000 | % |
| Gross Premiums written | 5,203,960 | 3,760,515 | 38% |
| Net Underwriting Income | 3,274,246 | 2,843,023 | 15% |
| Total Underwriting Expenses | 2,035,574 | 2,948,733 | -31% |
| Underwriting Profit | 1,238,672 | -105,710 | 1272% |
| Net Inv. & Other Income | 1,894,252 | 2,280,699 | -17% |
| Expenses & Provisions | 3,074,350 | 2,804,118 | 10% |
| Profit after Tax | 236,834 | -208,127 | 214% |

2

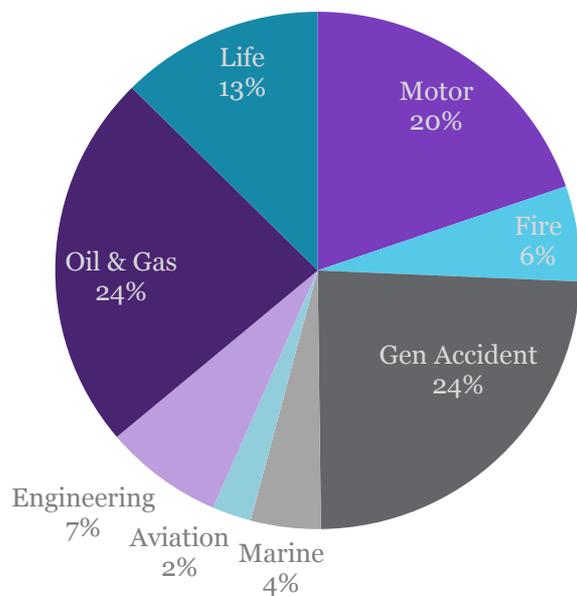
Statement of Financial Position

| | FY 2014 | FY 2013 | Growth/(Loss) |
|---------------------|------------|------------|---------------|
| | N'000 | N'000 | % |
| Financial Assets | 8,786,496 | 7,606,904 | 16% |
| Reinsurance Assets | 667,928 | 727,612 | -8% |
| Total Assets | 22,058,871 | 22,304,046 | -1% |
| Total Liabilities | 7,858,250 | 8,124,519 | -3% |
| Shareholders' funds | 14,200,621 | 14,179,527 | 0.15% |

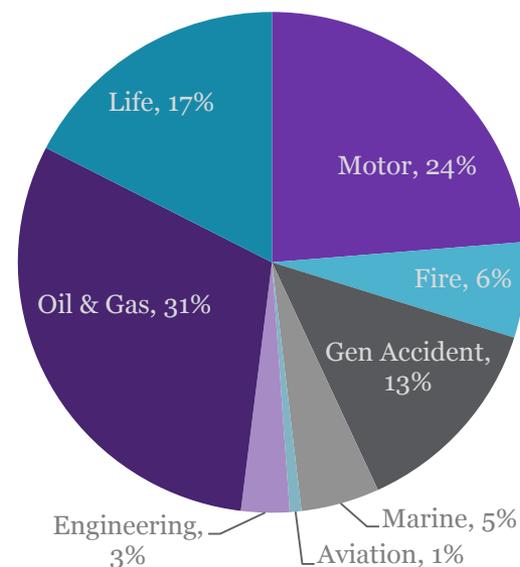
- The 38% YoY increase in GWP performance reflects the improved quantity and quality of our sales force.
- The 2014 Underwriting profit is the result of a higher GWP and efficient risk selection.
- Reduction in investment income due to capital market downturn and losses from disposal of legacy real estate portfolio.
- Operating expenses grew marginally above inflation rate as we continue to pursue our business expansion strategy.

GWP Analysis – Product Mix

Product Mix by GWP FY 2014

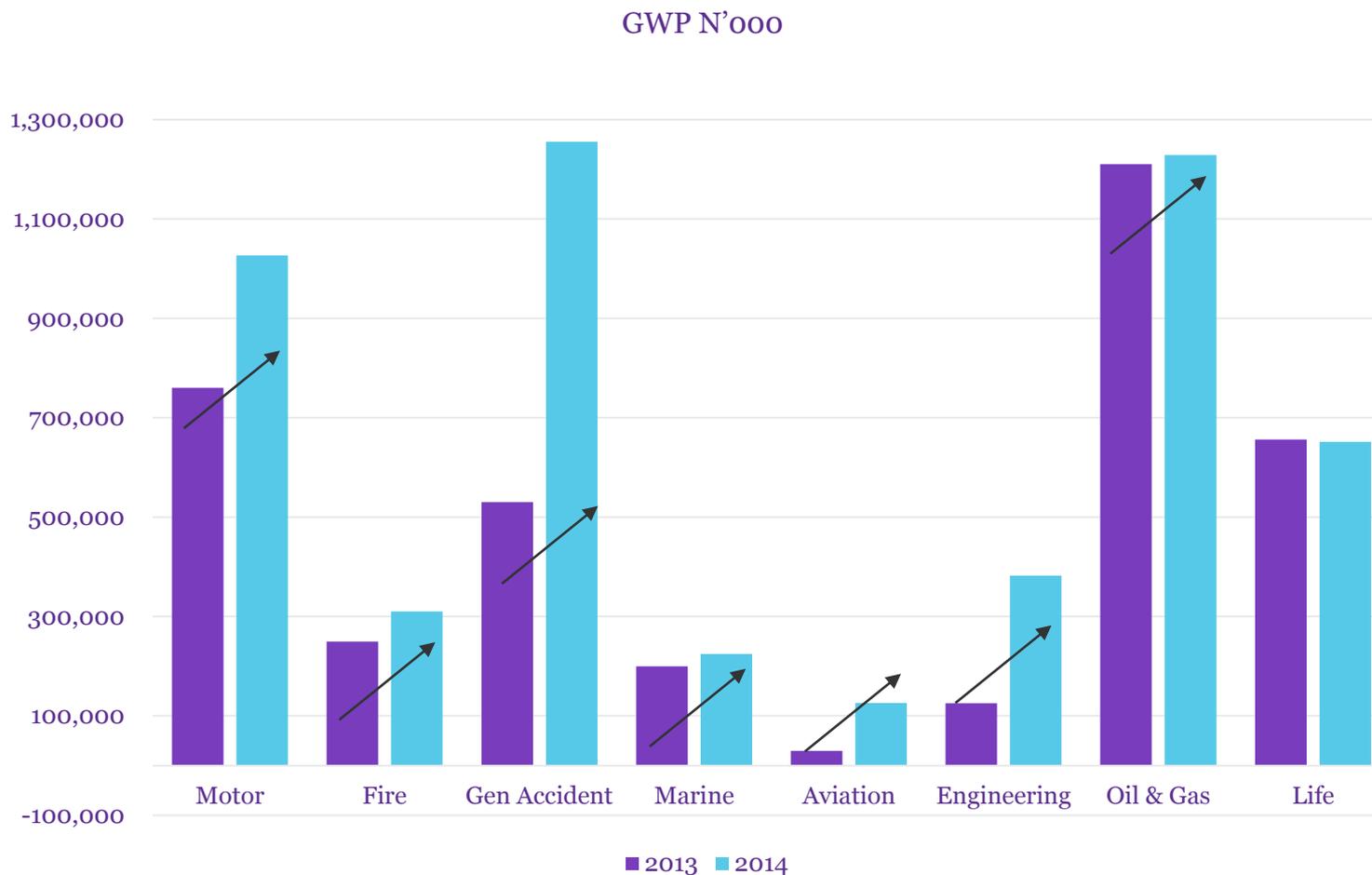


Product Mix by GWP FY 2013



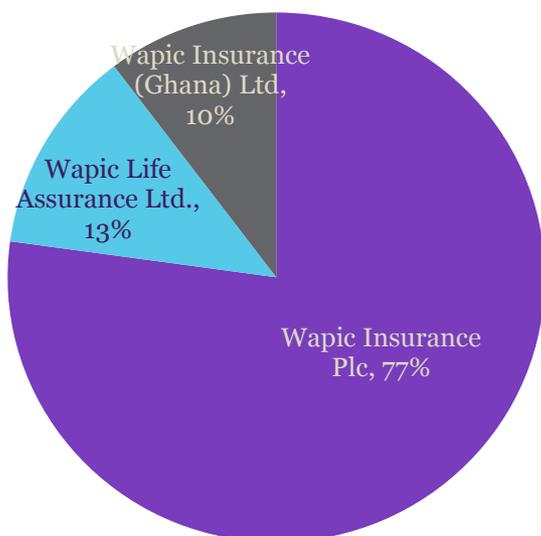
- Less reliance on Oil & Gas revenues and more even spread across other product classes
- Decline in Life position as a result of less reliance on government sponsored insurance schemes

GWP Analysis – Product Growth

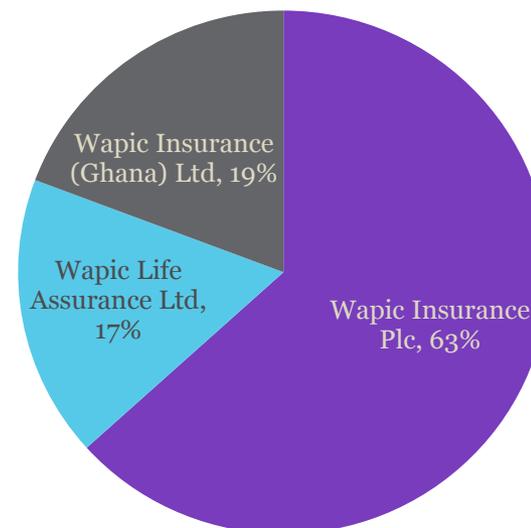


- Growth across the board on revenue for all product lines

**Company Contribution (GWP)
FY 2014**

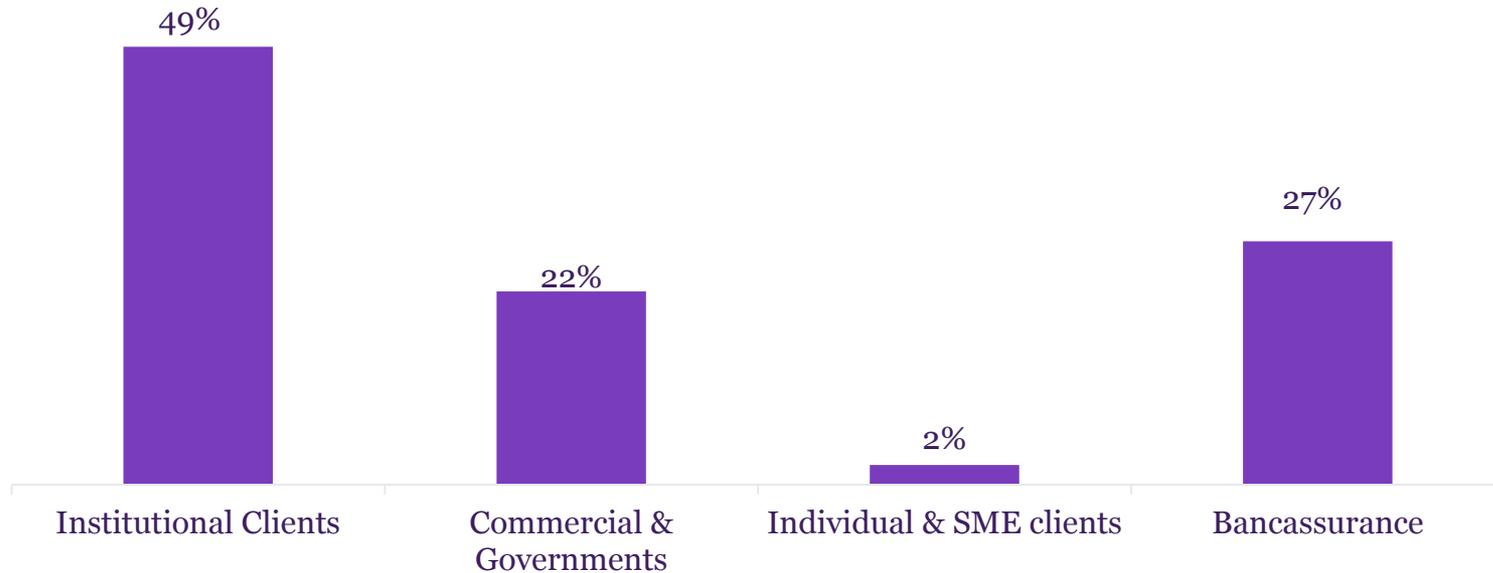


**Company Contribution (GWP)
FY 2013**



- Wapic Life GWP position declined from 22% of the total Nigerian business in 2013 to 14% in 2014. This reflects the impact of our strict adherence to “No premium, No cover” directive of NAICOM.
- Although the GWP of Wapic Ghana grew in real terms, the company’s performance (in Naira) was adversely impacted by a deterioration in the Cedi against the US Dollar.

GWP Analysis – SBU Mix

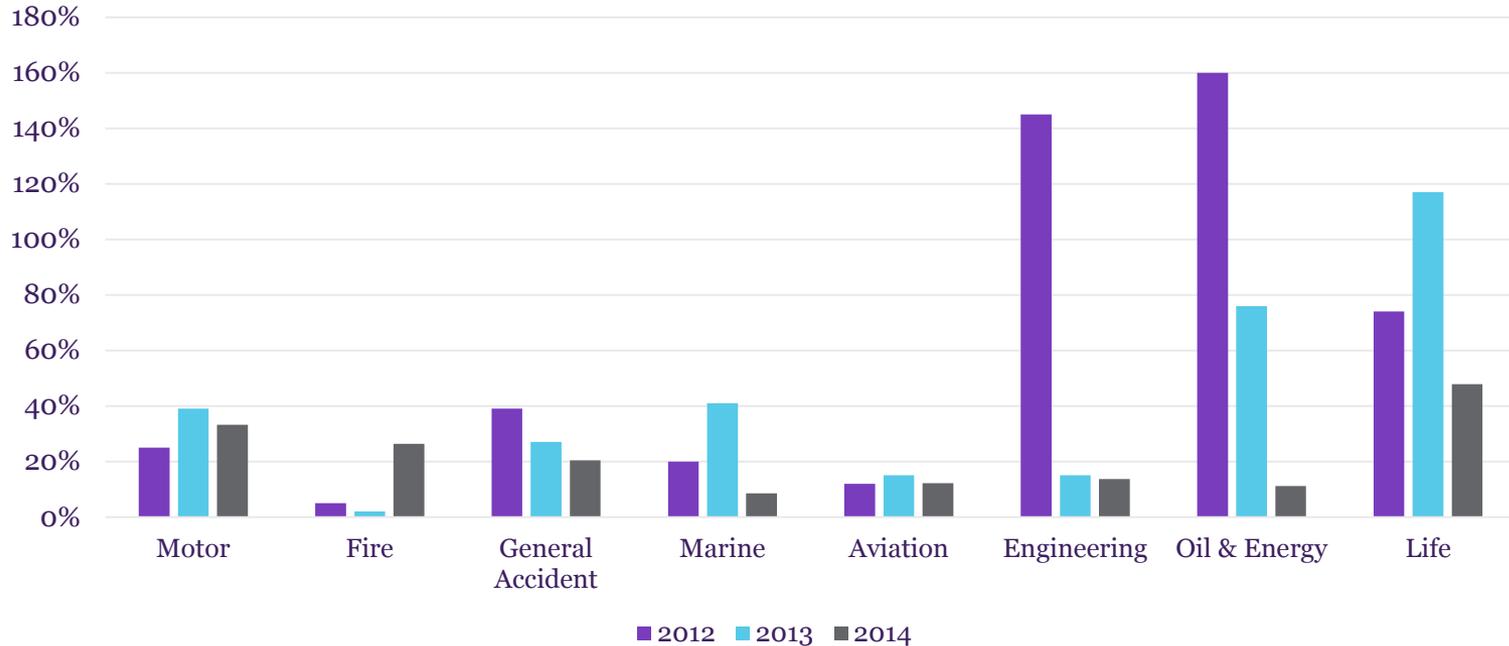


- Our focused relationship management teams successfully expanded Wapic's share of Institutional clients, contributing 49% of GWP
- Despite regulatory constraints, Bancassurance clients contributed to 27% of GWP
- Implementation of our technology based channels, such as Online / Mobile, did not commence until 2015. FSA resources were also deployed to serve Bancassurance, Commercial Corporate and Institutional clients.

Underwriting Profit – Claims Analysis by Product

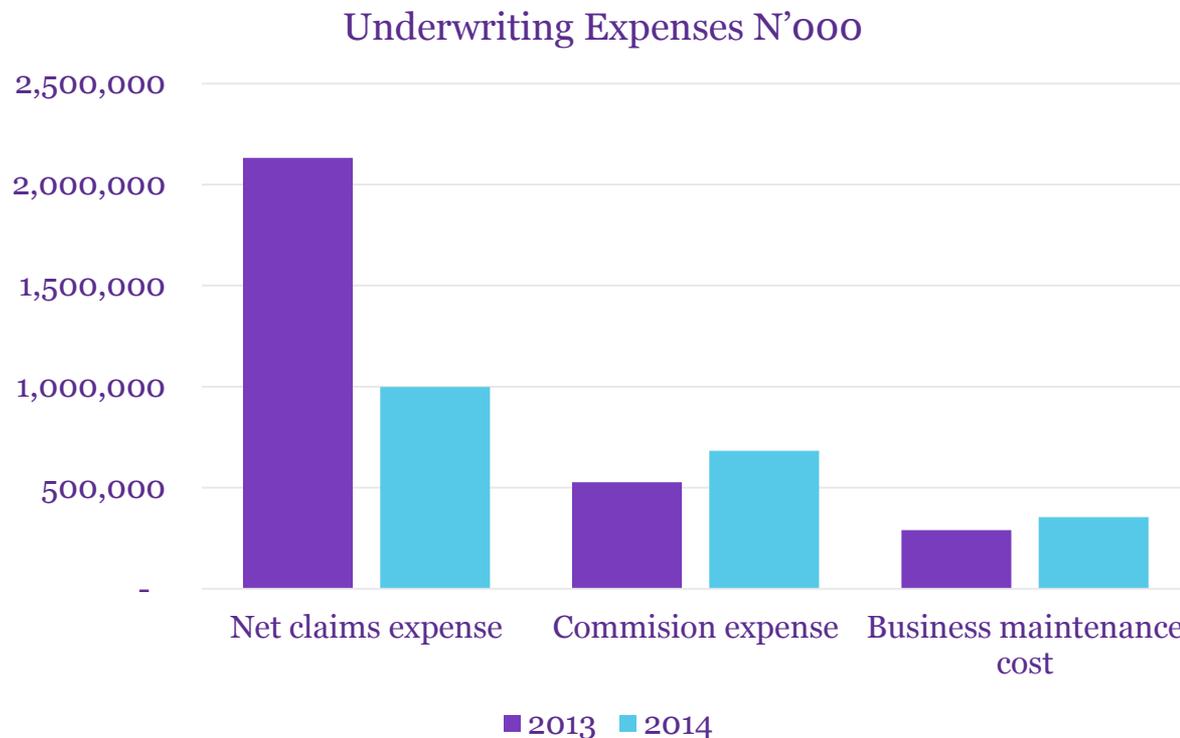


Claims ratio by Product class



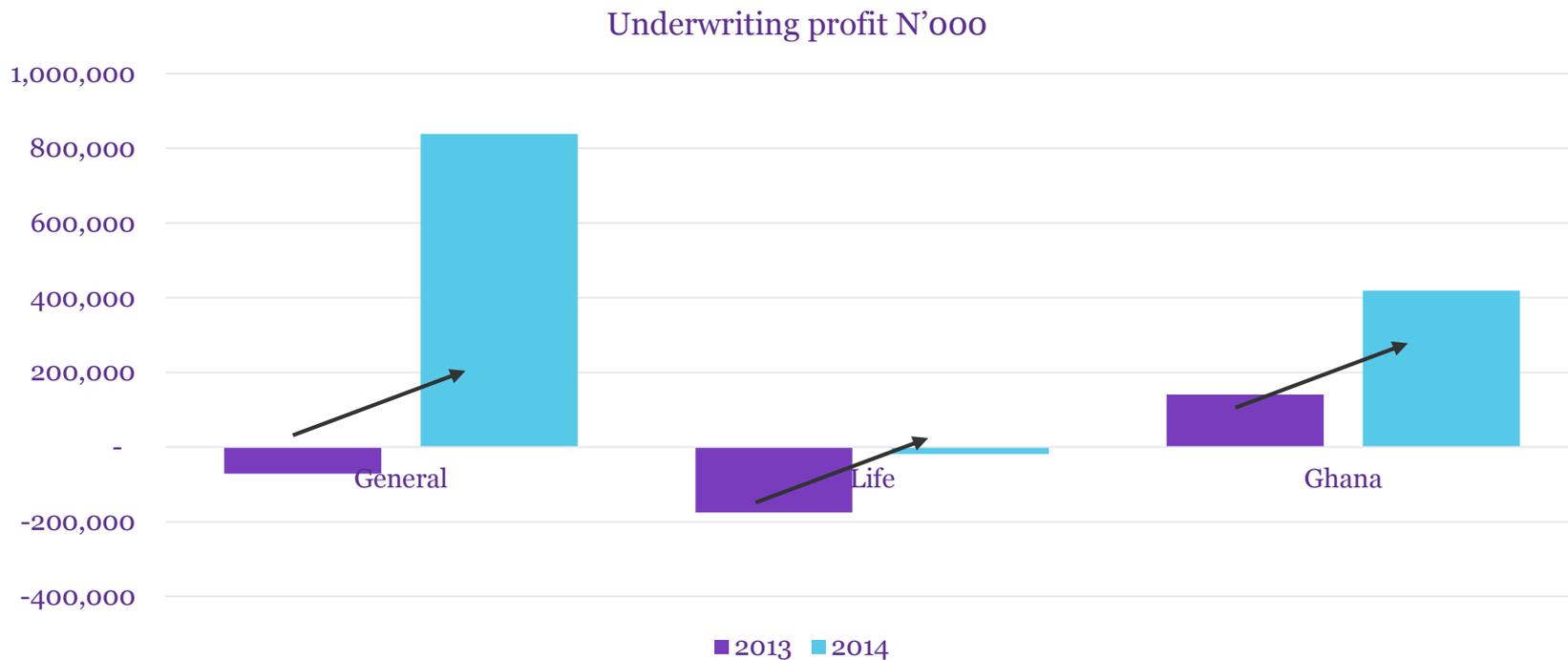
- Oil & Gas and Engineering businesses are typified by volatile claims. FY 2012 was characterised by unusually large claims which resulted in Wapic establishing more optimal reinsurance arrangements in 2013 and 2014.
- The Underwriting profitability across all other product lines is consistent with our pricing expectations.
- Claims ratio significantly reduced across all product lines in 2014 with the exception of fire which experienced a major claim.
- Wapic continues to deploy leading risk analysis to optimise its underwriting performance.

Underwriting Profit – Expense Analysis



- Net claims expenses declined because 2013 included a clean up of outstanding legacy claims.
- Commission and business maintenance expense grew in tandem with business written.

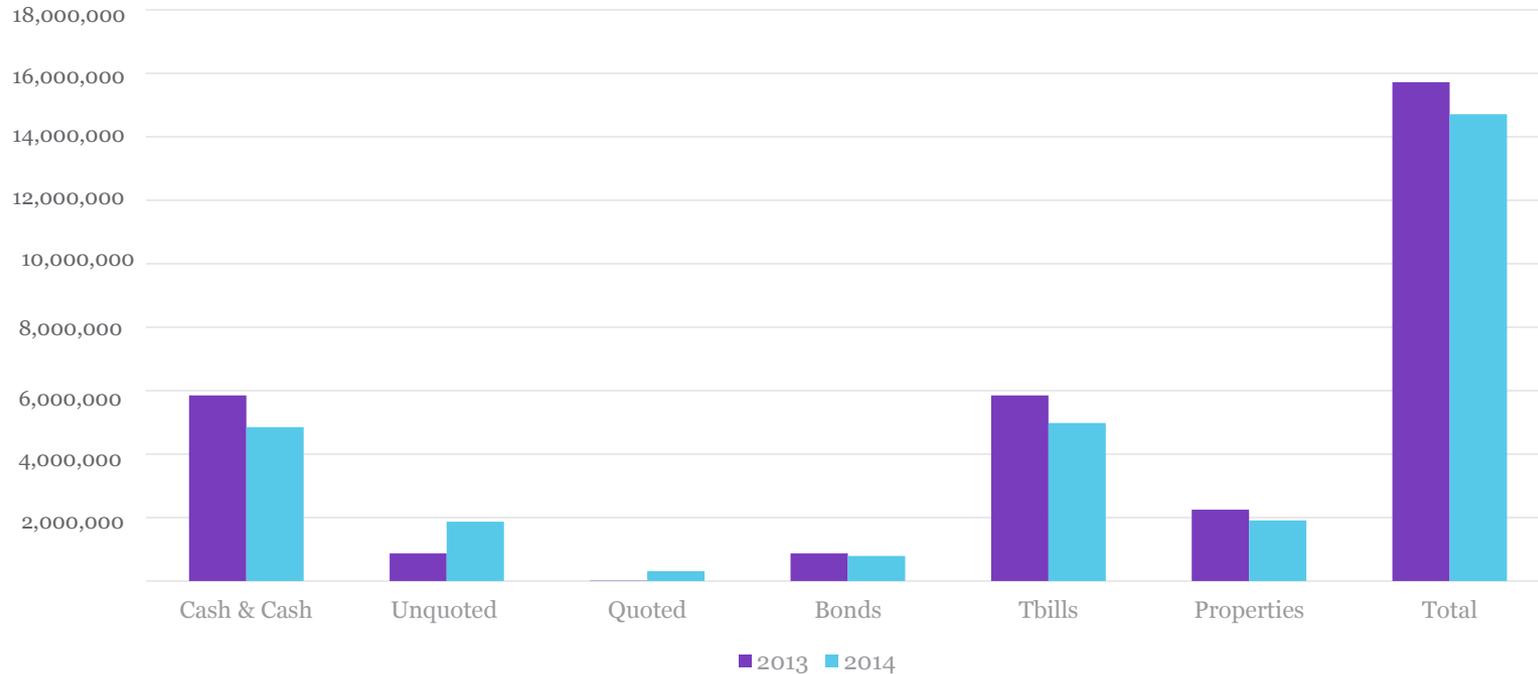
Underwriting Profit Analysis



Core underwriting profits improved across the group as a result of stronger risk selection in 2013 & 2014, as well as the clean-up of legacy claims in 2013.

Group Investment Income - Asset Under Management

Assets Under Management N'ooo



- The company enhanced its investment strategy to achieve:
 - A more appropriate matching of the company's liability profile to asset profile
 - The defined hurdle rates
 - Disposition of poor performing legacy investments
- Liquid assets reduced, partly as a result of funds deployed to meet construction of Wapic head office.

Wapic's Goals & Achievements 2014



| Focus Area | Achievements |
|-----------------------|--|
| A.M. Best Risk Rating | <ul style="list-style-type: none"> Achieved A.M. Best Co. financial strength rating (FSR) of B- and an issuer credit rating (ICR) of bb- in December 2014 |
| Financial Performance | <ul style="list-style-type: none"> Achieved 38% growth in GWP from N3.8bn in 2013 to N5.2bn in 2014 Achieved 214% growth in profit after tax from a loss position in 2013 to N236m in 2014 Achieved underwriting profit of N1.28bn in 2014 – a 1272% growth |
| Corporate Brand | <ul style="list-style-type: none"> Concluded the launch of the new Wapic brand Redesigned and launched the rebranded Wapic website |
| Service delivery | <ul style="list-style-type: none"> Increased efficiency in claims payment Implementation of customer centric service delivery culture Significant improvement in customer experience |
| Employee Performance | <ul style="list-style-type: none"> Strategic growth in expertise, to support the needs of all sub-segments of our target market. |

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



Thank you

| | |
|----------------------------|---|
| Parent Company | <ul style="list-style-type: none">Wapic Insurance Plc is licensed by the National Insurance Commission (NAICOM) to write general insurance business. The Company writes life insurance business through its wholly owned subsidiary Wapic Life Assurance Limited |
| Presence | <ul style="list-style-type: none">Nigeria and Ghana |
| Number of Employees | <ul style="list-style-type: none">183 Professional Staff |
| Branches | <ul style="list-style-type: none">6 Regional Offices (Abuja, Benin, Enugu, Ibadan, Kano, Port Harcourt) |
| Total Equity | <ul style="list-style-type: none">13.4 billion Ordinary Shares of 50 kobo each in issue |
| Listings | <ul style="list-style-type: none">Nigerian Stock Exchange |
| Actuaries | <ul style="list-style-type: none">HR Nigeria LimitedAlexander Forbes Consulting Actuaries Nigeria Limited |
| Re-insurers | <ul style="list-style-type: none">African Reinsurance CorporationContinental Reinsurance PlcMunich Reinsurance Company LimitedNigerian Reinsurance CorporationGhana Reinsurance Company LimitedWaica Reinsurance Corporation |
| Auditors | <ul style="list-style-type: none">KPMG Professional Services |

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