



PRESS RELEASE

**African Reinsurance Corporation
Société Africaine de Réassurance**

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Africa Re – FAIRFAX Partnership: Positive Development for Africa Re

An agreement was signed on Tuesday 25 March 2015 between Fairfax Financial Holdings - FAIRFAX and the leading African reinsurer – Africa Re. FAIRFAX paid US\$ 61 million to become a new shareholder of Africa Re with a 7.15% stake and a board seat by the terms of this agreement.

FAIRFAX, through its subsidiaries, is engaged in property and casualty insurance, reinsurance, and investment management around the globe.

Africa Re shareholding comprises 41 African states (34%), over 100 African insurance and reinsurance companies (33%), the African Development Bank (8%), IRB-Brasil Re - leading Brazilian reinsurer (8%) and development finance institutions (DFIs) namely the International Finance Corporation (IFC), member of the World Bank Group, DEG (branch of the KfW bank) and Proparco (branch of the Agence Française de Développement).

FAIRFAX has acquired part of the shares put back by some DFIs that invested in Africa Re capital in 2004 and are exiting in accordance with a put option agreement allowing them to exit after the elapse of their investment horizon. These DFIs normally invest in companies to support their development and, as they are indeed investment funds, have to exit after a certain time, generally between 5 and 10 years.

Commenting on the new development in shareholding, Mr. Corneille Karekezi, Africa Re Group Managing Director / Chief Executive Officer said: *"The exit from our shareholding by some DFIs and the coming in of FAIRFAX is a natural development, intended and well planned by both parties. From a pure multilateral institution in the 1970s and 1980s, Africa Re gradually expanded its shareholding base to integrate African insurance and reinsurance companies in the 1990s and DFIs in 2000s. After 2011, came the time of non-African global insurers and reinsurers with the entry of IRB-Brasil Re. This latest move after the entry of AXA in February 2015, is actually the conclusion of the strong strategic and business partnership with industry players".*

Furthermore, talking about what FAIRFAX will bring to Africa Re, Mr. Corneille Karekezi stated: *"we will work together and cooperate in order to try and strengthen each of our respective market positions in the reinsurance market in terms of product development, underwriting expertise, actuarial capacity, ERM, Corporate governance, claims, and investment".*