



**EAST AFRICA REINSURANCE  
COMPANY LIMITED**



**2024 ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**SECURED SOLID PARTNERSHIP**

# WHO WE ARE

## MISSION STATEMENT

To provide quality risk solutions, excellent service and enhanced value to all stakeholders.

## VISION STATEMENT

To be the risk partner of choice in our markets

## CORE VALUES

Integrity, Commitment, Partnership, Excellence,  
Professionalism, Innovation

## TABLE OF CONTENTS

### PAGE

Abbreviations	2
Corporate Information	3
Board of Directors	4
Management	5
Three Years' Financial Highlights	7-9
Chairman's Statement	10-12
EARE Tanzania Launch	13
Report of the Directors	14-15
Statement of Corporate Governance	16-21
Social and Environmental Responsibilities Statement	22-25
Statement of Directors' Responsibilities	26
Report of the Consulting Actuary	27
Independent Auditor's Report	28-31
Consolidated Statement of Profit or Loss and Other Comprehensive Income	33-34
Company Statement of Profit or Loss and Other Comprehensive Income	35
Consolidated Statement of Financial Position	36-37
Company Statement of Financial Position	38-39
Consolidated Statement of Changes in Equity	40
Company Statement of Changes in Equity	41
Consolidated Statement of Cash Flows	42
Company Statement of Cash Flows	43
Material Accounting Policies	44-69
Notes to the Financial Statements	70-165
Supplementary Information	166-171



## ABBREVIATIONS

<b>ARC</b>	<b>Asset for Remaining Coverage</b>
<b>CAR</b>	<b>Capital Adequacy Ratio</b>
<b>CSM</b>	<b>Contractual Service Margin</b>
<b>ESG</b>	<b>Environmental, Social and Governance</b>
<b>ECL</b>	<b>Expected Credit Losses</b>
<b>FVTPL</b>	<b>Fair Value Through Profit or Loss</b>
<b>FVOCI</b>	<b>Fair Value Through Other Comprehensive Income</b>
<b>IASB</b>	<b>International Accounting Standards Board</b>
<b>IFRS</b>	<b>International Financial Reporting Standards</b>
<b>LC</b>	<b>Loss Component</b>
<b>LGD</b>	<b>Loss Given Default</b>
<b>LIC</b>	<b>Liability for Incurred Claims</b>
<b>LRC</b>	<b>Liability for Remaining Coverage</b>
<b>PAA</b>	<b>Premium Allocation Approach</b>
<b>PD</b>	<b>Probability of Default</b>
<b>PV</b>	<b>Present Value</b>
<b>PVFCF</b>	<b>Present Value of Future Cashflows</b>
<b>RA</b>	<b>Risk Adjustment</b>
<b>REITs</b>	<b>Real Estate Investment Trusts</b>
<b>RLRC</b>	<b>Reinsurance Loss Recovery Component</b>

## CORPORATE INFORMATION

**REGISTERED OFFICE** **East Africa Reinsurance Company Limited**  
 EARE House, 98 Riverside Drive  
 P.O. Box 20196 - 00200 City Square Nairobi, Kenya  
 Tel: +254 (20) 4084000  
 Mobile: +254 728111041; +254 733623737  
 Email: info@eastaficare.com  
 Website: www.eastafricare.com

**SUBSIDIARY OFFICE** **East Africa Reinsurance (Tanzania) Company Limited**  
 5th Floor, TAN-RE House, Longido Street  
 P.O. Box 14427 Dar es Salaam, Tanzania  
 Email: eare@eastaficare.co.tz

**COMPANY SECRETARY** **K.M. Ontiti**  
 Certified Public Secretary (Kenya)  
 P.O. Box 30345-00100 GPO  
 Nairobi, Kenya

**AUDITOR** **KPMG Kenya**  
 Certified Public Accountants (Kenya)  
 8th Floor ABC Towers, Waiyaki Way, Westlands  
 P.O. Box 40612 - 00100  
 Nairobi, Kenya

**DIRECTORS**

A.K. Wainaina	
J.P.M. Ndegwa	
P.K. Maina	
D.G.M. Hutchison*	
P.K. Mugambi	
R. Narayanan**	- Appointed on 10 May 2024
L. Nyachae	- Appointed on 10 May 2024
S.N. Adamali	- Resigned on 19 July 2024
W. Mwaniki	- Appointed on 01 August 2024
C.W. Ng'ang'a	- Appointed on 01 August 2024
L. Murage	- Appointed on 28 November 2024
J. Kimeu	- Deceased on 26 May 2024

\*British

\*\*Indian

### LEGAL ADVISORS

**LJA Associates LLP**  
 Cavendish Block  
 14 Riverside Drive  
 P.O. Box 49594 - 00100  
 Nairobi, Kenya

**Kaplan & Stratton**  
 Williamson House  
 4th Ngong Avenue  
 P.O. Box 40111 - 00100  
 Nairobi, Kenya

### ACTUARIES

**Zamara Actuaries, Administrators and Consultants Limited**  
 Zamara Place, Ground Floor,  
 Chiromo Road  
 P.O. Box 52439 - 00200  
 Nairobi, Kenya

### PRINCIPAL BANKER

**NCBA Bank Limited**  
 NCBA House Branch, Masaba Road  
 P.O. Box 30090 - 00100  
 Nairobi, Kenya



## BOARD OF DIRECTORS



From left to right standing: **L. Murage** (Director), **K.M. Ontiti**, (Company Secretary) **P.K. Mugambi** (Director), **J.P.M. Ndegwa** (Director), **R. Narayanan** (Director), **L. Nyachae** (Director), **P.K. Maina** (Chief Executive officer)

From left to right sitting: **D.G.M. Hutchison** (Director), **C.W. Ng'ang'a** (Director), **W. Mwaniki** (Director), **A.K. Wainaina** (Chairman)

Not in the photo: **A.S.M. Ndegwa** (Alternate Director)

## MANAGEMENT



**P.K. Maina**  
Group Chief  
Executive Officer



**C. Ogaye**  
Group Head of  
Technical Business



**P. Mumbé**  
Group Chief  
Finance Officer



**D. Wilson**  
Country Manager  
& Principal Officer  
East Africa Re Tanzania



**D. Miano**  
Senior Manager  
Life Business



**B. Njoroge**  
HR & Admin Manager



**D. Kaniaru**  
Risk Consultant



**B. Chirchir**  
IT Manager







## THREE YEARS' FINANCIAL HIGHLIGHTS COMBINED BUSINESS



### GROUP

	2024 Kshs '000'	2023 Kshs '000'	2022 Kshs '000'
Gross written premiums	7,070,685	5,427,348	4,525,758
Insurance revenue	6,355,907	5,190,755	4,385,562
Insurance service expenses	5,600,893	4,540,514	4,176,570
Insurance service result	378,793	311,657	348,203
Investment return	1,092,106	923,233	843,576
Profit Before Tax	957,209	1,267,186	1,054,446
Profit After Tax	804,325	891,128	789,802
Dividend	200,000	200,000	100,000
Shareholders' Funds	7,396,022	6,891,803	6,146,711
Share Capital	1,500,000	1,500,000	1,500,000
Total Assets	13,752,002	11,702,015	10,521,930

### Ratios

	2024	2023	2022
Claims Loss Ratio	49%	52%	51%
Earnings Per Share (Shs)	535	594	526
Dividend Cover	4	4	4
Return on Equity Before Tax	13%	19%	18%
Return on Equity After Tax	11%	13%	13%

### COMPANY

	2024 Kshs '000'	2023 Kshs '000'	2022 Kshs '000'
Gross written premiums	5,743,738	5,427,348	4,525,758
Insurance revenue	5,531,185	5,190,755	4,385,562
Insurance service expenses	4,951,551	4,540,514	4,176,570
Insurance service result	281,285	311,657	348,203
Investment return	1,041,354	923,233	843,576
Profit Before Tax	849,293	1,267,186	1,054,446
Profit After Tax	724,846	891,128	789,802
Dividend	200,000	200,000	100,000
Shareholders' Funds	7,418,122	6,893,276	6,146,711
Share Capital	1,500,000	1,500,000	1,500,000
Total Assets	12,465,543	11,703,488	10,521,930

### Ratios

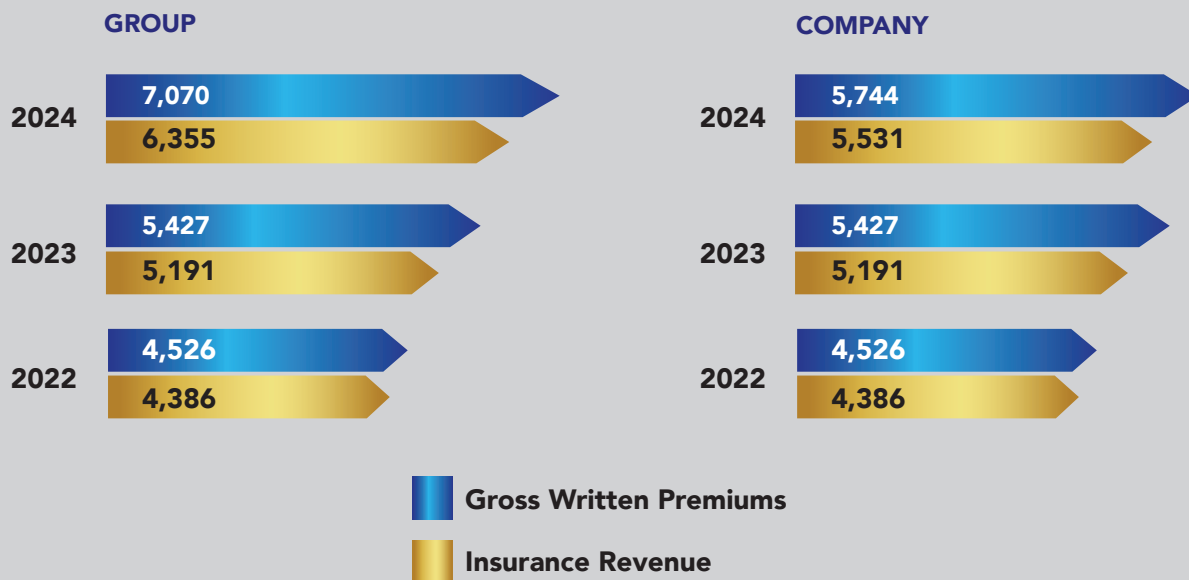
	2024	2023	2022
Claims Loss Ratio	45%	52%	51%
Earnings Per Share (Shs)	482	594	526
Dividend Cover	4	4	4
Return on Equity Before Tax	12%	19%	18%
Return on Equity After Tax	10%	13%	13 %



## THREE YEARS' FINANCIAL HIGHLIGHTS

COMBINED BUSINESS continued

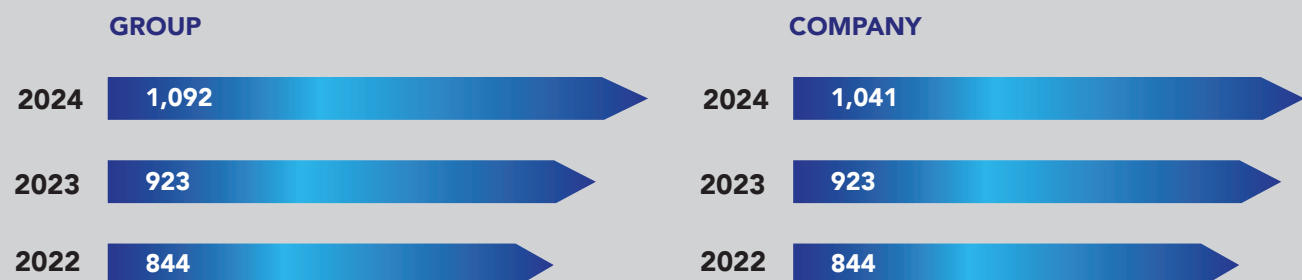
### GROSS WRITTEN PREMIUMS & INSURANCE REVENUE (KSHS MILLIONS)



### INSURANCE SERVICE RESULT (KSHS MILLIONS)



### INVESTMENT INCOME (KSHS MILLIONS)

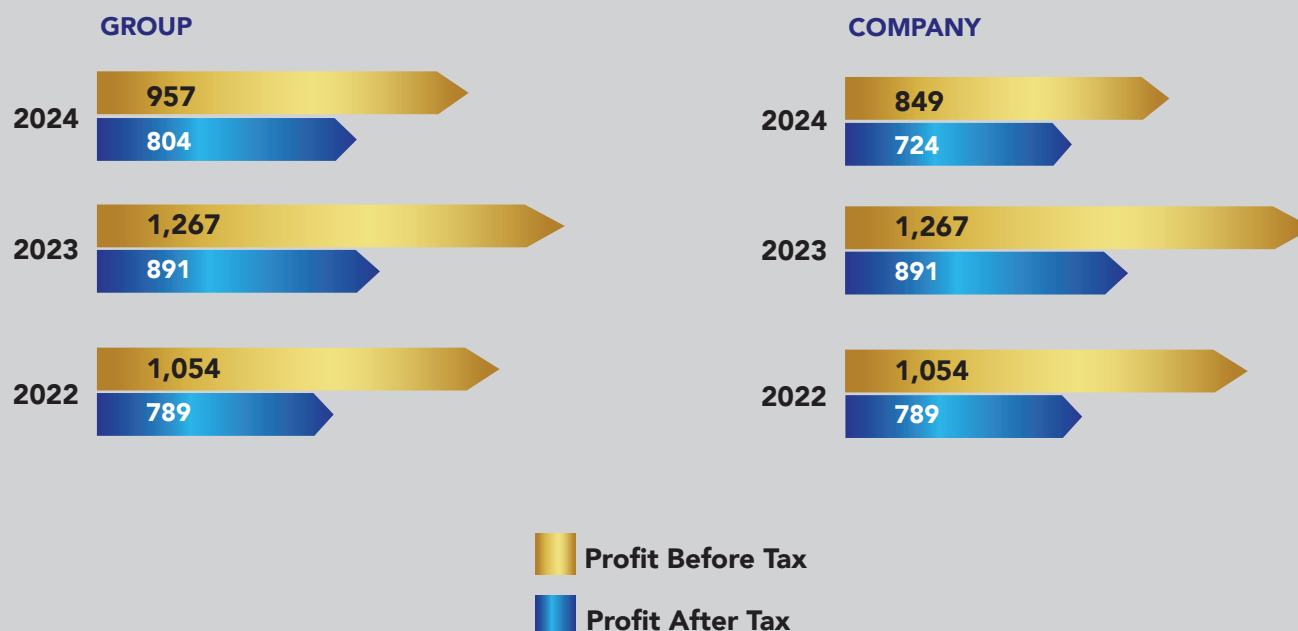


## THREE YEARS' FINANCIAL HIGHLIGHTS

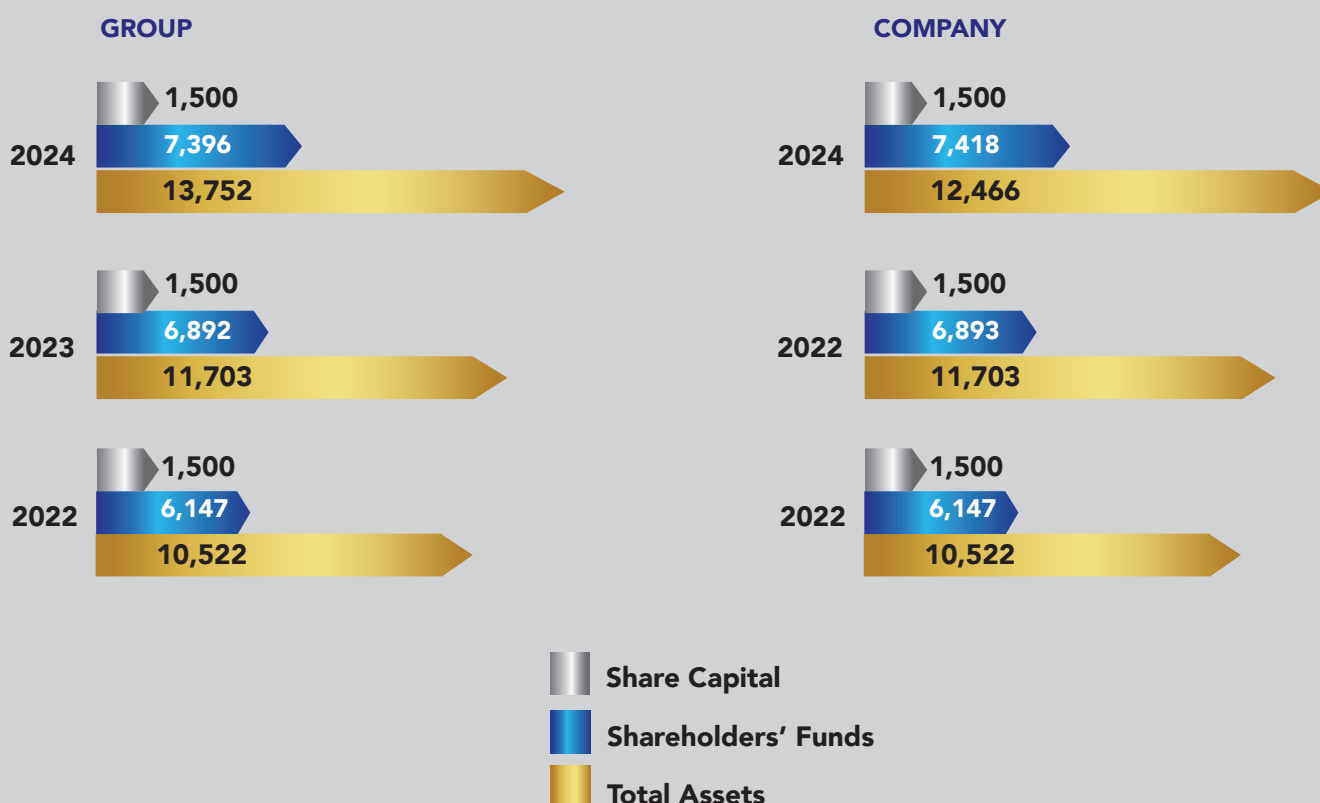
### COMBINED BUSINESS continued



#### PROFIT BEFORE AND AFTER TAX (KSHS MILLIONS)



#### SHARE CAPITAL, SHAREHOLDERS' FUNDS AND TOTAL ASSETS (KSHS MILLIONS)





## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of East Africa Reinsurance Company Limited (the "Company") and its subsidiary, East Africa Reinsurance (Tanzania) Company Limited (together the "Group"), it is my privilege to present the Group's and the Company's Annual Report and Financial Statements for the year ended 31 December 2024.

The year 2024 was marked by complex economic dynamics across Sub-Saharan Africa, particularly in our primary market, Kenya. Inflationary pressures, currency depreciation, and high public debt created an environment of uncertainty, testing the resilience of businesses and investors alike. Yet, amidst these challenges, our Group stood strong. Through strategic foresight and operational agility, we navigated the headwinds and achieved commendable growth in insurance revenue and investment income.

Despite foreign exchange volatility and fluctuating interest rates, our business delivered sustained profitability, reflecting our ability to adapt to evolving market conditions. A significant milestone was the launch of our subsidiary, East Africa Reinsurance (Tanzania) Company Limited, on 1 January 2024 - a testament to our commitment to expansion and value creation.



**A.K. Wainaina**  
Chairman

### BUSINESS ENVIRONMENT

Globally, the economic landscape remained subdued, with the International Monetary Fund (IMF) projecting a 3.2% growth rate, tempered by geopolitical tensions, financial market volatility, and shifting trade policies. However, opportunities emerged as inflation trended downward, providing a foundation for renewed economic activity.

Closer to home, Kenya faced economic adjustments that led to a moderated growth forecast of 4.7%, down from 5.6% in 2023. While macroeconomic tightening weighed on private sector activity, the latter part of the year showed positive signs, including declining inflation. In the year, the Kenya Shilling appreciated significantly against all the major currencies, including the US Dollar and regional currencies. Tanzania, our second largest market, remained resilient, with economic growth improving to 5.6% in the first quarter, buoyed by steady inflation levels and improving foreign exchange conditions.

### THE REINSURANCE INDUSTRY

The global reinsurance industry experienced robust performance in 2023, supported by pricing corrections, stronger balance sheets, and increased demand. This positive trajectory was expected to persist into 2024, with improved underwriting discipline, higher investment returns, and stronger capital reserves bolstering the sector's outlook.

As climate change continues to drive increased catastrophe losses, our industry must evolve, adopting more sophisticated risk mitigation strategies. East Africa Reinsurance remains steadfast in adapting to these challenges, reinforcing our underwriting and risk assessment capabilities.

### EARE'S PERFORMANCE

In 2024, our Group reported insurance revenue of KShs 6.36 billion, a 22% increase, driven by strategic market expansion and a sharp focus on facultative business. The Company recorded a 7% increase in insurance revenue, reaching KShs 5.53 billion. Insurance service expenses grew in tandem, reflecting the impact of climate-related claims, but were managed effectively through disciplined underwriting.

## CHAIRMAN'S STATEMENT continued

***"2025 is a milestone year as we celebrate 30 years of excellence in reinsurance. From pioneering the private reinsurance sector in East Africa to becoming a regional leader, our journey has been one of resilience, innovation, and unwavering commitment".***

Investment income remained a key pillar of our performance, growing by 17% to KShs 1.09 billion at the Group level and 12% at the Company level, underscoring our prudent asset management strategy. Our balance sheet strengthened, with total assets expanding by 18% to KShs 13.75 billion, reinforcing our capacity to meet obligations and seize growth opportunities.

Although our profit before tax declined to KShs 957 million due to foreign exchange losses and interest rate shifts, our overall financial health remains strong. The resilience of our model ensures we continue delivering value to stakeholders, even in fluctuating economic conditions.

### STRATEGY

2024 marked the first year of executing our 2024-2026 strategic plan, a blueprint for navigating uncertainty while driving sustainable growth. Our expansion into Tanzania proved timely, contributing positively to our results and market positioning.

We remain focused on operational excellence, innovation, and customer-centricity as we embark on the second year of our strategic plan, and are confident in delivering sustained profitability and industry leadership.

### DIVIDENDS

In line with our performance and commitment to shareholder returns, the Board recommends a total dividend payout of KShs 200 million (2023: KShs 200 million) to the Shareholders in the Register of Members on 31 December 2024. This will be subject to approval at the upcoming Annual General Meeting (AGM).

### CAPITAL AND SOLVENCY

The Company maintained a robust Capital Adequacy Ratio (CAR) of 350% for Non-Life and 294% for Life businesses, well above regulatory minimums. Similarly, our Tanzanian subsidiary met all prescribed capital and solvency requirements, ensuring financial stability across our operations.

### SECURITY RATING

Our financial strength continues to be recognized, with A.M. Best affirming our rating at B (Fair) and GCR Ratings awarding a National Financial Strength rating of AA+. These ratings reflect our strong balance sheet, prudent risk management, and commitment to long-term sustainability.



- Financial strength: B
- Issuer Credit: bb+
- Stable outlook.



- International: B
- National: AA+
- Stable outlook.



## CHAIRMAN'S STATEMENT continued

### ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

Incorporating Environmental, Social, and Governance (ESG) principles into our strategy remains a top priority. We continue to engage in impactful initiatives that align our operations with sustainable development goals, fostering positive social and environmental change.

### BOARD AND GOVERNANCE

We remain committed to exemplary corporate governance, recognizing its role in building investor confidence and safeguarding stakeholder interests. On 26 May 2024, Mr. John Kimeu, a dedicated member of our Board, sadly passed on. We will miss his wisdom and insights. In addition, Mrs Shaira Adamali, a long-serving and valuable member of the Board resigned on 19 July 2024. We are grateful for their immense contributions to the Company during their tenure.

We welcomed five new Board members in 2024: Mr. Leon Nyachae, Mr. Ramaswamy Narayanan, Ms. Christine Ng'ang'a, Ms. Wangui Mwaniki, and Mr. Livingstone Murage. Their expertise will undoubtedly strengthen our capacity to achieve our strategic goals.

### OUTLOOK

Looking ahead, according to the IMF's January 2025 World Economic Outlook, global economic growth is projected at 3.3% in 2025 and 2026, with inflationary pressures continuing to ease. In East Africa, Kenya's economy is expected to grow at 5%, while Tanzania is set for 6% growth, positioning the region for renewed economic momentum. However, developments in trade policy shifts in major Western economies towards the end of Q1 2025 may point to a less optimistic global economic outlook.

As an organization, we are embracing artificial intelligence (AI) and data analytics to enhance risk assessment and decision making. Our investment in AI-driven insights is aimed at driving underwriting profitability and operational efficiency.

### EARE AT 30

2025 is a milestone year as we celebrate 30 years of excellence in reinsurance. From pioneering the private reinsurance sector in East Africa to becoming a regional leader, our journey has been one of resilience, innovation, and unwavering commitment.

We take this moment to express our deepest gratitude to our clients, shareholders, business partners, and employees, whose trust and collaboration have fueled our success.

### APPRECIATION

As we look back on 2024 with pride and ahead to 2025 with confidence, I extend my heartfelt appreciation to our shareholders, my fellow directors, our esteemed customers, business partners, management, and staff. Your support has been the cornerstone of our success.

Together, we move forward with confidence and commitment, prepared to navigate the future with adaptability and strength.

Thank you.

**A.K. Wainaina**  
Chairman  
18 March 2025



## EARE TANZANIA LAUNCH

In 2024, the Company expanded its operations and established its subsidiary, East Africa Reinsurance (Tanzania) Company Limited, marking a significant milestone in increasing our physical footprint in Africa.

The launch of East Africa Reinsurance (Tanzania) reflects our dedication to delivering sustainable and client-focused solutions and value for all our stakeholders.



*Official opening of the EARE Tanzania offices*



*TIRA officials, including the Commissioner and Deputy Commissioner, the EARE Tanzania Board of Directors, and key stakeholders, during the official launch of EARE Tanzania.*



*TIRA officials, alongside some of the EARE Tanzania Board of Directors and Staff during the official launch of EARE Tanzania.*



## REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2024, which disclose the state of affairs of East Africa Reinsurance Company Limited (the "Company") and its subsidiary East Africa Reinsurance (Tanzania) Company Limited (the "subsidiary") (together the "Group").

### 1. Incorporation

The Company is domiciled in Kenya where it is incorporated under the Kenyan Companies Act, 2015, as a private company. The address of its registered office is set out as part of the Corporate Information in page 3.

### 2. Principal activities

The Group is engaged in underwriting all classes of reinsurance and reinsurance businesses as defined by the Insurance Act Cap 487, Laws of Kenya, and the Tanzania Insurance Act, 2009.

### 3. Group and Company Results

The Group reported a profit after tax of Kshs 804,325,000 (2023: Kshs 891,128,000). The Company's profit after tax of Kshs 724,846,000 (2023: Kshs 891,128,000) has been added to retained earnings for the Non-Life Business and to the general reserve for the Life Business.

	GROUP 2024 Kshs'000	GROUP 2023 Kshs'000	COMPANY 2024 Kshs'000	COMPANY 2023 Kshs'000
Profit before income tax	957,209	1,267,186	849,293	1,267,186
Income tax expense	(152,884)	(376,058)	(124,447)	(376,058)
<b>Profit after income tax</b>	<b>804,325</b>	<b>891,128</b>	<b>724,846</b>	<b>891,128</b>

### 4. Dividends

The Directors recommend the payment of a first and final dividend of Kshs 200,000,000 (2023: Kshs 200,000,000) representing a dividend per share of Kshs 133.33 (2023: Kshs 133.33) and a dividend payout ratio of 25% (2023: 22%).

### 5. Business review

The Group reported a profit before tax of Kshs 957,209,000 (2023: Kshs 1,267,186,000), whereas the Company reported a profit before tax of Kshs 849,293,000 (2023: 1,267,186,000). The decline in profitability was primarily attributed to foreign exchange losses arising from the appreciation of the Kenyan Shillings and the Tanzanian Shillings to the United States Dollar in 2024.

Despite the foreign exchange losses, the Group reported a double-digit growth in insurance revenue arising from sustained marketing efforts and the market expansion. The revenue performance was further augmented by increased investment income resulting from higher interest rates and increased equity prices, especially in Kenya. The Group and Company's financial highlights, including key performance ratios, are summarised on pages 7 to 9.

The Company has maintained a robust capital adequacy ratio (CAR) at 350% and 294% for Non-Life and Life Businesses, respectively. These ratios are well above the regulator's minimum capital requirement of 100% and the prescribed requirement of 200%, ensuring the Company is well-positioned to pursue its strategic plan supported by this strong capital position.

The Group's activities expose it to a variety of risks, including underwriting risk, accumulation risk, retrocession risk, concentration risk, strategic risk and credit risk, among others. The Group's overall risk management focuses on the timely identification and management of risks and seeks to minimise potential adverse effects on its financial performance. Details of these risks and relevant risk management strategies are included under Note 2.

Details of the Group's strategy are contained in the Chairman's statement.

## REPORT OF THE DIRECTORS continued

### 6. Directors

The Directors who held office during the year to the date of this report are shown on page 3.

### 7. Disclosure to the Auditor

The Directors confirm that with respect to each director at the time of approval of this report:

- there was, as far as each director is aware, no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all steps that ought to have been taken as a director to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### 8. Terms of Appointment of the Auditor


KPMG Kenya continue in office in accordance with the Company's Articles of Association and Section 719 of the Kenyan Companies Act, 2015.

The Directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the shareholders.

### 9. Approval of the Financial Statements

The financial statements set out on pages 33 to 165, which have been prepared on the going concern basis, were approved and authorised for issue by the Board of directors on 18 March 2025.

By Order of the Board



**K.M. Ontiti**  
**Company Secretary**  
**18 March 2025**



# STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors and Management of East Africa Reinsurance Company Limited (the “Company”) and its Subsidiary, East Africa Reinsurance (Tanzania) Company Limited (together the “Group”) are committed to upholding the highest standards of corporate governance and ensuring compliance with applicable legislation, regulations, and best practices in the insurance industry. The Group continues to fulfill its corporate governance obligations and responsibilities in the best interests of all its stakeholders. The Board recognises that good corporate governance enhances the Group’s performance, ensures business sustainability, and maintains stakeholder confidence and support.

The Group has a binding Code of Business Conduct and Ethics in place for all its employees to ensure that its business is carried out in an ethical, fair, and transparent manner. The Board is guided by a Board Charter, which defines the constitution, roles, responsibilities, and authorities of the Board of Directors.

The Board recognises that the principles of corporate governance are continuously evolving and, in this regard, it continues to monitor, anticipate, and respond to global corporate governance developments and trends. Further, the Board has continued to embrace the principles of sustainable insurance by integrating environmental, social, and governance (ESG) factors in its corporate decision-making process and strategy implementation. The Statement of Social and Environmental Responsibilities provides details on the various initiatives supporting the Group’s ESG agenda.

## 1. BOARD OF DIRECTORS

The Board of Directors is responsible for the Group’s vision and providing strategic direction in line with best practices while promoting and protecting shareholder value. This is achieved by setting appropriate business strategies and plans and establishing a mechanism for monitoring performance against set strategies and plans. The Board of Directors is accountable to the shareholders, and is, therefore, responsible for providing overall leadership to the Group.

### 1.1 Roles and Responsibilities of the Board

The key roles of the Board include:

- Providing strategic direction by exercising sound, objective and informed judgment;
- Monitoring performance and reporting to shareholders;
- Setting appropriate policies, guidelines and governance structures for effective management of business operations; and
- Ensuring that the Group conducts its business in an ethical manner and complies with applicable laws and regulations.

The Board has established three Board Committees, namely: the Finance, Investments, and IT Committee; the Audit, Risk and Compliance Committee; and the Ethics, Nominations and Remuneration Committee. These Committees ensure that the Company has adequate internal controls, and robust risk management processes, complies with relevant laws and regulations, and delivers on its commitment to all stakeholders.

In carrying out the above responsibilities, the Board delegates its authority to the Group Chief Executive Officer to oversee the day-to-day management and implementation of the strategy. However, the Board retains the overall responsibility for the Group’s financial performance, compliance with laws and regulations, monitoring operations and ensuring competent business management.

### 1.2. Board Composition and Appointments

As at the date of this report, ten directors served on the Company’s Board, nine of whom were non-executive and one executive, the Group Chief Executive Officer. The Directors have diverse experiences and competencies in various industries, including Insurance, Banking, Legal, Accounting, and Auditing. This diversity provides the Board with a range of relevant skills in discharging its responsibilities and brings independent judgment and risk assessment in the decision-making process. All the directors comply with the Guidelines of Suitability of Key Persons as set out by the Insurance Regulatory Authority.

The Board maintains transparent procedures for the appointment and induction of new members. The Board of Directors makes appointments after receiving recommendations from the Ethics, Nominations and Remuneration Committee.

All Directors have a fixed tenure in office and are required to retire every three years with a provision for re-election, subject to attaining favourable performance evaluation by the Board.

# STATEMENT OF CORPORATE GOVERNANCE continued

## 1.3. Board Meetings

The Board meets at least four times a year, while special meetings are called when necessary. Each year, the Board meetings calendar is prepared in advance and provided to all directors. The notice of Board meetings is circulated in accordance with the Company's Articles of Association and is distributed to all the Directors beforehand with an agenda and accompanying Board papers through the Boardvantage system. This ensures that the Directors have sufficient time to review the Board papers ahead of the meeting and therefore have meaningful deliberations during the meetings.

The Board of Directors has full and unlimited access to the Group's records. All reports from external stakeholders such as professional consultants, rating agencies and regulatory bodies are reviewed in board meetings, and appropriate actions are taken.

## 1.4. Board Evaluation

An independent evaluation of the performance of the Board, its Committees, and the respective Directors is undertaken. This evaluation process aims to improve the Board's overall performance and incorporate any amendments that the Insurance Regulatory Authority may issue and best practices.

## 2. REMUNERATION OF DIRECTORS

The Board is remunerated fairly and responsibly based on a compensation structure aligned with the Company's strategy. The Directors' remuneration reflects their roles and responsibilities and considers industry benchmarks and international practices. The Shareholders approve the directors' remuneration at every Annual General Meeting.

The aggregate amount of emoluments paid to non-executive directors for services rendered during the financial year is disclosed in Note 32 (c) to the financial statements for the year ended 31 December 2024.

## 3. COMMITTEES OF THE BOARD

While the Board has the ultimate responsibility for the Company's performance and corporate governance, it has delegated some of its powers to various committees to enable the effective execution of its mandate and responsibilities.

The committees of the Board are as follows:

- The Finance, Investment and IT (FII) Committee.
- The Audit, Risk and Compliance (ARC) Committee.
- The Ethics, Nominations and Remuneration (ENR) Committee.

Each of the three Committees has detailed terms of reference set out by the Board in line with the guidelines issued by the Insurance Regulatory Authority and best practices. The Committees hold meetings on a regular basis as per the schedule defined at the beginning of each year. The Committees meet and make recommendations to the Board on matters within their respective mandates. The Board may delegate some of its powers to any established committees or appoint any other committee or ad hoc task force as it may deem necessary.

### 3.1 Finance, Investments and IT Committee

The Finance, Investment and IT (FII) Committee is chaired by a Non-executive Director. The other members include the Group Chief Executive Officer and non-executive appointees of the Board. The Group Chief Finance Officer and the Group Head of Technical Business are regular invitees to the meetings.

The Committee meets every quarter and oversees the Company's financial, investment, and information and communication technology aspects on behalf of the Board. The Committee oversees the formulation and implementation of the Company's financial and investment strategies and IT policies and plans. It also reviews and monitors the Company's compliance with investment policy statement and applicable regulatory guidelines; approves, or recommends to the Board for approval, investment projects per the Company's investment policy; reviews the investment portfolio's performance; and monitors the implementation of special projects.





## STATEMENT OF CORPORATE GOVERNANCE continued

### 3.2. Audit, Risk and Compliance Committee

The Audit, Risk and Compliance (ARC) Committee is chaired by an independent Non-executive Director with accounting and finance knowledge and experience. The other members are non-executive appointees of the Board. The Group Chief Executive Officer, the Group Chief Finance Officer, the Group Head of Technical Business and the Risk and Compliance Manager are regular invitees to the meetings.

The ARC Committee meets on a quarterly basis and is responsible for ensuring that internal systems, controls, procedures and policies of the Company, including the risk management processes, are properly established, monitored and reported on. The Committee receives reports and reviews the findings of appointed actuaries, regulators, internal and external auditors, risk and compliance department and rating agencies and monitors the implementation of their recommendations on behalf of the Board.

In addition, the ARC Committee is responsible for monitoring and oversight of the financial reporting process established by Management to ensure accurate and timely financial reporting and entrenchment of good corporate governance practices.

### 3.3. Ethics, Nominations and Remuneration Committee

The Ethics, Nominations and Remuneration (ENR) Committee is chaired by a Non-executive Director. The other members include non-executive appointees of the Board and the Group Chief Executive Officer. The Group Chief Finance Officer and Human Resource & Administration Manager are regular invitees to the meetings.

The Committee meets biannually and is responsible for, among other things, making recommendations to the Board on remuneration and incentive policies; recruitment, retention and termination policies for senior management; and remuneration framework for directors. The ENR Committee is also responsible for developing a process for evaluating the performance of the Board, its Committees and the respective Directors as well as succession planning.

## 4. RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors is responsible for establishing and overseeing the Company's risk management and internal control framework through the Audit, Risk and Compliance (ARC) Committee. An effective risk management framework ensures a systematic and orderly process of identifying, assessing, managing, monitoring, and reporting all material risks that could adversely impact the achievement of the business objectives. On the other hand, the internal control framework comprises a set of internal policies and procedures that ensures the integrity of financial and accounting information, promotes compliance and operational efficiency, and prevents fraud.

The Board of Directors has established and approved appropriate internal policies and procedures across all critical business processes to ensure effective and efficient management of business operations. Internal policies and procedures are reviewed by management on a regular basis to ensure they remain relevant, effective, and aligned with prevailing legal, regulatory and market conditions; any changes to the policies are subject to Board approval.

The Board has established a Risk and Compliance Department headed by the Function Manager, who directly reports to the ARC Committee, as required by the Insurance Regulatory Authority. The Risk and Compliance function is responsible for monitoring and reporting on the Company's ongoing risk management activities, assessing the effectiveness of internal controls, and ensuring adherence to internal policies and compliance with applicable laws and regulations.

In addition, the Internal Audit function reviews the internal control environment on a regular basis. It gives the Board an assurance over the effectiveness of the internal control environment while highlighting any areas of improvement. These control functions regularly report ongoing audit, risk, and compliance matters to the ARC Committee, which ensures effective oversight by the Board.

## 5. EMPLOYEE GROWTH AND DEVELOPMENT

The Group respect employee individuality within the practices of its corporate culture. The Group's performance-based culture is guided by the Balanced Score Card (BSC), a performance management system that focuses on qualitative and quantitative performance. The BSC aligns the performance of the individual employees with the corporate objectives and values. Whereas an increase in shareholder value can readily measure the attainment of quantitative goals, the attainment of qualitative goals is measured by employees' personal growth.



# STATEMENT OF CORPORATE GOVERNANCE continued

## 5. EMPLOYEE GROWTH AND DEVELOPMENT continued

The Group has established strategic learning and growth objectives that enable employees to achieve their career aspirations. In addition, the Group encourages and supports employees in undertaking continuous professional development (CPD) training programs to elevate their professional competencies and be in good standing with the various professional bodies' CPD requirements.

The Group further recognises the need for diversity, equal opportunity and gender sensitivity provides a safe and conducive work environment for all its staff; and creates a sense of oneness among staff through regular team-building initiatives.

## 6. CONFLICT OF INTEREST

The Directors are required to act in the Company's best interest at all times. Consequently, all Directors have an obligation to disclose any conflict of interest at the beginning of every Board meeting in relation to matters that are brought before them for deliberation. A Director must refrain from discussing or voting on matters of potential conflict of interest.

Further, a process of declaration of interest has been implemented, and all staff are required to declare any relevant interest where applicable. The Group's Code of Business Conduct & Ethics outline measures that employees should take to avoid any incidents of conflict of interest.

## 7. RELATED PARTY TRANSACTIONS

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Group and its Directors or Management except those disclosed in Note 32 to the financial statements for the year ended 31 December 2024.

## 8. COMPLIANCE WITH LAWS AND REGULATIONS

To the best of its knowledge, the Board is satisfied that the Group has put in place appropriate measures and safeguards to ensure compliance with all the applicable laws and regulations. The Compliance function is charged with the responsibility of tracking the Group's compliance with all applicable laws and regulations. The Group leverages on the Governance, Risk & Compliance (GRC) system to enhance compliance with relevant laws and regulations.

The Audit, Risk & Compliance Committee is responsible for monitoring compliance and ensuring that any breaches are promptly and adequately resolved. To the knowledge of the Board, no Director or employee of the Group acted or committed any indictable offense in conducting the affairs of the Group nor been involved or been used as a conduit for money laundering, terrorism financing, proliferation financing or any other activity in contravention of relevant laws and regulations.

## 9. DIRECTORS' ATTENDANCE OF MEETINGS

The Company Secretary keeps the Board attendance record, which is noted in the minutes of the respective meetings.

### Key

- Yes - In attendance.
- No - Absent with apologies.
- N/A - Not required/expected to attend.

The following is the attendance record of the directors at the Board and its Committee meetings.



## STATEMENT OF CORPORATE GOVERNANCE continued

### 9. DIRECTORS' ATTENDANCE OF MEETINGS continued

BOARD	Position	23 February	10 May	01 August	30 November
A.K. Wainaina	Chairman	Yes	Yes	Yes	Yes
P.K. Maina	C.E.O	Yes	Yes	Yes	Yes
J.P.M Ndegwa	Member	Yes	Yes	Yes	Yes
D.G.M Hutchison	Member	Yes	Yes	Yes	Yes
P.K. Mugambi	Member	Yes	Yes	Yes	Yes
J.K. Kimeu*	Member	Yes	No	N/A	N/A
R. Narayanan**	Member	No	Yes	No	Yes
L.N. Nyachae**	Member	Yes	Yes	Yes	Yes
S. Adamali ***	Member	Yes	Yes	N/A	N/A
C.W. Nganga****	Member	N/A	N/A	Yes	No
W. Mwaniki****	Member	N/A	N/A	No	Yes
L. Murage*****	Member	N/A	N/A	N/A	Yes
K.M. Ontiti	Company Secretary	Yes	Yes	Yes	Yes

FII	Position	15 February	03 May	17 July	14 November
P.K. Mugambi	Chairman	Yes	Yes	Yes	Yes
P.K. Maina	C.E.O	Yes	Yes	Yes	Yes
D.G.M Hutchison	Member	Yes	Yes	Yes	Yes
J.K. Kimeu*	Member	Yes	No	N/A	N/A
C.W. Nganga****	Member	N/A	N/A	N/A	Yes
K.M. Ontiti	Company Secretary	Yes	Yes	Yes	Yes

ARC	Position	15 February	03 May	17 July	14 November
L. Murage*****	Chairman	N/A	N/A	N/A	Yes
J.K. Kimeu*	Chairman	Yes	No	N/A	N/A
P.K. Maina	By invitation	Yes	Yes	Yes	Yes
D.G.M Hutchison	Member	Yes	Yes	Yes	Yes
W. Mwaniki****	Member	N/A	N/A	N/A	Yes
P.K. Mugambi	Member	Yes	Yes	Yes	Yes
K.M. Ontiti	Company Secretary	Yes	Yes	Yes	Yes

ENR	Position	21 February	06 May	09 October
J.P.M Ndegwa	Chairman	Yes	Yes	Yes
P.K. Maina	C.E.O	Yes	Yes	Yes
A.K. Wainaina	By invitation	Yes	Yes	Yes
L.N. Nyachae**	Member	N/A	N/A	Yes
P.K. Mugambi	Member	Yes	Yes	Yes
K.M. Ontiti	Company Secretary	Yes	Yes	Yes
* Deceased 26 May 2024	*** Resigned on 19 July 2024	***** Appointed on 28 November 2024		
** Appointed on 10 May 2024	**** Appointed on 01 August 2024			

## STATEMENT OF CORPORATE GOVERNANCE continued

### 10. COMPANY SECRETARY

The Company Secretary is responsible for ensuring that Board procedures are followed and that the Board and Committee meetings are held procedurally in conjunction with the Chairman and the Group Chief Executive Officer. The Company Secretary links the flow of information between the Management and the Board and ensures that the Board receives adequate and timely information, and that Management similarly receives feedback. The Company Secretary ensures that the business of the Board meets all statutory requirements, keeps all legal, governance and regulatory requirements under review and briefs the Board accordingly about these developments.

All Directors have access to the Company Secretary, who is also responsible for implementing and monitoring good corporate governance practices at the Board..

The Company Secretary is appointed by the Directors for a term and remuneration they deem fit.

### 11. ACTUARIAL FUNCTION

The Group has set up an in-house actuarial function. This function evaluates and provides advice to the Group regarding, at a minimum, technical provisions and compliance with related statutory and regulatory requirements. The Company has further contracted an Independent Actuary who is a Fellow of The Actuarial Society of Kenya in compliance with the Actuarial Function Guidelines released by the Regulator. During the year, the appointed actuary generated the technical liabilities used in the Company audited financial statements and commented on the Company's Financial Condition via the Financial Condition Report (FCR).

### 12. SHAREHOLDERS

The list of the Shareholders and their holdings at the year-end was as follows:

	2024 Number of Shares	%	2023 Number of Shares	%
ICEA LION Life Assurance Company Limited	463,627	30.91	463,627	30.91
First Chartered Securities Limited	397,829	26.52	397,829	26.52
Kenindia Assurance Company Limited	239,898	15.99	239,898	15.99
General Insurance Corporation of India	221,281	14.75	221,281	14.75
GA Insurance Limited	102,870	6.86	102,870	6.86
Pioneer Holdings (Africa) Limited	45,000	3.00	45,000	3.00
Apollo Investments Limited	20,211	1.35	20,211	1.35
United Insurance Company Limited (In Receivership)	9,284	0.62	9,284	0.62
	<b>1,500,000</b>	<b>100.00%</b>	<b>1,500,000</b>	<b>100.00%</b>

**A.K. Wainaina**  
Chairman  
18 March 2025

**D.G.M. Hutchison**  
Director  
18 March 2025

**P.K.Maina**  
Director  
18 March 2025

The Board of Directors and Management at East Africa Reinsurance Company are committed to the principles of sustainable insurance, which reflects the Company's mission of delivering sustainable value for all stakeholders. This commitment is evident in the Company's strategic planning and decision-making processes, where environmental, social, and governance (ESG) measures are integrated.

As a signatory to both the Nairobi Declaration on Sustainable Insurance and the United Nations Environment Finance Initiative (UNEP FI) Principles for Sustainable Insurance (PSI), the Company is committed to joining other global players in supporting the achievement of the United Nations (UN) Sustainable Development Goals (SDGs), recognising their effectiveness in advancing consistent and positive impact to the community. This commitment extends to addressing significant global sustainability challenges such as climate change, biodiversity loss, ecosystem degradation and pollution, human rights violations, poverty and social inequalities.

## ESG FOCUS AREAS

The Company's dedication to environmental, social, and governance (ESG) issues is unwavering. We recognise the impact of partnership and are inspired to build strong partnerships with stakeholders in our ESG endeavours. Through collaborative efforts and active participation in sustainable development initiatives, we align with SDG 17 "Partnerships for the Goals", which emphasises the importance of working together to achieve sustainability. Our report will provide further details on our efforts and contributions toward the SDGs during the year.

## ENVIRONMENTAL FOCUS

### Sustaining Our Environment: Advancing Afforestation and Reforestation

The Company continues to take deliberate actions to curb the adverse effects of climate change by engaging in projects that expand and restore forest cover, as well as reduce carbon emissions. In line with SDG 15 "Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss", the Company remains committed to supporting efforts that safeguard, revive, and conserve the environment.



*The Chairman planting a tree during the Annual AGM and Luncheon.*

As part of this commitment, the Company continued to partner with the Kenya Forestry Research Institute (KEFRI) to enhance forest cover and mitigate the effects of climate change. Following the successful establishment of a seedling nursery in 2023, the Company distributed 10,000 seedlings to various community stakeholders, including schools, companies, and individuals. Further, the Company has initiated a second phase of the seedling nursery and is currently nurturing 15,000 indigenous tree seedlings.

During the year, the Company decluttered its physical storage space and donated files to various local schools, extending their useful life. In addition, the Company converted more than three tonnes of paper into pulp for further recycling, exemplifying responsible waste management and affirming its commitment to environmentally sustainable practices.

In addition to these initiatives, the Company continues to ensure that its office environment remains green by encouraging regular tree planting. During the year, the Board of Directors and staff planted additional trees within the office premises, reinforcing the Company's dedication to creating a sustainable environment.

# SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES STATEMENT continued



## Sustainable investments

In line with SDG 13 “Take urgent action to combat climate change and its impacts,” the Company has made significant investments in sustainable energy solutions. One such investment is the solar-powered system in its investment property, Acorn House, which conserves energy and reduces reliance on hydro and fuel-based power sources. Additionally, the property undergoes a comprehensive energy audit every three years to identify opportunities for further energy-saving measures.

As a responsible corporate citizen, the Company maintains a range of internal measures to safeguard the environment, conserve energy, and lower carbon emissions across its operations. These include the use of an electronic data management system, significantly reducing paper usage and carbon emissions, installation of LED bulbs throughout office buildings, and adoption of server virtualisation technology in the data centre, minimising energy consumption. These initiatives align with SDG 13 “Climate Action” and SDG 12 “Ensure sustainable consumption and production patterns”, demonstrating our commitment to sustainable energy and responsible resource management.

## Sustainable underwriting

In line with SDG 7, “Ensure access to affordable, reliable, sustainable and modern energy for all,” the Company participates in several reinsurance programmes that directly support infrastructure projects involved in the generation of clean and renewable energy in Kenya and other markets. These include the Garissa Solar Photovoltaic Power Plant in Kenya, the largest grid- connected solar plant in East and Central Africa, the Helios BeauChamp Solar PV Park in Mauritius, the Kenya Electricity Generation Company (KenGen) geothermal plants, the Bantu Energy Project in Uganda, the Sosian Energy Geothermal Power Plant, the Geothermal Development Company and the Menengai Geothermal Project.

## SOCIAL FOCUS

### Education

The Company regards education as a fundamental human right and a key catalyst for sustainable development. In view of this, about 58% of the annual ESG initiatives budget in 2024 was allocated to the education pillar, an increase from 55% in the previous year. This allocation underscores the Company’s dedication to SDG 4 “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.”



*Staff and Students at the Annual Mentorship Day*

Through its Education Sponsorship Program, the Company offers high-potential students from vulnerable backgrounds a transformative opportunity to access and pursue their secondary education. The sponsorship covers tuition fees, boarding costs, books, uniforms, shopping, and pocket money and aims to uplift both individual students and their communities. Currently, the Company sponsors 34 students - 24 directly and 10 in partnerships with Ghetto Classic and the Street Children Association Network of Nakuru (SCANN).

The Company measures the success of the education program using the rate of direct university admission. In 2024, all the sponsored students who sat their KCSE exams qualified for university entry, and in the last seven years, over 71% of the sponsored students have enrolled in various universities. To further support their development, the Company offers holiday internship programs to former beneficiaries of the secondary school sponsorship program to enable them to gain practical work experience during their tertiary education.





## SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES STATEMENT continued

Beyond academic outcomes, the Company encourages sponsored students to maintain high standards of discipline and engage in extracurricular activities. In addition, the Company organises annual mentorship sessions that seek to motivate the students and provide them with essential life skills and guidance aimed at preparing them to become well-rounded and impactful members of society.

### Health

The Company supports the holistic wellbeing of its workforce in keeping with SDG 3 "Ensure healthy lives and promote well-being for all at all ages". In this regard, the Company has several programs that support employee wellbeing, including comprehensive medical insurance and group life covers, a fully equipped gym with professional fitness trainers, promoting a culture of health and wellness. The Company also organises regular medical awareness sessions covering topical health and well-being topics and encourages staff to undertake annual medical checkups.



*Staff receiving an award for emerging overall winner at the Annual Faraja Water Rafting Challenge*

Through its longstanding partnership with Faraja Cancer Support Centre, the Company contributes to supporting cancer patients. During the year, the Company donated to Faraja Cancer Support Centre during their annual whitewater rafting event in Sagana. In addition, for the second consecutive year, the Company participated in the "Go Bold Go Gold" fundraising initiative, aimed at supporting children living with cancer.

### Social and Child Welfare

During the year and in response to the major flooding experienced in Kenya, the Company offered varied levels of support to its partners, the Street Children Association Network of Nakuru (SCANN) and Ghetto Classics, in recognition of their vulnerability to such extreme weather conditions. In alignment with SDG 1 "End poverty in all its forms everywhere," the Company supported SCANN in rebuilding a toilet facility destroyed by the floods. The Company made donations in cash and essential items to Ghetto Classics in response to the floods. In addition, during the year the Company donated to the Agape Children Home in Nairobi, reaffirming its commitment to social responsibility and community development.

### Diversity, Inclusivity, Employee well-being and Growth

The Company prioritises employees' well-being and recognises the need for diversity, equity, and a safe, conducive work environment. It aligns its efforts with SDG 8, "Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all."



*Staff at a Team Building event in Elementaita*



## SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES STATEMENT continued



*Staff cheering each other on at the Team Building*

The Company maintains a competitive remuneration structure, recognises and rewards solid performance and offers autonomy and flexible working conditions to encourage productivity and promote a healthy work-life balance. In addition, the Company organises regular team-building activities to foster unity among employees and create a favourable working environment.

The Company's dedication to creating opportunities for career advancement underpins both individual and organisational success. Over the years, the Company has consistently invested in its employees' professional studies, certifications, and training programs.

In 2024, the Company introduced a leadership development program for all staff members, underscoring its commitment to professional growth and inclusivity.

### **Sustainable solutions**

The Company's social agenda is an integral part of its underwriting and investment strategies. As part of the core underwriting business, the Company underwrites certain lines that directly address and support critical social needs such as medical, critical illness, and individual life covers. Beyond this technical support, the Company provides its clients with regular training on various health matters in a bid to promote healthy lifestyles within the community.

In addition, as part of its promise to its clients, the Company ensures timely payment of verified claims to fulfil its fiduciary and social responsibility of securing insurance cover for the ultimate policyholders. On the other hand, the investment portfolio includes a significant investment in various government securities that ultimately contribute directly or indirectly to the national macro-economic and social agendas that benefit the citizenry.

### **GOVERNANCE FOCUS**

#### **Corporate governance, Risk Management and Compliance**

The Company has a robust governance structure designed to maintain high standards of oversight, integrity, and ethics. The statement of corporate governance reflects the commitment of the Board of Directors and Management to upholding the highest standards of corporate governance, fostering an effective risk management and internal controls framework, and ensuring compliance with applicable laws and regulations and alignment with best practices.

The Board of Directors plays a critical role in establishing appropriate policies, guidelines and governance structures for effective management of business operations. To this end, the Company has elaborate policies and procedures in place, covering all critical business processes. These policies and procedures are reviewed and updated regularly to ensure they remain relevant and aligned with applicable laws and regulations and industry best practices.

The Board has established a Risk and Compliance function that is responsible for identifying, assessing and reporting on major risks facing the Company and ensuring compliance with applicable laws and regulations and adherence to established policies and procedures. The Risk and Compliance function reports directly to the Audit, Risk and Compliance Committee of the Board which facilitates effective oversight by the Board of Directors. Further, the Company Secretary ensures that the business of the Board meets all statutory requirements, keeps all legal, governance and regulatory requirements under review and briefs the Board accordingly about developments in these areas.



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and presentation of the consolidated and separate financial statements of East Africa Reinsurance Company Limited (the "Group" and Company") set out on pages 33 to 165, which comprise the consolidated and company statements of financial position as at 31 December 2024, the consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, and the notes to the consolidated and company financial statements, including material accounting policies in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS® Accounting Standards, hereinafter referred to as "IFRS Accounting Standards") and in the manner required by the Kenyan Companies Act, 2015.

The Directors' responsibilities include determining that the basis of accounting described in Note 1 is an acceptable basis for preparing and presenting the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Kenyan Companies Act, 2015, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Under the Kenyan Companies Act, 2015, the Directors are required to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and Company as at the end of the financial year and of the profit or loss of the Group and Company for that year. It also requires the Directors to ensure the Group and Company keeps proper accounting records which disclose with reasonable accuracy the financial position and profit or loss of the Group and Company.

The Directors accept responsibility for the consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRS Accounting Standards and in the manner required by the Kenyan Companies Act, 2015. The Directors are of the opinion that the consolidated and company financial statements give a true and fair view of the financial position of the Group and Company and of its profit or loss.

The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of consolidated and company financial statements, as well as adequate systems of internal financial control.

The Directors have made an assessment of the Group's and Company's ability to continue as a going concern and have no reason to believe the Group and Company will not be a going concern for at least the next twelve months from the date of this statement.

The financial statements, as indicated above, were approved and authorised for issue by the Board of Directors on 18 March 2025.

**A.K. Wainaina**  
**Chairman**  
**18 March 2025**

**D.G.M. Hutchison**  
**Director**  
**18 March 2025**

**P.K. Maina**  
**Director**  
**18 March 2025**

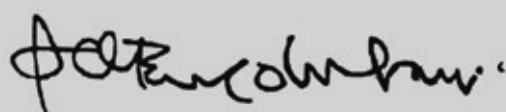
## REPORT OF THE CONSULTING ACTUARY

I have conducted an insurance liability valuation of the Company insurance liabilities 31 December 2024.

The valuation was conducted in accordance with generally accepted actuarial principles and in accordance with the requirements of the Insurance Act Cap 487 of the Laws of Kenya. These principles require prudent provision for future outgo under contracts, generally based upon the assumptions that current conditions will continue. Provision is therefore not made for all possible contingencies.

In completing the actuarial valuation, I have relied upon the separate financial statements of the Company.

In my opinion; the Company's insurance liabilities were adequate as at 31 December 2024.



**J.I. Olubayi**

**Zamara Acturaries, Administrators and Consultants Limited**

**18 March 2025**



**KPMG Kenya**  
**Certified Public Accountants**  
8th Floor, ABC Towers  
Waiyaki Way  
PO Box 40612 00100 GPO  
Nairobi, Kenya

Telephone +254-20-2806000  
Fax +254-20-2215695  
Email: [info@kpmg.co.ke](mailto:info@kpmg.co.ke)  
Web: [www.kpmg.com/eastafrica](http://www.kpmg.com/eastafrica)

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF EAST AFRICA REINSURANCE COMPANY LIMITED

### Report on the audit of the financial statements

#### Opinion

We have audited the consolidated and separate financial statements of East Africa Reinsurance Company Limited (the "Group and Company") as set out on pages 33 to 165, which comprise the consolidated and company statements of financial position as at 31 December 2024, and the consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and Company as at 31 December 2024, and of its consolidated and separate financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Kenyan Companies Act, 2015.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters..

Valuation of insurance and reinsurance contract liabilities	
See notes 1.4, 1.22, 24 and 25 to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in our audit
At 31 December 2024, the Group and Company held insurance and reinsurance contract liabilities as a result of its insurance operations. The Group and Company applies IFRS 17 Insurance contracts (effective 1 January 2023) to insurance contracts and reinsurance contracts it issues, and reinsurance contracts it holds.	Our audit of the insurance and reinsurance contract liabilities, actuarial assumptions, models and methodologies applied in the valuation of material lines of the insurance business included the following audit procedures that were executed with the assistance of our actuarial specialists:

KPMG Kenya is a registered partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Partners

BC D'Souza  
JM Gathecha  
JI Kariuki  
PI Kinuthia  
AM Mbai

BM Ndung'u  
JM Ndunyu  
S Obock

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF EAST AFRICA REINSURANCE COMPANY LIMITED

### Key audit matters (continued)

Valuation of insurance and reinsurance contract liabilities	
See notes 1.3, 1.4, 1.22, 24 and 25 to the financial statements.	
Key audit matter	How our audit addressed the key audit matter
<p><b>Determination of year-end insurance and reinsurance contract liabilities</b></p> <p>As at 31 December 2024, the value of the consolidated insurance and reinsurance contract liabilities was KShs 5.4 Billion (2023 – KShs 3.8 Billion) and company insurance and reinsurance contract liabilities was KShs 4.2 Billion (2023 – KShs 3.8 Billion). All contracts were accounted for under the simplified premium allocation approach. The insurance and reinsurance contract liabilities reflect, within the liability for remaining coverage component, the premiums received for which insurance cover should still be provided and outstanding premiums for which cover has already been provided. It also includes a liability for incurred claims element, which represents the estimate of unsettled claims for which the insured event has occurred plus a risk adjustment for non-financial risk.</p> <p>In valuing insurance and reinsurance contract liabilities, management applies significant judgment. Various assumptions are made including best estimate assumptions regarding the expected claims, expected premiums on insurance contracts, expected expenses, commission and other charges. Changes to these assumptions may result in material changes to the insurance and reinsurance contract liabilities.</p> <p>The most significant assumptions made in the valuation of insurance and reinsurance contract liabilities arising from the Group and Company's insurance contracts relate to:</p> <ul style="list-style-type: none"> <li>• Discount rates</li> <li>• Confidence levels applied in determining the risk adjustment for non-financial risk.</li> </ul> <p>We considered the valuation of insurance and reinsurance contract liabilities to be a key audit matter in our audit of the consolidated and separate financial statements because of the following:</p> <ul style="list-style-type: none"> <li>• The significant judgments and high degree of estimation uncertainty relating to the magnitude and timing of the projected cash flows and the use of significant unobservable assumptions applied in valuing it; and</li> <li>• The material nature of the insurance and reinsurance contract liabilities on the consolidated and separate statements of financial position and resultant impact on the consolidated and separate statements of comprehensive income.</li> </ul>	<p><b>Procedures over year-end insurance and reinsurance contract liabilities</b></p> <p>Our procedures over the year-end insurance and reinsurance contract liabilities included the following:</p> <ul style="list-style-type: none"> <li>• With the assistance of our actuarial specialists, we assessed the valuation methodology and assumptions for compliance against the latest actuarial guidance, legislation and approved Group and Company accounting policies. We challenged key assumptions and the methodologies and processes used to determine and update these assumptions through comparison with externally observable data (discount rate and confidence levels applied in the determination of the risk adjustment) and our assessment of the Group and Company's analysis of experience to date and allowance for future uncertainty. Our challenge focused on the assumptions around the discount rate (and associated illiquidity premium) and the confidence levels applied in the determination of the risk adjustment for non-financial risk.</li> <li>• We assessed the appropriateness of management's allocation of groups of contracts into the various measurement buckets as required by IFRS 17. We ascertained compliance of the chosen measurement method with the premium allocation approach (PAA) eligibility criteria in IFRS 17.</li> <li>• For the valuation of the liability for incurred claims (LIC) for PAA contracts across the Group and Company, we assessed management's valuation models. We assessed the adequacy of the assumptions applied by management, e.g., claims triangles, and assessed the adequacy of the year-end valuation with amongst others reference to prior years and key ratios.</li> <li>• We evaluated whether the associated disclosures of the insurance and reinsurance contract liabilities in the consolidated and separate financial statements are adequate and in accordance with IFRS Accounting Standards.</li> <li>• We evaluated the accuracy of the risk adjustment, including calculation method, and its related release by performing independent recalculation.</li> </ul>

### **Other information**

The directors are responsible for the other information. The other information obtained at the date of this auditors' report is information included in the *East Africa Reinsurance Company Limited (Registration number 54208) Annual Report and Financial Statements for the year ended 31 December 2024* but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, other than that prescribed by the Kenyan Companies Act, 2015 as set out below.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work that we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Directors' responsibilities for the consolidated and separate financial statements**

The directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by the Kenyan Companies Act, 2015 and for such internal controls, as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the consolidated and separate financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF EAST AFRICA REINSURANCE COMPANY LIMITED

### Auditor's responsibilities for the audit of the consolidated and separate financial statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other legal and regulatory requirements

As required by the Kenyan Companies Act, 2015, we report to you solely based on our audit of the consolidated and separate financial statements that in our opinion, the information in the directors' report on pages 14 to 15 is consistent with the consolidated and separate financial statements.

*The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Jacob Gathecha, practicing certificate No. P/1610.*



*For and on behalf of:*

**KPMG Kenya**  
**Certified Public Accountants**  
**PO Box 40612 – 00100**  
**Nairobi, Kenya**  
**Date: 28 March 2025**



# **2024**

## **FINANCIAL STATEMENTS**

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME



	Notes	Life business Kshs '000	Non-Life business Kshs '000	Total 2024 Kshs '000	Life business Kshs '000	Non-Life business Kshs '000	Total 2023 Kshs '000
Insurance revenue	3	1,461,180	4,894,727	6,355,907	981,774	4,208,981	5,190,755
Insurance service expenses	4.1	(1,133,325)	(4,467,568)	(5,600,893)	(853,540)	(3,686,974)	(4,540,514)
Reinsurance recoveries	4.2	176,790	437,642	614,432	103,170	52,659	155,829
Reinsurance expenses	4.2	(375,858)	(614,795)	(990,653)	(146,185)	(348,228)	(494,413)
<b>Insurance service result</b>		<b>128,787</b>	<b>250,006</b>	<b>378,793</b>	<b>85,219</b>	<b>226,438</b>	<b>311,657</b>
Interest revenue calculated using the effective interest method	7	283,564	707,470	991,034	199,502	647,311	846,813
Other investment revenue	7	5,066	92,393	97,459	(2,837)	82,135	79,298
Impairment on financial assets	7	(1,770)	5,383	3,613	(1,310)	(1,568)	(2,878)
<b>Investment return</b>		<b>286,860</b>	<b>805,246</b>	<b>1,092,106</b>	<b>195,355</b>	<b>727,878</b>	<b>923,233</b>
Net finance expenses from insurance contracts	5	(26,506)	(179,603)	(206,109)	(4,563)	(5,261)	(9,824)
Net finance income from reinsurance contracts	5	6,920	30,317	37,237	784	6,118	6,902
<b>Net insurance finance expenses</b>	5	<b>(19,586)</b>	<b>(149,286)</b>	<b>(168,872)</b>	<b>(3,779)</b>	<b>857</b>	<b>(2,922)</b>
<b>Net financial result</b>		<b>267,274</b>	<b>655,960</b>	<b>923,234</b>	<b>191,576</b>	<b>728,735</b>	<b>920,311</b>
<b>Net insurance and investment result</b>		<b>396,061</b>	<b>905,966</b>	<b>1,302,027</b>	<b>276,795</b>	<b>955,173</b>	<b>1,231,968</b>
Other expenses	6	(15,598)	(86,153)	(101,751)	(11,646)	(93,892)	(105,538)
Foreign exchange (losses)/ gains		(41,091)	(201,976)	(243,067)	29,229	111,527	140,756
<b>Profit before tax</b>		<b>339,372</b>	<b>617,837</b>	<b>957,209</b>	<b>294,378</b>	<b>972,808</b>	<b>1,267,186</b>
Income tax expense	8	(100,304)	(52,580)	(152,884)	(88,313)	(287,745)	(376,058)
<b>Profit after tax</b>		<b>239,068</b>	<b>565,257</b>	<b>804,325</b>	<b>206,065</b>	<b>685,063</b>	<b>891,128</b>



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME continued

Notes	Life business Kshs '000	Non-Life business Kshs '000	Total 2024 Kshs '000	Life business Kshs '000	Non-Life business Kshs '000	Total 2023 Kshs '000
<b>Other comprehensive income:</b>						
<b>Items that will not be reclassified to profit or loss:</b>						
Fair value gain on revaluation of land and buildings	-	-	-	-	52,437	52,437
Deferred tax on revaluation of land and buildings	-	-	-	-	3,000	3,000
<b>Items that may be reclassified to profit or loss:</b>						
Exchange differences on translation of the net assets of foreign subsidiary	592	(100,698)	(100,106)	-	(1,473)	(1,473)
<b>Total other comprehensive income</b>	<b>592</b>	<b>(100,698)</b>	<b>(100,106)</b>	<b>-</b>	<b>53,964</b>	<b>53,964</b>
<b>Total comprehensive income for the year</b>	<b>239,660</b>	<b>464,559</b>	<b>704,219</b>	<b>206,065</b>	<b>739,027</b>	<b>945,092</b>
<b>Earnings per share (Basic and Diluted) Kshs</b>			<b>536.22</b>			<b>594.09</b>

The material accounting policies on pages 44 to 69 and the notes on pages 70 to 165 form an integral part of the financial statements.

# COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME



	Notes	Life business Kshs '000	Non-Life business Kshs '000	Total 2024 Kshs '000	Life business Kshs '000	Non-Life business Kshs '000	Total 2023 Kshs '000
Insurance revenue	3	1,220,774	4,310,411	5,531,185	981,774	4,208,981	5,190,755
Insurance service expenses	4.1	(985,778)	(3,965,773)	(4,951,551)	(853,540)	(3,686,974)	(4,540,514)
Reinsurance recoveries	4.2	86,516	383,636	470,152	103,170	52,659	155,829
Reinsurance expenses	4.2	(211,128)	(557,373)	(768,501)	(146,185)	(348,228)	(494,413)
<b>Insurance service result</b>		<b>110,384</b>	<b>170,901</b>	<b>281,285</b>	<b>85,219</b>	<b>226,438</b>	<b>311,657</b>
Interest revenue calculated using the effective interest method	7	280,048	659,153	939,201	199,502	647,311	846,813
Other investment revenue	7	5,066	92,393	97,459	(2,837)	82,135	79,298
Impairment on financial assets	7	(1,595)	6,289	4,694	(1,310)	(1,568)	(2,878)
<b>Investment return</b>		<b>283,519</b>	<b>757,835</b>	<b>1,041,354</b>	<b>195,355</b>	<b>727,878</b>	<b>923,233</b>
Net finance expenses from insurance contracts	5	(26,506)	(179,603)	(206,109)	(4,563)	(5,261)	(9,824)
Net finance income from reinsurance contracts	5	6,920	30,317	37,237	784	6,118	6,902
<b>Net insurance finance expenses</b>	5	<b>(19,586)</b>	<b>(149,286)</b>	<b>(168,872)</b>	<b>(3,779)</b>	<b>857</b>	<b>(2,922)</b>
<b>Net financial result</b>		<b>263,933</b>	<b>608,549</b>	<b>872,482</b>	<b>191,576</b>	<b>728,735</b>	<b>920,311</b>
<b>Net insurance and investment result</b>		<b>374,317</b>	<b>779,450</b>	<b>1,153,767</b>	<b>276,795</b>	<b>955,173</b>	<b>1,231,968</b>
Other expenses	6	(11,698)	(68,284)	(79,982)	(11,646)	(93,892)	(105,538)
Foreign exchange (losses)/ gains		(39,411)	(185,081)	(224,492)	29,229	111,527	140,756
<b>Profit before tax</b>		<b>323,208</b>	<b>526,085</b>	<b>849,293</b>	<b>294,378</b>	<b>972,808</b>	<b>1,267,186</b>
Income tax expense	8	(100,304)	(24,143)	(124,447)	(88,313)	(287,745)	(376,058)
<b>Profit after tax</b>		<b>222,904</b>	<b>501,942</b>	<b>724,846</b>	<b>206,065</b>	<b>685,063</b>	<b>891,128</b>
<b>Other comprehensive income:</b>							
<b>Items that will not be reclassified to profit or loss:</b>							
Fair value gain on revaluation of land and buildings		-	-	-	-	52,437	52,437
Deferred tax on revaluation of land and buildings		-	-	-	-	3,000	3,000
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,437</b>	<b>55,437</b>
<b>Total comprehensive income (loss) for the year</b>		<b>222,904</b>	<b>501,942</b>	<b>724,846</b>	<b>206,065</b>	<b>740,500</b>	<b>946,565</b>
<b>Earnings per share (Basic and Diluted) Kshs</b>				<b>483.23</b>			<b>594.09</b>

The material accounting policies on pages 44 to 69 and the notes on pages 70 to 165 form an integral part of the financial statements.



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Notes	Life business Kshs '000	Non-Life business Kshs '000	Total 2024 Kshs '000	Life business Kshs '000	Non-Life business Kshs '000	Total 2023 Kshs '000
<b>ASSETS</b>							
Property and equipment	12	-	413,639	413,639	-	428,591	428,591
Right-of-use assets	29	-	2,868	2,868	-	-	-
Deferred tax asset	26	-	44,756	44,756	-	-	-
Investment properties	14	-	735,000	735,000	-	735,000	735,000
Intangible assets	13	-	5,549	5,549	-	5,948	5,948
Mortgage loans	16	-	116,256	116,256	-	17,308	17,308
Government securities at amortised cost	19	1,289,032	3,940,332	5,229,364	1,256,352	4,028,242	5,284,594
Corporate bonds at amortised cost	18	-	-	-	28,608	29,118	57,726
Reinsurance contract assets	25	395,763	687,520	1,083,283	178,450	420,300	598,750
Insurance contract assets	24	434,730	1,384,603	1,819,333	192,114	862,973	1,055,087
Real estate investments trusts (REITs)	15	-	181,408	181,408	-	177,802	177,802
Equity investments at fair value through profit or loss	15	9,152	18,305	27,457	5,416	11,884	17,300
Other receivables	17	24,165	67,401	91,566	1,677	74,334	76,011
Current tax receivable	9	47,756	26,931	74,687	52,468	-	52,468
Deposits with financial institutions	20	1,200,858	2,146,649	3,347,507	726,886	2,223,922	2,950,808
Cash and bank balances	27	148,594	430,735	579,329	38,586	206,036	244,622
<b>Total Assets</b>		<b>3,550,050</b>	<b>10,201,952</b>	<b>13,752,002</b>	<b>2,480,557</b>	<b>9,221,458</b>	<b>11,702,015</b>
<b>LIABILITIES</b>							
Insurance contract liabilities	24	1,140,705	3,788,753	4,929,458	700,544	2,972,420	3,672,964
Reinsurance contract liabilities	25	371,325	58,517	429,842	61,762	31,981	93,743
Deferred tax liability	26	452,689	-	452,689	357,160	60,917	418,077
Current tax payable	9	-	15,792	15,792	-	117,968	117,968
Lease liabilities	29	-	3,071	3,071	-	-	-
Other payables	23	12,295	512,833	525,128	27,716	479,744	507,460
<b>Total Liabilities</b>		<b>1,977,014</b>	<b>4,378,966</b>	<b>6,355,980</b>	<b>1,147,182</b>	<b>3,663,030</b>	<b>4,810,212</b>



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2024 continued



	Notes	Life business Kshs '000	Non-life business Kshs '000	Total 2024 Kshs '000	Life business Kshs '000	Non-Life business Kshs '000	Total 2023 Kshs '000
<b>EQUITY</b>							
Share capital	21	500,000	1,000,000	1,500,000	500,000	1,000,000	1,500,000
General reserve	11	1,056,279	-	1,056,279	833,375	-	833,375
Reserves	11	4,304	250,291	254,595	-	243,885	243,885
Translation reserve		592	(102,171)	(101,579)	-	(1,473)	(1,473)
Retained earnings	11	11,861	4,674,866	4,686,727	-	4,316,016	4,316,016
<b>Total Equity</b>		<b>1,573,036</b>	<b>5,822,986</b>	<b>7,396,022</b>	<b>1,333,375</b>	<b>5,558,428</b>	<b>6,891,803</b>
<b>Total Equity and Liabilities</b>		<b>3,550,050</b>	<b>10,201,952</b>	<b>13,752,002</b>	<b>2,480,557</b>	<b>9,221,458</b>	<b>11,702,015</b>

The material accounting policies on pages 44 to 69 and the notes on pages 70 to 165 form an integral part of the financial statements.

The annual report and financial statements and the notes on pages 33 to 165, were approved and authorised for issue by the Board of Directors on the 18 March 2025 and were signed on its behalf by:

**A.K. Wainaina**  
Chairman  
18 March 2025

**D.G.M. Hutchison**  
Director  
18 March 2025

**P.K. Maina**  
Director  
18 March 2025



# COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Notes	Life business Kshs '000	Non-Life business Kshs '000	Total 2024 Kshs '000	Life business Kshs '000	Non-Life business Kshs '000	Total 2023 Kshs '000
<b>ASSETS</b>							
Property and equipment	12	-	395,468	395,468	-	428,591	428,591
Investment in subsidiary	22	-	644,852	644,852	-	289,611	289,611
Deferred tax asset	26	-	36,397	36,397	-	-	-
Investment properties	14	-	735,000	735,000	-	735,000	735,000
Intangible assets	13	-	125	125	-	5,948	5,948
Mortgage loans	16	-	116,256	116,256	-	17,308	17,308
Government securities at amortised cost	19	1,289,032	3,654,040	4,943,072	1,256,352	3,744,487	5,000,839
Corporate bonds at amortised cost	18	-	-	-	28,608	29,118	57,726
Insurance contract assets	24	203,249	839,396	1,042,645	192,114	862,973	1,055,087
Reinsurance contract assets	25	215,739	593,021	808,760	178,450	420,300	598,750
Real estate investments trusts (REITs)	15	-	181,408	181,408	-	177,802	177,802
Equity investments at fair value through profit or loss	15	9,152	18,305	27,457	5,416	11,884	17,300
Other receivables	17	32,141	100,301	132,442	1,677	111,393	113,070
Current tax receivable	9	47,693	26,931	74,624	52,468	-	52,468
Deposits with financial institutions	20	1,113,013	1,817,348	2,930,361	726,886	2,223,922	2,950,808
Cash and bank balances	27	106,997	289,679	396,676	38,586	164,594	203,180
<b>Total Assets</b>		<b>3,017,016</b>	<b>9,448,527</b>	<b>12,465,543</b>	<b>2,480,557</b>	<b>9,222,931</b>	<b>11,703,488</b>
<b>LIABILITIES</b>							
Insurance contract liabilities	24	893,930	3,160,036	4,053,966	700,544	2,972,420	3,672,964
Reinsurance contract liabilities	25	114,118	-	114,118	61,762	31,981	93,743
Deferred tax liability	26	452,689	-	452,689	357,160	60,917	418,077
Current tax payable	9	-	-	-	-	117,968	117,968
Other payables	23	-	426,648	426,648	27,716	479,744	507,460
<b>Total Liabilities</b>		<b>1,460,737</b>	<b>3,586,684</b>	<b>5,047,421</b>	<b>1,147,182</b>	<b>3,663,030</b>	<b>4,810,212</b>

# COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024 continued



	Notes	Life business Kshs '000	Non-Life business Kshs '000	Total 2024 Kshs '000	Life business Kshs '000	Non-Life business Kshs '000	Total 2023 Kshs '000
<b>EQUITY</b>							
Share capital	21	500,000	1,000,000	1,500,000	500,000	1,000,000	1,500,000
General reserve	11	1,056,279	-	1,056,279	833,375	-	833,375
Revaluation reserve	11	-	221,545	221,545	-	243,885	243,885
Retained earnings	11	-	4,640,298	4,640,298	-	4,316,016	4,316,016
<b>Total Equity</b>		<b>1,556,279</b>	<b>5,861,843</b>	<b>7,418,122</b>	<b>1,333,375</b>	<b>5,559,901</b>	<b>6,893,276</b>
<b>Total Equity and Liabilities</b>		<b>3,017,016</b>	<b>9,448,527</b>	<b>12,465,543</b>	<b>2,480,557</b>	<b>9,222,931</b>	<b>11,703,488</b>

The material accounting policies on pages 44 to 69 and the notes on pages 70 to 165 form an integral part of the financial statements.

The annual report and financial statements and the notes on pages 33 to 165, were approved and authorised for issue by the Board of Directors on the 18 March 2025 and were signed on its behalf by:

**A.K. Wainaina**  
Chairman  
18 March 2025

**D.G.M. Hutchison**  
Director  
18 March 2025

**P.K. Maina**  
Principal Officer  
18 March 2025



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital Kshs'000	Translation reserve Kshs'000	Revaluation reserve Kshs'000	Contingency reserve Kshs'000	General reserve Kshs'000	Total reserves Kshs'000	Retained earnings Kshs'000	Total equity Kshs'000
<b>Balance at 1 January 2023</b>	<b>1,500,000</b>	-	<b>206,777</b>	-	<b>627,310</b>	<b>834,087</b>	<b>3,812,624</b>	<b>6,146,711</b>
Profit for the year	-	-	-	-	206,065	206,065	685,063	891,128
Other comprehensive income	-	(1,473)	55,437	-	-	53,964	-	53,964
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(1,473)</b>	<b>55,437</b>	<b>-</b>	<b>206,065</b>	<b>260,029</b>	<b>685,063</b>	<b>945,092</b>
Transfer of excess depreciation	-	-	(26,185)	-	-	(26,185)	26,185	-
Deferred tax on excess depreciation	-	-	7,856	-	-	7,856	(7,856)	-
Dividends paid	-	-	-	-	-	-	(200,000)	(200,000)
<b>Balance at 31 December 2024</b>	<b>1,500,000</b>	<b>(1,473)</b>	<b>243,885</b>	<b>-</b>	<b>833,375</b>	<b>1,075,787</b>	<b>4,316,016</b>	<b>6,891,803</b>
Profit for the year	-	-	-	-	222,904	222,904	581,421	804,325
Other comprehensive income	-	(100,106)	-	-	-	(100,106)	-	(100,106)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(100,106)</b>	<b>-</b>	<b>-</b>	<b>222,904</b>	<b>122,798</b>	<b>581,421</b>	<b>704,219</b>
Transfer from retained earnings to contingency reserve	-	-	-	33,050	-	33,050	(33,050)	-
Transfer of excess depreciation	-	-	(31,915)	-	-	(31,915)	31,915	-
Deferred tax on excess depreciation	-	-	9,575	-	-	9,575	(9,575)	-
Dividends paid	-	-	-	-	-	-	(200,000)	(200,000)
<b>Balance at 31 December 2024</b>	<b>1,500,000</b>	<b>(101,579)</b>	<b>221,545</b>	<b>33,050</b>	<b>1,056,279</b>	<b>1,209,295</b>	<b>4,686,727</b>	<b>7,396,022</b>
Note(s)	11	11	11	11	11		11	

The material accounting policies on pages 44 to 69 and the notes on pages 70 to 165 form an integral part of the financial statements.

## COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital Kshs'000	Revaluation reserve Kshs'000	General reserve Kshs'000	Total reserves Kshs'000	Retained earnings Kshs'000	Total equity Kshs'000
<b>Balance at 1 January 2023</b>	<b>1,500,000</b>	<b>206,777</b>	<b>627,310</b>	<b>834,087</b>	<b>3,812,624</b>	<b>6,146,711</b>
Profit for the year	-	-	206,065	206,065	685,063	891,128
Other comprehensive income	-	55,437	-	55,437	-	55,437
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>55,437</b>	<b>206,065</b>	<b>261,502</b>	<b>685,063</b>	<b>946,565</b>
Transfer of excess depreciation	-	(26,185)	-	(26,185)	26,185	-
Deferred tax on excess depreciation	-	7,856	-	7,856	(7,856)	-
Dividends paid	-	-	-	-	(200,000)	(200,000)
<b>Balance at 31 December 2023 and 1 January 2024</b>	<b>1,500,000</b>	<b>243,885</b>	<b>833,375</b>	<b>1,077,260</b>	<b>4,316,016</b>	<b>6,893,276</b>
Profit for the year	-	-	222,904	222,904	501,942	724,846
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>222,904</b>	<b>222,904</b>	<b>501,942</b>	<b>724,846</b>
Transfer of excess depreciation	-	(31,915)	-	(31,915)	31,915	-
Deferred tax on excess depreciation	-	9,575	-	9,575	(9,575)	-
Dividends paid	-	-	-	-	(200,000)	(200,000)
<b>Balance at 31 December 2024</b>	<b>1,500,000</b>	<b>221,545</b>	<b>1,056,279</b>	<b>1,277,824</b>	<b>4,640,298</b>	<b>7,418,122</b>
Note(s)	11	11	11		11	

The material accounting policies on pages 44 to 69 and the notes on pages 70 to 165 form an integral part of the financial statements.



## CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Total 2024 Kshs '000	Total 2023 Kshs '000
<b>Cash flows from operating activities</b>			
Cash generated from (used in) operations	28	270,613	480,325
Interest paid - lease liability		(437)	-
Tax paid	9	(287,128)	(214,252)
<b>Net cash (used in)/generated from operating activities</b>		<b>(16,952)</b>	<b>266,073</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	12	(24,192)	(17,367)
Proceeds from disposal of property and equipment	12	-	7
Purchases of investment property	14	(803)	-
Purchase of intangible assets	13	(8,034)	3,609
Mortgage loans advanced	16	(103,805)	-
Mortgage loans repaid	16	4,857	12,260
Proceeds from disposal of equities		4,748	7,054
Purchase of government securities	19	(531,294)	(283,755)
Proceeds from disposal of government securities	19	569,495	9,088
Purchase of corporate bonds	18	(5,500)	(2,000)
Proceeds from disposal of corporate bonds	18	62,000	20,000
Proceeds from deposits with financial institutions	20	12,671,809	5,337,581
Purchase of deposits with financial institutions (maturing over 3 months)		(13,669,847)	(3,936,528)
Investment income received		938,399	852,993
<b>Net cash (used in)/generated from investing activities</b>		<b>(92,167)</b>	<b>2,002,942</b>
<b>Cash flows from financing activities</b>			
Principal lease payment		(1,193)	-
Dividends paid		(200,000)	(200,000)
<b>Net cash used in financing activities</b>		<b>(201,193)</b>	<b>(200,000)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(310,312)</b>	<b>2,069,015</b>
Cash and cash equivalents at 1 January		3,196,309	1,118,178
Effect of exchange rate changes on translation of cash and cash equivalents		(76,657)	9,116
<b>Cash and cash equivalents at 31 December</b>	27	<b>2,809,340</b>	<b>3,196,309</b>

The material accounting policies on pages 44 to 69 and the notes on pages 70 to 165 form an integral part of the annual report and financial statements.



## COMPANY STATEMENT OF CASH FLOWS

	Notes	Total 2024 Kshs '000	Total 2023 restated Kshs '000
<b>Cash flows from operating activities</b>			
Cash generated from (used in) operations	28	(41,887)	443,267
Tax paid	9	(266,356)	(214,252)
<b>Net cash (used in)/generated from operating activities</b>		<b>(308,243)</b>	<b>229,015</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	12	(2,848)	(17,367)
Proceeds from disposal of property and equipment	12	-	7
Purchases of investment property	14	(803)	-
Purchase of intangible assets	13	(186)	-
Proceeds from disposal of intangible assets	13	-	3,609
Investment in subsidiary	22	(355,241)	(289,611)
Mortgage loans advanced	16	(103,805)	-
Mortgage loans repaid	16	4,857	12,260
Proceeds from disposal of equities		4,748	7,054
Purchase of government securities	19	(250,000)	-
Proceeds from disposal of government securities	19	337,200	9,088
Purchase of corporate bonds	18	(5,500)	(2,000)
Proceeds from disposal of corporate bonds	18	62,000	20,000
Proceeds from deposits with financial institutions	20	12,161,532	5,337,581
Purchase of deposits with financial institutions (maturing over 3 months)		(12,762,693)	(3,936,528)
Investment income received		895,115	852,993
<b>Net cash (used in)/generated from from investing activities</b>		<b>(15,624)</b>	<b>1,997,086</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(200,000)	(200,000)
<b>Net cash used in financing activities</b>		<b>(200,000)</b>	<b>(200,000)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(523,867)</b>	<b>2,026,101</b>
Cash and cash equivalents at 1 January		3,154,868	1,118,178
Effect of exchange rate changes on translation of cash and cash equivalents		(4,570)	10,589
<b>Cash and cash equivalents at 31 December</b>	27	<b>2,626,431</b>	<b>3,154,868</b>

The material accounting policies on pages 44 to 69 and the notes on pages 70 to 165 form an integral part of the annual report and financial statements.



## MATERIAL ACCOUNTING POLICIES

### GENERAL INFORMATION

East Africa Reinsurance Company Limited (the "Company") is incorporated in Kenya under the Kenyan Companies Act, 2015, as a private limited liability company and is domiciled in Kenya. The address of its registered office is set out on page 3.

The Company is organised into two main divisions, Non-Life business and Life business. Life business underwrites Life related risks. Non-Life business relates to all other categories of the insurance business accepted by the Company, analysed into several sub-classes of business based on the nature of the assumed risks.

For the Kenyan Companies Act reporting purposes, the balance sheet is presented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income.

The Company's subsidiary, East Africa Reinsurance (Tanzania) Company Limited, is incorporated in Tanzania as a limited liability and offers Non-Life and Life reinsurance solutions.

Please refer to the Corporate information on page 3 for details of the Company and its Subsidiary's addresses.

### 1. Material Accounting Policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

Where reference is made in the accounting policies to Group and Company, it should be interpreted as being applicable to the consolidated and company financial statements.

#### 1.1 Basis

##### Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Kenyan Companies Act, 2015.

##### Basis of preparation

The financial statements have been prepared on a historical cost basis except where otherwise stated in the accounting policies below.

##### Functional and Presentation currency

The financial statements are presented in Kenya Shillings (Kshs), the Company's functional and presentation currency. Except otherwise indicated, financial information presentation has been rounded to the nearest thousand (Kshs '000').

##### Use of estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1.22.

## MATERIAL ACCOUNTING POLICIES continued

### 1.2. New and Amended Standards

#### 1.2.1 New and Amended Standards Adopted by the Group

The following standards and interpretations apply for the first time to the financial reporting period commencing 1 January 2024:

**(a) Amendments to IAS 1 'Presentation of Financials Statements' - Classification of liabilities as Current or Non-current (Non-Current Liabilities with Covenants)**

These amendments clarify how conditions which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these amendments.

**(b) Amendments to IFRS 16, 'Leases' - Lease liability in a Sale and Leaseback**

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

**(c) Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments': Disclosures - Supplier Finance Arrangements**

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The above standards and interpretations did not have a significant impact on the Group's financial statements.

#### 1.2.2 New Standards and Interpretations Issued but not yet Effective

The Group has not applied the following new and revised standards and interpretations that have been published but are not yet effective for the period beginning 1 January 2024. None of the changes is expected to have any material impact on the Group's financial statements except IFRS 18, which will require changes to the presentation, and related disclosures, of the profit and loss account and the statement of cash flows.

**(a) Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability**

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The amendment is to be effective for annual periods beginning on or after 1 January 2025.

**(b) Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures"- Classification and Measurement of Financial Instruments**

**These amendments:**

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

The amendment is to be effective for annual periods beginning on or after 1 January 2026 (early adoption is available).



## MATERIAL ACCOUNTING POLICIES continued

### 1.2. New and Amended Standards (continued)

#### 1.2.2 New Standards and Interpretations Issued but not yet Effective (continued)

##### (c) Amendments to IFRS 18, 'Presentation and Disclosure in Financial Statements'

This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

These amendments are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted.

##### (d) IFRS 19, 'Subsidiaries without Public Accountability: Disclosures' effective 1 January 2027

This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries.

A subsidiary is eligible if:

- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

This standard is applicable to annual periods beginning on or after 1 January 2027. Earlier application is permitted.

##### (e) Annual improvements to IFRS – Volume 11

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

These improvements are effective for annual periods beginning on or after 1 January 2026 with earlier application permitted.

##### (f) Contract Referencing Nature dependent Electricity - Amendments to IFRS 9 and IFRS 7, effective 1 January 2026

Companies face challenges in applying IFRS 9 Financial Instruments to contract referencing nature-dependent electricity- sometimes referred to as renewable power purchase agreements (PPAs). The International Accounting Standards Board (IASB) has now amended IFRS 9 to address these challenges. The amendments include guidance on:

- the own-use exemption for purchasers of electricity under such PPAs; and
- hedge accounting requirements for companies that hedge their purchases or sales of electricity using PPAs.

## MATERIAL ACCOUNTING POLICIES continued

### 1.2. New and Amended Standards (continued)

#### 1.2.2 New Standards and Interpretations Issued but not yet Effective (continued)

##### (g) Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address a current conflict between the two standards and clarify that a gain or loss should be recognised fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.

Effective date for these amendments was deferred indefinitely.

### 1.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company and its subsidiaries. Control is achieved when the company:

- Has power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

#### (a) Subsidiary

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including;

- The size of the Company's holding of voting relative to the size and dispersion of holdings of other vote holders;
- Potential voting rights held by the company, other vote holders or other parties; and
- Rights arising from other contractual arrangements

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the Company ceases control of the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The consolidated financial statements incorporate the financial statements of the Company and its Subsidiary, East Africa Reinsurance (Tanzania) Company Limited up to 31 December.

#### Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.



## MATERIAL ACCOUNTING POLICIES continued

### 1.3 Basis of consolidation (continued)

#### (a) Subsidiary (continued)

##### Disposal of subsidiaries

When the Group ceases to have control over an entity, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

#### (b) Investment in subsidiary companies

In the company financial statements, investment in subsidiary is accounted for at cost.

#### (c) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. In determining whether an acquired set of activities and assets is a business, the Group assesses whether the acquired set includes, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as they are incurred, unless they are related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

### 1.4 Insurance and Reinsurance Contracts

#### (a) Classification

Contracts under which the Group accepts significant insurance risk from a cedant by agreeing to compensate the cedant if a specified uncertain future event adversely affects the cedants are classified as reinsurance contracts. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as retrocession contracts. Reinsurance and retrocession contracts also expose the Group to financial risk.

The Group's reinsurance contracts are classified into two main categories, depending on the duration of risk and as per the provisions of the Insurance Act.

#### i. Non-Life Insurance Business

This represents the insurance business of any class or classes not being life assurance business. Classes of Non-Life insurance include Aviation, Engineering, Fire, Liability, Marine, Motor, Personal Accident, Theft, Workmen's Compensation, Employer's Liability, Medical and Miscellaneous (i.e. class of business not included under those listed above). The Group's main classes are described below.



## MATERIAL ACCOUNTING POLICIES continued

### 1.4 Insurance and Reinsurance Contracts (continued)

#### (a) Classification (continued)

##### i. Non-Life Insurance Business (continued)

Fire insurance business comprises the business of effecting and carrying out contracts of reinsurance, otherwise than incidental to some other class of reinsurance business against loss or damage to property due to fire, explosion, storm and other occurrences customarily included among the risks insured against in the fire insurance business.

Medical insurance comprises the business of effecting and carrying out contracts of reinsurance against payment of expenses relating to both inpatient and outpatient treatment in respect of corporate and individual clients.

Motor insurance business comprises the business of effecting and carrying out contracts of reinsurance against loss of, or damage to or arising out of or in connection with the use of, motor vehicles, inclusive of third party risks but exclusive of transit risks.

Miscellaneous insurance business comprises the business of effecting and carrying out contracts of reinsurance which are not principally or wholly of any types included in other classes of business but shall include reinsurance of bonds of all types, reinsurance of livestock and crop reinsurance.

##### ii. Life Assurance Business

This includes assurance business of all or any of the following classes, namely, ordinary life assurance business, group life assurance business and business incidental to any such class of business.

Ordinary life assurance business comprises the business of, or in relation to, the issuing of, or the undertaking of liability to pay money on death (not being death by accident or in specified sickness only) or on the happening of any contingency dependent on the termination or continuance of human life (either with or without provision for a benefit under a continuous disability reinsurance contract), and include a contract which is subject to the payment of premiums for a term dependent on the termination or continuance of human life.

Group life assurance business comprises life reassurance business, being business of, or in relation to, the issuing of or the undertaking of liability under group life and permanent health reinsurance policy.

#### (b) Aggregation and Recognition of Insurance and Reinsurance Contracts Insurance Contracts

##### Insurance Contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

For reinsurance contracts accounted for applying the PAA, the Group determines that contracts are not onerous on initial recognition, unless there are facts and circumstances indicating otherwise. The Group assesses the likelihood of changes in applicable facts and circumstances to determine whether contracts not onerous on initial recognition belong to a group with no significant possibility of becoming onerous in the future.

If facts and circumstances indicate that some contracts may be onerous at initial recognition or the group of contracts has become onerous, the Group performs a quantitative assessment to assess whether the carrying amount of the liability for remaining coverage determined applying the PAA is less than the fulfilment cash flows related to remaining coverage determined applying the General Model. If the fulfilment cash flows related to remaining coverage determined applying the General Model exceed the PAA carrying amount of the liability for remaining coverage, the difference is recognised in profit or loss and the liability for remaining coverage is increased by the same amount.



## MATERIAL ACCOUNTING POLICIES continued

### 1.4 Insurance and Reinsurance Contracts (continued)

#### (b) Aggregation and Recognition of Insurance and Reinsurance Contracts Insurance Contracts (continued)

##### Insurance Contracts (continued)

An insurance contract issued by the Company is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Company provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

##### Reinsurance contracts

The Group uses facultative and treaty retrocession programs to mitigate some of its risk exposures. Reinsurance contracts held are accounted for applying IFRS 17 when they meet the definition of an insurance contract. This includes the condition that the contract must transfer significant insurance risk.

Reinsurance contracts transfer significant insurance risk only if they transfer to the retrocessionaire substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts, even if a reinsurance contract does not expose the issuer (reinsurer) to the possibility of a significant loss.

Groups of reinsurance contracts are established such that each group comprises a single contract. Some retrocession contracts provide cover for underlying contracts that are included in different groups. However, the Group concludes that the retrocession contract's legal form of a single contract reflects the substance of the Group's contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the retrocession contracts are not separated into multiple insurance components that relate to different underlying groups.

A group of reinsurance contracts is recognised on the following date:

- *Reinsurance contracts initiated by the Group that provide proportionate coverage:* The date on which any underlying insurance contract is initially recognised. This applies to the Group's quota share reinsurance contracts.
- *Other reinsurance contracts initiated by the Group:* The beginning of the coverage period of the group of reinsurance contracts.

However, if the Group recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date.

A group of reinsurance contracts acquired in a transfer or business combination is recognised on the date of acquisition.

#### (c) Insurance acquisition cash flows

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

If insurance acquisition cash flows are directly attributable to a group of contracts (e.g. commissions), then they are allocated to that group. However, if insurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio using a systematic and rational method.

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts.

## MATERIAL ACCOUNTING POLICIES continued

### 1.4 Insurance and Reinsurance Contracts (continued)

#### (c) Insurance acquisition cash flows (continued)

When the Group acquires insurance contracts in a transfer of contracts or a business combination, at the date of acquisition it recognises an asset for insurance acquisition cash flows at fair value for the rights to obtain:

- renewals of contracts recognised at the date of acquisition; and
- other future contracts after the date of acquisition without paying again insurance acquisition cash flows that the acquiree has already paid.

At each reporting date, the Group revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

#### Recoverability assessment

At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Group:

- a) recognises an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and
- b) if the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under (a).

The Group reverses any impairment losses in profit or loss and increases the carrying amount of the asset to the extent that the impairment conditions have improved.

#### (d) Contract Boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows.

#### Insurance Contracts

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the cedant to pay premiums or has a substantive obligation to provide services (including reinsurance coverage).

A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of the particular cedant and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The reassessment of risks considers only risks transferred from cedants to the Group, which may include both insurance and financial risks, but exclude lapse and expense risks.

#### Reinsurance Contracts

For retrocession contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the retrocessionaire or has a substantive right to receive services from the retrocessionaire.

A substantive right to receive services from the retrocessionaire ends when the retrocessionaire has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that :

- fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.



## MATERIAL ACCOUNTING POLICIES continued

### 1.4. Insurance and Reinsurance Contracts (continued)

#### (d) Contract Boundaries (continued)

##### Reinsurance Contracts (continued)

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations and, therefore, may change over time.

#### (e) Measurement - Premium Allocation Approach

The Group uses the Premium Allocation Approach (PAA) to the measurement of groups of contracts when the following criteria are met at inception.

- Reinsurance contracts: The coverage period of each contract in the group is one year or less, or the Group reasonably expects that the resulting measurement of the liability for remaining coverage would not differ materially from the result of applying the general measurement method.
- Loss-occurring retrocession contracts: The coverage period of each contract in the group is one year or less.
- Risk-attaching retrocession contracts: The Group reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the general measurement method. When comparing the different possible measurements, the Group considers the impact of the different release patterns of the asset for remaining coverage to profit or loss and the impact of the time value of money. If significant variability is expected in the fulfilment cash flows during the period before a claim is incurred, then this criterion is not met.

#### Insurance contracts measured under the PAA

On initial recognition of each group of contracts, the Group measures the liability for remaining coverage at the amount of premiums received on less any acquisition cash flows paid and any amounts from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows under (c) above). The Group amortises insurance acquisition cash flows over the reinsurance coverage period. Therefore the Group does not expense acquisition cash flows when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses, and decreased by the amount recognised as insurance revenue for services provided (see (g)) and any insurance acquisition cash flows paid in the period or allocated after initial recognition. On initial recognition of each group of contracts, the Group expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Group has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

Premiums due to the Group for insurance contract services already provided in the period but not yet received at the end of the reporting period are included in the Liability for Remaining Coverage (LRC). The carrying amount of the LRC at the end of each subsequent reporting period represents the carrying amount at the start of the reporting period adjusted for the premiums received in the period and the amount recognised as insurance revenue for insurance contract services provided in that period.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are discounted (at current rates) if the liability for incurred claims is also discounted (see below).

The Group recognises the liability for incurred claims of a group of reinsurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows are discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

## MATERIAL ACCOUNTING POLICIES continued

### 1.4. Insurance and Reinsurance Contracts (continued)

#### (e) Measurement - Premium Allocation Approach (continued)

##### Reinsurance contracts measured under PAA

The Group applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of reinsurance contracts.

For reinsurance contracts held, on initial recognition, the Group measures the asset for remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the retrocessionaire and any amounts arising from the derecognition of any other relevant pre-recognition cash flows. On subsequent measurement, the remaining coverage is increased for ceding premiums and broker fees paid in the period; and decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period.

The Group does not adjust the remaining coverage for reinsurance contracts held for the effect of the time value of money, because insurance premiums are due within the coverage period of contracts, which is one year or less. Further, the Group adjusts the remaining coverage for reinsurance contracts held for the effect of the risk of reinsurer's non-performance.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held measured under the PAA is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the retrocession contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

The Group does not have any retrocession contracts held measured under the PAA with underlying contracts measured under the general measurement method.

#### (f) Contract Derecognition and Modification

The Group derecognizes a contract when it is extinguished, i.e., when the specified obligation in the contract expire or are discharged or cancelled.

The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

When a new contract is required to be recognised as a result of modification and it is within the scope of IFRS 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, and contract aggregation requirements.

When a reinsurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

- if the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;
- if the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or
- if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.



## MATERIAL ACCOUNTING POLICIES continued

### 1.4. Insurance and Reinsurance Contracts (continued)

#### (g) Presentation

Portfolios of reinsurance contracts that are assets and those that are liabilities, and portfolios of retrocession contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows under (iii)) are included in the carrying amount of the related portfolios of contracts.

The Group disaggregates amounts recognised in the statement of profit or loss and other comprehensive into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) the net finance income or expenses. The Group has voluntarily included the net insurance and investment result, which sums the insurance service result, investment return and the net finance income or expenses.

Income and expenses from retrocession contracts are presented separately from income and expenses from reinsurance contracts. Income and expenses from retrocession contracts, other than insurance finance income or expenses, are presented separately.

The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Insurance revenue and insurance service expenses are recognised as follows.

#### Insurance revenue

Following the Group's policy to measure contracts under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Group allocates the expected premium receipts to each period based on the passage of time.

#### Loss components

If at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group establishes a loss component of the liability for remaining coverage. The loss component is calculated as the difference between the carrying amount of the liability for remaining coverage and the fulfilment cash flows that relate to remaining coverage of the group. The loss component is recognised in profit or loss and a corresponding increase in the liability for remaining coverage.

#### Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They comprise the following items:

- Incurred claims and other insurance service expenses
- Amortisation of insurance acquisition cash flows: The Group amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts.
- Loss component on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein (risk adjustment for non-financial risk).
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

Other expenses not meeting the above categories are included in other expenses in the statement of profit or loss and other comprehensive.

#### Reinsurance Expenses and Recoveries

Reinsurance expenses comprise an allocation of reinsurance premiums paid while recoveries are the amounts recoverable from reinsurers.

The Group recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period. Further, ceding commissions that are not contingent on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurer which is then allocated to profit or loss.



## MATERIAL ACCOUNTING POLICIES continued

### 1.4. Insurance and Reinsurance Contracts (continued)

#### (g) Presentation (continued)

For a group of reinsurance contracts covering onerous underlying contracts, the Group establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
- for changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Group expects to recover from the reinsurance contracts.

#### Insurance Finance Income and Expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of reinsurance and retrocession contracts arising from the effects of the time value of money, financial risk and changes therein. Their key components within insurance finance income and expenses are:

- interest accreted on the liability for incurred claims (LIC); and
- the effect of changes in interest rates and other financial assumptions.

The Group has chosen not to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income (OCI). The Group presents insurance finance income or expenses in profit or loss, as the supporting assets are generally measured at fair value through profit or loss (FVTPL).

### 1.5 Revenue recognition

#### (i) Insurance revenue

The revenue recognition policy relating to reinsurance contracts is set out under note 1.4 above.

#### (ii) Investment income

**Interest income:** Interest income is calculated by applying the effective interest method to the gross carrying amount of the financial assets measured at amortised cost. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate, such as origination fees.

**Dividend income:** Dividends are recognized as income in the period in which the right to receive payment is established.

**Rental income:** Rental income is recognized as income in the period in which it is earned.

All investment income is stated net of investment expenses.



## MATERIAL ACCOUNTING POLICIES continued

### 1.6 Property and equipment

All property and equipment are initially measured at historical cost. Land and buildings are subsequently shown at revaluation value, based on periodic valuations by external independent valuers, less subsequent depreciation and any accumulated impairment losses. All other categories of property and equipment are stated at historical cost less depreciation and any accumulated impairment losses.

Increases in the carrying amount of land and buildings arising from revaluations are credited to other comprehensive income and accumulated in a revaluation reserve under a separate heading in the statement of changes in equity. Decreases that offset previous increases of the same asset are charged against other comprehensive income. All other decreases are charged to the profit or loss. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Depreciation is calculated on property and equipment on the straight line basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life as follows:

• Land and Buildings	Remaining lease period
• Motor vehicles	4 years
• Computer equipment and software	3 years
• Furniture, fittings and office equipment	8 years

Property and equipment values are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

An item of property and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal. Gains and losses on derecognition of property and equipment are determined by reference to their carrying amounts. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings.

### 1.7 Intangible assets – Computer software

Acquired computer software and related licenses are stated at cost less accumulated amortisation and accumulated impairment losses. Acquired computer software licenses are capitalised on the basis of the cost incurred to acquire and bring to use the specific software.

Costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognized as intangible assets. Direct costs include software development, employee costs and an appropriate portion of relevant overheads.

Amortisation is recognized in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use, not exceeding 3 years.

### 1.8 Investment property

Investment property comprises land and buildings held to earn rentals or for capital appreciation or both. Investment property, is initially recognised at cost including the transaction costs. Subsequently, investment property is carried at fair value at the reporting date as determined through an annual revaluation by external valuers on the basis of the highest and best use. Gains or losses arising from changes in the fair value of the investment property are included in profit or loss in the period in which they arise.

The investment property is not subject to depreciation. Changes in the carrying amount between the ends of each reporting periods are recognised through profit or loss. On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

## MATERIAL ACCOUNTING POLICIES continued

### 1.9 Financial assets

On initial recognition, the Group classifies a financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL), and
- Amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Consequently, financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI).

All financial assets not classified as measured at amortised cost are measured at FVTPL. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income (FVOCI) as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### a. Recognition and derecognition

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

#### b. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

### Debt instruments

Debts instruments are those instruments that meet the definition of financial liability from the issuer's perspective such as loans, government and corporate bonds. Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset:

Based on these factors, the Group classifies its debt instruments to amortised cost.

- At amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.
- Business model: the business model reflected how the Group manages the assets in order to generate cash flows i.e. whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel and how risks are assessed and managed.



## MATERIAL ACCOUNTING POLICIES continued

### 1.9 Financial assets (continued)

#### b. Measurement (continued)

##### Debt instruments (continued)

- SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flow represent solely payments of principal and interest ('SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

##### Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at FVTPL are recognised in the statement of profit or loss.

#### c. Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This includes listed equity securities and quoted debt instruments on major exchanges (Nairobi Securities Exchange). The quoted market price used for financial assets held by the Group is the current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. For example, a market is inactive when there is a wide bid-offer spread or a significant increase in the bid-offer spread, or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group at the end of the reporting period during which the change occurred.

## MATERIAL ACCOUNTING POLICIES continued

### 1.9 Financial assets (continued)

#### d. Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becomes probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group, including:
  - a) An adverse changes in the payment status of issuers or debtors in the Group; or
  - b) National or local economic conditions that correlate with defaults on the assets in the Group.

The expected credit loss impairment model applies to the following financial instruments that are not measured at FVTPL:

- Government securities measured at amortised cost;
- Reinsurance contract assets;
- Other receivables;
- Corporate bonds;
- Deposits with financial institutions; and
- Cash and bank balances.

No impairment loss is recognised on equity investments and financial assets measured at FVTPL.

The Group recognises loss allowance at an amount equal to either 12-month ECLs or lifetime ECLs. Life time ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

The Group will recognise loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:

- Debt instruments that are determined to have low credit risk at the reporting date. The Group will consider a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade' and investments in government securities; and
- Other financial instruments (other than trade receivables) for which credit risk has not increased significantly since initial recognition.

The impairment requirements of IFRS 9 require management judgement, estimates and assumptions, particularly in the following areas, which are discussed in detail below:

- Assessing whether the credit risk of an instrument has increased significantly since initial recognition; and
- Incorporating forward-looking information into the measurement of ECLs.

#### Measurement of expected credit losses (ECL)

ECLs are a probability-weighted estimate of credit losses and will be measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive;
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;



## MATERIAL ACCOUNTING POLICIES continued

### 1.9. Financial assets (continued)

#### d. Impairment (continued)

##### Measurement of expected credit losses (ECL) (continued)

An asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset. The following are examples of such events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract - e.g. a default or past-due event;
- A lender having granted a concession to the borrower - for economic or contractual reasons relating to the borrower's financial difficulty - that the lender would not otherwise consider;
- It becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

##### Expected credit losses

The key inputs into the measurement of ECL are the term structures of the following variables, Probability of Default(PD); Loss given default (LGD); and Exposure at default (EAD).

To determine lifetime and 12-month PDs, the Group uses the PD tables supplied by Standard & Poors based on the default history of obligors with the same credit rating. The Group adopts the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings. The PDs are recalibrated based on current bond yields, and adjusted to reflect forward-looking information. Changes in the rating for a counterparty or exposure lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by mortgage property, loan-to-value ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount.

Expected credit losses are computed as a product of the Probability of Default (PD), Loss Given Default (LGD) and the Exposure at Default (EAD).

In applying the IFRS 9 impairment requirements, the Group applies both the general approach; and the simplified approach.

##### The General Approach

Under the general approach, at each reporting date, the Group determines whether the financial asset is in one of three stages in order to determine both the amount of ECL to recognise as well as how interest income should be recognised.

- Stage 1 - where credit risk has not increased significantly since initial recognition. For financial assets in stage 1, the Group will recognise 12 month ECL and recognise interest income on a gross basis – this means that interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.
- Stage 2 - where credit risk has increased significantly since initial recognition. When a financial asset transfers to stage 2, the Group will recognise lifetime ECL but interest income will continue to be recognised on a gross basis.
- Stage 3 - where the financial asset is credit impaired. This is effectively the point at which there has been an incurred loss event. For financial assets in stage 3, the Group will continue to recognise lifetime ECL but they will now recognise interest income on a net basis. As such, interest income will be calculated based on the gross carrying amount of the financial asset less ECL.

The changes in the loss allowance balance are recognised in profit or loss as an impairment gain or loss.

## MATERIAL ACCOUNTING POLICIES continued

### 1.9. Financial assets (continued)

#### d. Impairment (continued)

##### The Simplified Approach

Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

##### Definition of default

The Group will consider a financial asset to be in default when:

- The counterparty or borrower is unlikely to pay their credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The counterparty or borrower is more than 90 days past due on any material credit obligation to the Group and 2 years for receivables arising from reinsurance arrangements. This will be consistent with the rebuttable criteria set out by IFRS 9 and existing practice of the Group.

In assessing whether the counterparty or borrower is in default, the Group considers indicators that are:

- Qualitative: e.g. Breach of covenant and other indicators of financial distress;
- Quantitative: e.g. Overdue status and non-payment of another obligation of the same issuer to the Group; and
- Based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

##### Significant increase in credit risk (SICR)

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience, expert credit assessment and forward-looking information.

The Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime probability of default (PD) as at the reporting date; with
- The remaining lifetime PD for this point in time that was estimated on initial recognition of the exposure.

The assessment of significant deterioration is key in establishing the point of switching between the requirement to measure an allowance based on 12-month expected credit losses and one that is based on lifetime expected credit losses.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- The criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- The criteria do not align with the point in time when an asset becomes 30 days past due;
- The average time between the identification of a significant increase in credit risk and default appears reasonable;
- Exposures are not generally transferred from 12-month ECL measurement to credit-impaired; and
- There is no unwarranted volatility in loss allowance from transfers between 12-month and lifetime ECL measurements.

##### Incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECL. It formulates a 'base case' view of the future direction of relevant economic variables and forecast scenarios based on consideration of a variety of external actual and forecast information. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates.

The base case represents a best estimate and is aligned with information used by the Group for other purposes, such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes.





## MATERIAL ACCOUNTING POLICIES continued

### 1.9 Financial assets (continued)

#### d. Impairment (continued)

##### Write off policy

The Group writes off financial assets, in whole or in part when it has exhausted all practical recovery effort and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity; and (ii) the Group is foreclosing on collateral and the value of the collateral is such as there is no reasonable expectation of recovering in full.

### 1.10 Financial liabilities

Financial liabilities are initially recognized at fair value. After initial recognition, the Group measures all financial liabilities at amortized cost. Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

#### Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 1.11 Impairment of other non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

### 1.12 Cash and bank balances

Cash and bank balances are carried in the statement of financial position at amortised cost.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and government securities and deposits with financial institutions with original maturities of 90 days or less.

### 1.13 Dividends

Dividends on ordinary shares are charged to retained earnings in the year in which they are approved. Dividend distributions to the Group's shareholders are recognised as a liability in the Group's financial statements in the year in which the dividends are approved by the shareholders.

### 1.14 Employee benefits

#### (i) Employee entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the end of each reporting period is recognized as an expense accrual.

#### (ii) Retirement benefit obligations

The Company operates a defined contribution scheme for its employees. A defined contribution scheme is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The assets of the scheme are held in separate trustee administered funds, which are funded from contributions from both the Company and employees.

The Group and all its employees also contribute to the National Social Security Fund (NSSF) in Kenya and Tanzania, which is a statutory defined contribution scheme.

## MATERIAL ACCOUNTING POLICIES continued

### 1.15 Leases

#### Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

#### Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase options, if the Group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item on the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.



## MATERIAL ACCOUNTING POLICIES continued

### 1.15 Leases (continued)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

#### Group as lessor

The Group is a lessor, and its investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include periodic escalation rates, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees or security deposits for the term of the lease.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and, therefore, will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

The Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'investment income'.

### 1.16 Share capital

Ordinary shares are recognized at par value and classified as 'share capital' in equity.

### 1.17 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes of presentation in the current year.

### 1.18 Investment in Subsidiaries

Investments in subsidiaries are carried at cost less provisions for impairment losses. Where in the opinion of the Directors, there has been impairment in the value of the investment; the loss is recognised as an expense in the period in which the impairment is recognised.

## MATERIAL ACCOUNTING POLICIES continued

### 1.19 Income Tax Expense

Income tax expense represents the sum of the current tax payable and the deferred income tax. Tax is recognised as an expense/income and included in the profit or loss except to the extent that the tax arises from a transaction which is recognised in other comprehensive income or items recognised directly in equity in which case it will also be recognised in equity.

#### (i) Current income tax

Current tax is computed in accordance with the income tax laws applicable to insurance companies. The current income tax charge is calculated on the basis of the tax rates enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### (ii) Deferred income tax

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, deferred income tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting or taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets attributable to tax losses are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 1.20 Foreign Currency Translation

#### (a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The financial statements are presented in Kenya shillings, which is the Group's presentation currency. The financial statements are presented in Kenya Shillings (KShs) rounded to the nearest thousand.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for differences arising on translation of non-monetary financial assets carried at fair value through other comprehensive income, which are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Kenya shillings, which is the functional currency of the company and the presentation currency for the consolidated financial statements.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated to Kenya shillings using exchange rates prevailing at the end of each reporting period.



## MATERIAL ACCOUNTING POLICIES continued

### 1.20 Foreign Currency Translation (continued)

#### (b) Transactions and balances (continued)

Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and recognised in other comprehensive income and accumulated in equity under the groups' currency translation reserve. Such differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

### 1.21 Provisions

Provisions for liabilities are recognised when there is a present obligation (legal or constructive) resulting from a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the monetary value of the obligation.

### 1.22 Use of Judgements and Accounting Estimates

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that the directors have made in the process of applying the Group's accounting policies and that will have the most significant effect on the amounts recognised in financial statements:

#### (a) The ultimate liability arising from claims payable under reinsurance contracts

The estimation of future benefit payments in relation to life reinsurance and Non-Life reinsurance contracts is the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liability that the Group will ultimately pay for such claims. The determination of the liabilities under Non-Life reinsurance contracts and life reinsurance contracts is undertaken by the Group's consulting actuaries on an annual basis.

The main assumption applied in the estimation of the ultimate claims liability is the expectation that the Group's past claims experience can be used to project future claims development and hence ultimate claims costs. Actuarial methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by event years. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, for example, to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved. A margin for adverse deviation may also be included in the liability valuation.

Further details on this process are disclosed in Note 24.

#### b) Determining Fulfilment Cash Flows

Fulfilment cash flows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

The Group's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value.

## MATERIAL ACCOUNTING POLICIES continued

### 1.22 Use of Judgements and Accounting Estimates (continued)

#### b) Determining Fulfilment Cash Flows (continued)

##### Estimates of future cash flows

In estimating future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Group takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) cedants, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:

- claims handling, maintenance and administration costs;
- recurring commissions payable on instalment premiums receivable within the contract boundary;
- costs that the group will incur in providing investment services;
- costs that the group will incur in performing investment activities to the extent that the group performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs; and
- income tax and other costs specifically chargeable to the policyholders under the terms of the contracts.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. The Group's insurance acquisition cash flows comprises of commissions, deferred acquisition costs (DAC) and pipeline commissions. Commissions within each group are determined by actual bookings, while DAC and pipeline commissions are allocated proportionally to total premiums within each group. Additionally, maintenance and administration costs are assigned to each group based on their respective total premiums. Other costs are recognised in profit or loss as they are incurred.

The Group estimates the ultimate cost of settling claims incurred but unpaid at the reporting date and other expected recoveries by reviewing individual claims reported and making allowance for claims incurred but not yet reported. The ultimate cost of settling claims is estimated using a range of loss reserving techniques – e.g. the Chain-ladder and Bornhuetter- Ferguson methods. These techniques assume that the Group's own claims experience is indicative of future claims development patterns and therefore ultimate claims cost. The ultimate cost of settling claims is estimated separately for each line of business, except for large claims, which are assessed separately from other claims.

The assumptions used, including loss ratios and future claims inflation, are implicitly derived from the historical claims development data on which the projections are based, although judgement is applied to assess the extent to which past trends might not apply in the future and future trends are expected to emerge.



## MATERIAL ACCOUNTING POLICIES continued

### 1.22 Use of Judgements and Accounting Estimates (continued)

#### b) Determining Fulfilment Cash Flows (continued)

##### Discount Rates

Cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The Group generally determines the risk-free rates using the observed government bond yield curves. To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium. The practical approach the Group will apply is to use covered bonds, where illiquid bonds are covered with a collateral that is considered safe. The illiquidity premium in this case is equal to the covered bond spread over the risk free rate. To compute the illiquidity premium, the Group will compare yield on government and corporate bonds of the same maturity profile. The difference determined constitute both credit and liquidity premiums. External rating agencies credit rating are used as the proxy for the credit risk factor and the balance is then considered to be illiquidity premium as applicable.

The tables below set out the yield curves used to discount the cash flows of insurance contracts

COMPANY At 31 December	1 year	2 years	3 years	4 years	5 years	>5 years
2024	11.4 %	12.3 %	13.4 %	14.2 %	14.1%	13.9% - 13.7%
2023	10.3%	12.2%	12.7%	13.1%	17.4%	16.8% - 15.7%

SUSIDIARY At 31 December	1 year	5 years	>5 years
2024	11.7%	12.5%	13.0% - 15.7%

#### c) Determination of the contract boundary

The measurement of a group of reinsurance contracts includes all the future cash flows arising within the contract boundary. In determining which cash flows fall within a contract boundary, the Group considers its substantive rights and obligations arising from the terms of the contract, from applicable law, regulation and customary business practices. Cash flows are considered to be outside of the contract boundary if the Group has the practical ability to reprice existing contracts to reflect their reassessed risks, and if the contract's pricing for coverage up to the date of reassessment only considers the risks until the next reassessment date. The Group applies its judgement in assessing whether it has the practical ability to set a price that fully reflects all the risks in the contract or portfolio.

#### d) Level of aggregation

The Group applies judgement when identifying portfolios of contracts and determining groups of contracts that are onerous on initial recognition and those that have no significant possibility of becoming onerous subsequently.

#### e) Assessment of directly attributable cash flows

The Group uses judgement in assessing whether cash flows are directly attributable to a specific portfolio of reinsurance contracts. Insurance acquisition cash flows are included in the measurement of a group of insurance contracts only if they are directly attributable to the individual contracts in a group, or to the group itself, or the portfolio of insurance contracts to which the group belongs. When estimating fulfilment cash flows, the Group also allocates fixed and variable overheads fulfilment cash flows directly attributable to the fulfilment of insurance contracts.

#### f) Assessment of eligibility for Premium Allocation Approach (PAA)

For reinsurance contracts with a coverage period extending beyond one year, the Group has elected to apply the premium allocation approach (PAA), if at the inception of the group, the Group reasonably expects that it will provide a liability for remaining coverage that would not differ materially from the General Model. The Group exercises judgement in determining whether the PAA eligibility criteria are met at initial recognition.



## MATERIAL ACCOUNTING POLICIES continued

### 1.22 Use of Judgements and Accounting Estimates (continued)

#### g) Selecting a method of risk adjustments for non-financial risk and allocation of coverage units

IFRS 17 establishes a principle for determining coverage units, not a set of detailed requirements or methods. The selection of the appropriate method for determining the amount of coverage units is not an accounting policy choice. It involves the exercise of significant judgement in determining the techniques for estimating risk adjustments for nonfinancial risk and development of estimates of the coverage units provided under a contract considering individual facts and circumstances. The Group selects the appropriate method on a portfolio-by-portfolio basis.

#### h) Pipeline income and expense transactions

At each reporting period, estimates are made for revenue earned but not reported by the Group's cedants, claims, insurance benefits incurred and other related expenses. Retrocession costs and associated commissions receivable and acquisition costs are also estimated by application of the appropriate ratios to the annualised retrocession costs.

#### i) Measurement of expected credit losses on financial assets

The measurement of the expected credit loss (ECL) allowance for financial assets measured at amortised cost requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of cedants defaulting and the resulting losses). A number of significant judgements are required in applying the accounting requirements for measuring ECL, such as:

- Determining the criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings for a forward-looking scenarios for each type of product/market and associated ECL;
- Establishing groups of similar assets for the purposes of measuring ECL; and
- Determining the appropriate business models and assessing the "solely payments of principal and interest (SPPI)" requirements for financial assets.

The Group uses historical data to project the possibility of default. Further, the Group uses the possibility of default tables supplied by S&P based on the default history of a particular company with the same credit rating. This also applies to unrated investments which are mapped to the equivalent external credit ratings. Any change in the counterparty leads to a change in the estimated possibility of default.

Note 2 sets out information about the impairment of financial assets and the Group's exposure to credit risk.

#### j) Valuation of investment property, land and buildings

Estimates are made in determining valuations of investment properties, land and buildings. The Group's management uses experts in determination of the values to adopt. The current use of the investment properties equates to the highest and best use.

#### k) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded securities or other available fair value indicators.

#### Other areas of judgement

Management exercises critical judgment in determining the classification of debt and equity instruments and considers the substance of the contractual terms of the various instruments.



## NOTES TO THE FINANCIAL STATEMENTS

### 2. RISK AND CAPITAL MANAGEMENT

Insurance and reinsurance contracts expose the Group to underwriting risk, which comprises insurance risk, and expense risk.

In addition, the Group is exposed to financial and operational risks from insurance and reinsurance contracts and financial instruments. Financial risks include credit risk, liquidity risk and market risk. Market risk comprises currency risk, interest rate risk, equity prices risk and other price risk.

This note presents information about the Group's risk exposures, and the Group's objectives, policies and processes for measuring and managing risks and for managing capital, in the sections below.

#### A. Risk management framework

##### B. Key risks arising from contracts issued

- (i) Life risk contracts
- (ii) Non-Life contracts

##### C. Underwriting risk

- (i) Management of underwriting risk
- (ii) Concentrations of underwriting risk
- (iii) Sensitivity

##### D. Market risk

- (i) Management of market risk
- (ii) Currency risk
- (iii) Interest rate risk
- (iv) Equity price risk

##### E. Liquidity risk

##### F. Credit risk

##### G. Fair value estimation

##### H. Operation risk

##### I. Capital management

#### A. Risk management framework

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit, Risk and Compliance Committee is responsible for approving and monitoring the Group's risk management policies, and reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, set appropriate risk limits and controls, and monitor adherence to risk limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit, Risk and Compliance Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. It is assisted in its oversight role by internal audit, which undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit, Risk and Compliance Committee.

Under the risk management framework, the Group employs risk management programmes, including asset-liability matching (ALM) processes, and retrocession programmes.

## NOTES TO THE FINANCIAL STATEMENTS continued

### 2. RISK AND CAPITAL MANAGEMENT (continued)

#### B. Key Risks Arising from Contracts Issued

The Group issues insurance contracts and the nature and extent of the underwriting and financial risks arising from these contracts are determined by the contract design. The risks are evaluated for risk management purposes in conjunction with the risks mitigated by related retrocession contracts and the risks arising from financial assets held to fund the settlement of the liabilities. The extent to which profit or loss and equity in any period are sensitive to financial risks depends on the extent to which they are economically hedged or borne by contract holders and the extent of any mismatches inherent in the accounting policies adopted by the Group.

Product	Key risks	Risk mitigation
<b>Life Contracts</b>	<ul style="list-style-type: none"> <li>• Mortality risk: death of policy holder earlier than expected</li> </ul>	<ul style="list-style-type: none"> <li>• Reinsurance with financially strong reinsurers</li> </ul>
Term assurance and critical illness	<ul style="list-style-type: none"> <li>• Morbidity risk: diagnosis of critical illness earlier than expected</li> </ul>	
<b>Non-Life Contracts</b>	<ul style="list-style-type: none"> <li>• Extreme weather events</li> <li>• Natural catastrophes</li> </ul>	<ul style="list-style-type: none"> <li>• Diversification of types of risk, industries and geographic locations in which risks are written</li> </ul>
Property and casualty	<ul style="list-style-type: none"> <li>• Legislative changes giving rise to increased claims</li> <li>• Emergence of long-tailed claims: e.g. latent disease type claims</li> </ul>	<ul style="list-style-type: none"> <li>• Extensive analysis of data to enhance risk selection, segmentation and profitability</li> <li>• Reinsurance with financially strong reinsurers, including excess of loss catastrophe cover</li> </ul>

These key risks reflect only the downside risk to the Group. However, for most of these risks, there is also an upside risk.

#### Life Contracts

All life contracts expose the Group to significant insurance risk. Although mortality, morbidity and longevity experience may be affected by unexpected events (e.g. epidemics), the most significant changes to insurance risk factors (e.g. lifestyle changes, medical advances and improvements in social conditions) tend to occur over a long period of time. The longer the coverage period, the greater the Group's exposure to insurance risk.

Term assurance contracts provide policy holders with a fixed lump sum payable on death. Term assurance contracts provide coverage over a fixed term. Term assurance premiums may be level or increasing over time (for yearly renewable contracts).

Critical illness contracts are similar to term assurance but pay out a lump sum if the policyholder is diagnosed with an illness specified in the contract.

For details of the credit risk from reinsurance contract assets and investments, see section E.

#### Non-Life contracts

The key risks arising from Non-Life contracts are the unknown frequency and severity of claims, which are influenced by the nature of the risks covered and the geographic location in which the risks are written.

The frequency and severity of Non-Life claims is affected by the occurrence of extreme weather events (e.g. floods, wild fires and hurricanes) and other natural catastrophes (e.g. earthquakes). In particular, the cost of rebuilding or repairing a property, together with the cost of business interruption, is a significant feature in the overall value of claims in this portfolio. In addition, increasing climate risk could potentially introduce material uncertainty in assumptions and result in inaccurate pricing of insurance risk. In addition, the severity of claims is significantly affected by increases in the value of settlements awarded for latent diseases and inflation. The nature and frequency of claims may be affected by emerging trends and changes in legislation.



## NOTES TO THE FINANCIAL STATEMENTS continued

### 2 RISK AND CAPITAL MANAGEMENT (continued)

#### C. Underwriting risk

Underwriting risk comprises insurance risk and expense risk.

- Insurance risk: the risk transferred from the client to the Group, other than financial risk. Insurance risk arises from the inherent uncertainty about the occurrence, amount or timing of claims.
- Expense risk: the risk of unexpected increases in the administrative costs associated with the servicing of a contract (rather than in the costs associated with insured events).

##### (i) Management of underwriting risk

The Board of Directors sets the Group's strategy for accepting and managing underwriting risk. Specific underwriting objectives such as, aggregation limits, reinsurance protection thresholds and line of business diversification parameters, are prepared and reviewed by Management. The Board continuously reviews its underwriting strategy in the light of evolving market pricing and loss conditions and as opportunities present themselves.

#### Life Contracts

A key aspect of the underwriting process for life contracts is pricing contracts with regard to the insurance risks assumed. Prices charged for the cost of insurance risk are set through a generally accepted reinsurance pricing model which takes into account emerging trends in insurance risk factors.

Mortality, morbidity and longevity risks are mitigated by the use of retrocession programmes. The aggregation of risk ceded to individual reinsurers is monitored. Expense risk is managed through the annual budgeting process and regular expense analyses.

#### Non-Life contracts

A key component of the management of underwriting risk for the Group's Non-Life products is a disciplined underwriting strategy that is focused on writing quality business. Product pricing is intended to incorporate appropriate premiums for each type of assumed risk. The underwriting strategy includes underwriting limits on the Group's total exposure to specific risks, together with limits on geographic and industry exposures. The aim is to ensure that a diversified book is maintained, with no over-exposure in any one geographic region.

Non-Life contracts are renewable annually and the ability to reprice contracts on renewal in response to changes in policyholder risk profiles, claims experience and market considerations is a significant mitigant to pricing risk. Contracts may also contain other features that constrain underwriting risk – e.g. the use of deductibles and capping on the maximum permitted loss or number of claims (subject to local regulatory and legislative requirements).

The Group uses various techniques to assess risk exposure and endeavour to optimise the pricing of Non-Life contracts. The possibility of weather-related calamities is built into pricing, considering trends in historical data and leading indicators of climate risk. In property, the Group leverages advanced analytics (e.g. flood mapping) for identifying properties most at risk and improving risk selection.

The Group uses reinsurance to mitigate the risk of incurring significant losses linked to single events, including excess of loss and stop loss reinsurance. Certain Non-Life businesses are required to protect against catastrophe events. Where an individual exposure exceeds the Group's risk appetite, additional facultative reinsurance is also purchased.

The risk under any one reinsurance contract is the possibility that the reinsured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of a reinsurance contract, this risk is random and therefore unpredictable.

For a portfolio of reinsurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its reinsurance contracts is that the actual claims and benefit payments may exceed the carrying amount of the reinsurance liabilities and the pricing is inadequate to meet its obligations. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

## NOTES TO THE FINANCIAL STATEMENTS continued

### 2. RISK AND CAPITAL MANAGEMENT (continued)

#### C. Underwriting risk (continued)

##### (i) Management of underwriting risk (continued)

Experience shows that the larger the portfolio of similar reinsurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its reinsurance underwriting strategy to diversify the type of risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate reinsurance risk include lack of risk diversification in terms of type and amount of risk, geographic allocation and type of industry covered.

The Group minimizes its exposure by purchasing retrocession protection from credible counter parties. The Group's retention (net exposure) is protected by retrocession treaties as follows:

GROUP AND COMPANY	Limit (Kshs)
Property	<ul style="list-style-type: none"> <li>3,425 million in excess of 75 million Property Surplus Treaty Limit: 750 million</li> </ul>
Marine	<ul style="list-style-type: none"> <li>1,032 million in excess of 17.5 million</li> </ul>
Miscellaneous Accident	<ul style="list-style-type: none"> <li>80 million in excess of 20 million</li> </ul>
Terrorism and Political Risks	<ul style="list-style-type: none"> <li>Quota Share Limit: 1,040 million</li> </ul>
Life Business	<ul style="list-style-type: none"> <li>Warranted minimum number of victims: 3</li> <li>Group's Catastrophe (CAT) retention: 120 million</li> <li>Reimbursable portion: 100%</li> <li>Reinsurer's max liability: 40 million per life,</li> <li>400 million per CAT and 800 million per period.</li> <li>Quota Share &amp; Surplus – Quota Share limit: 1.2 million (Kenindia Business)</li> <li>Credit Life 30% Quota Share</li> </ul>

The Group's concentration in the Non-Life business increased by Kshs 146.05 billion in 2024, reaching Kshs 347.95 billion, up from Kshs 201.90 billion in 2023. On the other hand, the Company's concentration in the Non-Life business increased by Kshs 102.08 billion in 2024, reaching Kshs 303.98 billion, up from Kshs 201.90 billion in 2023. This growth was primarily attributed to an increase in facultative business acceptance, particularly in the property classes, namely Fire and Engineering.

The Group's concentration in the Life business increased by Kshs 76.92 billion in 2024, reaching Kshs 214.09 billion, up from Kshs 137.17 billion in 2023. On the other hand, the Company's concentration in the Life business increased by Kshs 13.55 billion in 2024, reaching Kshs 150.72 billion, up from Kshs 137.17 billion in 2023. This growth was in line with the overall life business growth in 2024.



## NOTES TO THE FINANCIAL STATEMENTS continued

### 2. RISK AND CAPITAL MANAGEMENT (continued)

#### C. Underwriting risk (continued)

##### (i) Management of underwriting risk (continued)

#### GROUP

2024

#### TOTAL EXPOSURE

Class of Business		0–20 million Kshs'000	20–250 million Kshs'000	250–1000 million Kshs'000	Total Kshs'000
<b>Life &amp; Non-Life Business</b>					
Ordinary life	Gross	11,490,188	2,078,386	438,145	14,006,719
	Net	8,178,560	182,000	2,963	8,363,523
Group life	Gross	173,222,279	23,864,747	2,997,106	200,084,132
	Net	99,603,079	1,896,794	-	101,499,873
Fire	Gross	3,231,960	47,781,885	238,335,889	289,349,734
	Net	3,170,247	46,211,714	135,272,493	184,654,454
Miscellaneous	Gross	2,622,658	15,939,389	33,745,490	52,307,537
	Net	2,117,920	10,393,523	15,108,711	27,620,154
Motor	Gross	1,049,196	1,439,507	-	2,488,703
	Net	1,029,096	1,336,745	-	2,365,841
Others	Gross	156,163	848,648	2,798,272	3,803,083
	Net	154,269	720,331	-	874,600
<b>Total</b>	<b>Gross</b>	<b>191,772,444</b>	<b>91,952,562</b>	<b>278,314,902</b>	<b>562,039,908</b>
<b>Total</b>	<b>Net</b>	<b>114,253,171</b>	<b>60,741,107</b>	<b>150,384,167</b>	<b>325,378,445</b>

2023

#### TOTAL EXPOSURE

Class of Business		0–20 million Kshs'000	20–250 million Kshs'000	250–1000 million Kshs'000	Total Kshs'000
<b>Life &amp; Non-Life Business</b>					
Ordinary life	Gross	2,783,143	404,144	-	3,187,287
	Net	1,805,482	298,398	-	2,103,880
Group life	Gross	112,917,519	21,067,766	-	133,985,285
	Net	104,727,675	15,659,077	-	120,386,752
Fire	Gross	977,523	22,683,125	105,258,253	128,918,901
	Net	969,756	24,958,049	56,917,719	82,845,524
Miscellaneous	Gross	1,031,732	7,259,733	13,198,872	21,490,337
	Net	989,934	6,173,872	340,149	7,503,955
Motor	Gross	494,340	379,885	-	874,225
	Net	494,340	379,885	-	874,225
Others	Gross	3,934,603	24,111,176	22,572,953	50,618,732
	Net	3,942,103	24,279,121	13,033,204	41,254,428
<b>Total</b>	<b>Gross</b>	<b>122,138,860</b>	<b>75,905,829</b>	<b>141,030,078</b>	<b>339,074,767</b>
<b>Total</b>	<b>Net</b>	<b>112,929,290</b>	<b>71,748,402</b>	<b>70,291,072</b>	<b>254,968,764</b>

## NOTES TO THE FINANCIAL STATEMENTS continued

### 2. RISK AND CAPITAL MANAGEMENT (continued)

#### C. Underwriting risk (continued)

##### (i) Management of underwriting risk (continued)

#### COMPANY

##### 2024

Class of Business		TOTAL EXPOSURE			
		0–20 million Kshs'000	20–250 million Kshs'000	250–1000 million Kshs'000	Total Kshs'000
<b>Life &amp; Non-Life Business</b>					
Ordinary life	Gross	11,334,643	2,078,385	438,144	13,851,172
	Net	8,067,000	182,000	2,962	8,251,962
Group life	Gross	114,410,017	22,154,523	303,309	136,867,849
	Net	60,549,436	1,808,000	3,000	62,360,436
Fire	Gross	2,506,180	38,011,807	212,554,741	253,072,728
	Net	2,506,180	37,570,546	121,249,385	161,326,111
Miscellaneous	Gross	1,958,320	13,989,118	32,504,451	48,451,889
	Net	1,620,303	9,031,104	14,456,379	25,107,786
Motor	Gross	850,817	1,127,770	-	1,978,587
	Net	850,817	1,127,770	-	1,978,587
Others	Gross	108,420	364,220	-	472,640
	Net	108,420	364,220	-	472,640
<b>Total</b>	<b>Gross</b>	<b>131,168,397</b>	<b>77,725,823</b>	<b>245,800,645</b>	<b>454,694,865</b>
<b>Total</b>	<b>Net</b>	<b>73,702,156</b>	<b>50,083,640</b>	<b>135,711,726</b>	<b>259,497,522</b>

##### 2023

Class of Business		TOTAL EXPOSURE			
		0–20 million Kshs'000	20–250 million Kshs'000	250–1000 million Kshs'000	Total Kshs'000
<b>Life &amp; Non-Life Business</b>					
Ordinary life	Gross	2,783,143	404,144	-	3,187,287
	Net	1,805,482	298,398	-	2,103,880
Group life	Gross	112,917,519	21,067,766	-	133,985,285
	Net	104,727,675	15,569,077	-	120,296,752
Fire	Gross	977,523	22,683,125	105,258,253	128,918,901
	Net	969,756	24,958,049	56,917,719	82,845,524
Miscellaneous	Gross	1,031,732	7,259,733	13,198,872	21,490,337
	Net	989,934	6,173,872	340,149	7,503,955
Motor	Gross	494,340	379,885	-	874,225
	Net	494,340	379,885	-	874,225
Others	Gross	3,934,603	24,111,176	22,572,953	50,618,732
	Net	3,942,103	24,279,121	13,033,204	41,254,428
<b>Total</b>	<b>Gross</b>	<b>122,138,860</b>	<b>75,905,829</b>	<b>141,030,078</b>	<b>339,074,767</b>
<b>Total</b>	<b>Net</b>	<b>112,929,290</b>	<b>71,658,402</b>	<b>70,291,072</b>	<b>254,878,764</b>

The Company's earthquake exposure for the Nairobi zone is estimated at Kshs 82,008,970,000 (2023: Kshs 74,209,904,000).





## NOTES TO THE FINANCIAL STATEMENTS continued

### 2. RISK AND CAPITAL MANAGEMENT (continued)

#### C. Underwriting risk (continued)

##### (ii) Concentrations of underwriting risk

The following table sets out the carrying amounts of the insurance contracts (net of reinsurance) by type of product.

GROUP	2024 Kshs '000	2023 Kshs '000
<b>Life Business</b>		
Group and Ordinary life	744,943	522,096
	744,943	522,096
<b>Non-Life Business</b>		
Aviation	5,407	2,419
Engineering	417,684	329,520
Fire	1,014,010	884,669
Liability	19,622	11,667
Marine	209,415	191,740
Motor	418,839	422,061
Personal accident	49,659	48,564
Medical	621,259	494,388
Miscellaneous	351,068	167,106
	3,106,963	2,552,134
<b>Total</b>	<b>3,851,906</b>	<b>3,074,230</b>

COMPANY	2024 Kshs '000	2023 Kshs '000
<b>Life Business</b>		
Group and Ordinary life	678,192	522,096
	678,192	522,096
<b>Non-Life Business</b>		
Aviation	1,031	2,419
Engineering	355,012	329,520
Fire	724,382	884,669
Liability	16,081	11,667
Marine	165,043	191,740
Motor	404,347	422,061
Personal accident	47,013	48,564
Medical	592,483	494,388
Miscellaneous	267,352	167,106
	2,572,744	2,552,134
<b>Total</b>	<b>3,250,936</b>	<b>3,074,230</b>

## NOTES TO THE FINANCIAL STATEMENTS continued

### 2. RISK AND CAPITAL MANAGEMENT (continued)

#### C. Underwriting risk (continued)

##### (iii) Sensitivity analysis

The table below analyses how the profit or loss and equity would have increased (decreased) if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by retrocession and assumes that all other variables remain constant.

Changes in underwriting risk variables mainly affect the profit or loss and equity as follows. The effects on profit or loss and equity are presented net of the related income tax.

- Profit or loss: Changes in fulfilment cash flows relating to loss components. Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in profit or loss.
- Equity : The effect on profit or loss as above.

GROUP 2024	Impact on P&L		Impact on Equity	
	Gross Kshs '000	Net Kshs '000	Gross Kshs '000	Net Kshs '000
<b>Non-Life Business</b>				
<b>Best estimate insurance contract liabilities</b>				
Ultimate Claims (after 5% decrease)	(75,250)	(71,807)	(52,675)	(50,265)
Ultimate Claims (after 5% decrease)	75,250	71,807	52,675	50,265
<b>Life Business</b>				
<b>Best estimate insurance contract liabilities</b>				
Ultimate Claims (after 5% decrease)	(20,905)	(14,937)	(14,634)	(10,456)
Ultimate Claims (after 5% decrease)	20,905	14,937	14,634	10,456
2023	Impact on P&L		Impact on Equity	
	Gross Kshs '000	Net Kshs '000	Gross Kshs '000	Net Kshs '000
<b>Non-Life Business</b>				
<b>Best estimate insurance contract liabilities</b>				
Ultimate Claims (after 5% decrease)	(51,564)	(37,887)	(36,095)	(26,521)
Ultimate Claims (after 5% decrease)	51,564	37,887	36,095	26,521
<b>Life Business</b>				
<b>Best estimate insurance contract liabilities</b>				
Ultimate Claims (after 5% decrease)	(11,969)	(9,327)	(8,378)	(6,529)
Ultimate Claims (after 5% decrease)	11,969	9,327	8,378	6,529



## NOTES TO THE FINANCIAL STATEMENTS continued

### 2. RISK AND CAPITAL MANAGEMENT (continued)

#### C. Underwriting risk (continued)

COMPANY 2024	Impact on P&L		Impact on Equity	
	Gross Kshs '000	Net Kshs '000	Gross Kshs '000	Net Kshs '000
<b>Non-Life Business</b>				
<b>Best estimate insurance contract liabilities</b>				
Ultimate Claims (after 5% decrease)	(57,225)	(54,688)	(40,058)	(38,282)
Ultimate Claims (after 5% decrease)	57,225	54,688	40,058	38,282
<b>Life Business</b>				
<b>Best estimate insurance contract liabilities</b>				
Ultimate Claims (after 5% decrease)	(17,777)	(14,026)	(12,444)	(9,818)
Ultimate Claims (after 5% decrease)	17,777	14,026	12,444	9,818
2023	Impact on P&L		Impact on Equity	
	Gross Kshs '000	Net Kshs '000	Gross Kshs '000	Net Kshs '000
<b>Non-Life Business</b>				
<b>Best estimate insurance contract liabilities</b>				
Ultimate Claims (after 5% decrease)	(51,564)	(37,887)	(36,095)	(26,521)
Ultimate Claims (after 5% decrease)	51,564	37,887	36,095	26,521
<b>Life Business</b>				
<b>Best estimate insurance contract liabilities</b>				
Ultimate Claims (after 5% decrease)	(11,969)	(9,327)	(8,378)	(6,529)
Ultimate Claims (after 5% decrease)	11,969	9,327	8,378	6,529

#### D. Market risk

Market risk is the risk that changes in market prices, such as, foreign exchange rates, interest rates and equity prices, will affect the fulfilment cash flows of insurance and reinsurance contracts as well as the fair value or future cash flows of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimising the return on risk.

Market risk principally arises from the Group's interest-bearing financial assets and financial liabilities, financial assets and financial liabilities denominated in foreign currencies, and equity investments. These exposures are largely offset by similar exposures arising from insurance and reinsurance contracts. The nature of the Group's business and asset liability matching processes means that it is exposed to market risk on net assets representing shareholders' equity

##### (i) Management of market risk

The Board of Directors sets the Group's strategy for managing market risk. Management oversee the implementation of this strategy and the asset liability matching framework. The framework seeks to match the cash flows arising from the Group's financial investments with the cash flows arising from its insurance contracts while optimising long-term investment return on its financial investments representing shareholders' equity for an acceptable level of risk.

## NOTES TO THE FINANCIAL STATEMENTS continued

### 2. RISK AND CAPITAL MANAGEMENT (continued)

#### D. Market risk (continued)

##### (ii) Currency risk

The Group deals with cedants in a number of countries and writes business in various currencies. It is therefore exposed to foreign currency transaction risk to the extent that the currencies in which insurance and reinsurance contracts and financial instruments are denominated differ from the functional currency of Company. Foreign currency exposures mainly exist with respect to the United States Dollar, Uganda Shilling and Tanzania Shilling.

Foreign currency transaction risk arising from insurance and reinsurance contracts is managed by holding cash and investing in assets denominated in currencies that match the related liabilities, to the extent that it is deemed to be both practical and appropriate. The Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Foreign currency gains and losses on insurance and reinsurance contracts and financial instruments are recognised in profit or loss.

Exposure at period end is as follows:

	GROUP 2024 Kshs '000'	GROUP 2023 Kshs '000'	COMPANY 2024 Kshs '000'	COMPANY 2023 Kshs '000'
Insurance contract assets	1,819,333	1,055,087	1,042,645	1,055,087
Deposits with financial institutions	3,347,507	2,950,808	2,930,361	2,950,808
Cash and bank balances	579,329	244,622	396,676	203,180
<b>Total</b>	<b>5,746,169</b>	<b>4,250,517</b>	<b>4,369,682</b>	<b>4,209,075</b>

#### GROUP

At 31 December 2024, if the Kenya Shilling and the Tanzania Shilling had weakened or strengthened by 10% against the US dollar with all other variables held constant the profit or loss and equity would be affected by the below amounts.

	Effect on profit 2024 Kshs '000'	Effect on equity 2024 Kshs '000'	Effect on profit 2023 Kshs '000'	Effect on equity 2023 Kshs '000'
+10 percentage point movement	148,628	104,040	118,420	82,894
-10 percentage point movement	(148,628)	(104,040)	(118,420)	(82,894)

#### COMPANY

At 31 December 2024, if the Kenya Shilling had weakened or strengthened by 10% against the US dollar with all other variables held constant the profit of loss and equity would be affected by the below amounts.

	Effect on profit 2024 Kshs '000'	Effect on equity 2024 Kshs '000'	Effect on profit 2023 Kshs '000'	Effect on equity 2023 Kshs '000'
+10 percentage point movement	139,891	97,924	118,420	82,894
-10 percentage point movement	(139,891)	(97,924)	(118,420)	(82,894)



## NOTES TO THE FINANCIAL STATEMENTS continued

### 2. RISK AND CAPITAL MANAGEMENT (continued)

#### D. Market risk (continued)

##### (iii) Interest rate risk

Interest rate risk on financial instruments arises primarily from the Group's investments in debt securities and insurance contract liabilities. The Group's investments are not exposed to the risk of adverse changes in carrying values or future cash flows because of changes in market interest rates, as they are at fixed interest rates.

The Group manages interest rate risk by closely monitoring of the asset positions. The Board of Directors monitors the interest rate risk, assisted by risk management in its day-to day monitoring activities.

Interest rates impact the insurance finance income or expenses recognised in profit or loss for insurance and reinsurance contracts as a result of discounting future cash flows at a revised current rate.

Exposure at period end is as follows:

Exposure	GROUP 2024 Kshs '000'	GROUP 2023 Kshs '000'	COMPANY 2024 Kshs '000'	COMPANY 2023 Kshs '000'
Insurance contract liabilities	4,929,458	3,672,964	4,053,966	3,672,964

The sensitivity analysis presented below shows how the Group's profit and equity would change if the discount rates had increased /(decreased) on the reporting date with all other variables held constant.

GROUP	Impact on P&L 2024 Kshs '000	Impact on Equity 2024 Kshs '000	Impact on P&L 2023 Kshs '000	Impact on Equity 2023 Kshs '000
<b>Non-Life Business</b>				
+5% increase in discount rate	11,577	8,545	17,243	12,070
-5% decrease in discount rate	(11,811)	(8,713)	(17,677)	(12,374)
<b>Life Business</b>				
+5% increase in discount rate	1,555	1,112	2,390	1,673
-5% decrease in discount rate	(1,577)	(1,128)	(2,433)	(1,703)

The sensitivity analysis presented below shows how Company's profit and equity would change if the discount rates had increased/(decreased) on the reporting date with all other variables held constant.

COMPANY	Impact on P&L 2024 Kshs '000	Impact on Equity 2024 Kshs '000	Impact on P&L 2023 Kshs '000	Impact on Equity 2023 Kshs '000
<b>Non-Life Business</b>				
+5% increase in discount rate	10,108	7,075	17,243	12,070
-5% decrease in discount rate	(10,325)	(7,228)	(17,677)	(12,374)
<b>Life Business</b>				
+5% increase in discount rate	1,477	1,034	2,390	1,673
-5% decrease in discount rate	(1,498)	(1,049)	(2,433)	(1,703)

## NOTES TO THE FINANCIAL STATEMENTS continued

### 2. RISK AND CAPITAL MANAGEMENT (continued)

#### D. Market risk (continued)

##### (iv) Equity price risk

#### GROUP AND COMPANY

The exposure to equity price risk arises from its investments in equity securities classified at fair value through profit or loss. To manage its price risk arising from investments in equity and tradable bonds securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the board and in accordance with the Insurance Act of Kenya. All quoted shares held by the Company are traded on the Nairobi Securities Exchange (NSE) and the management of the equity portfolio is done in house with consultations with various approved stock brokers and is diversified across industries.

The Group has a conservative investment policy with regard to equities. At 31 December 2024, the Group's investments in equities constituted only 0.2% (2023: 0.15%) of the total assets.

The Board regularly monitors equity price risk and manages material investments on an individual basis. Investment limits require business units to hold diversified portfolios of assets and restrict concentrations to geographies and industries. The Company does not have a significant concentration of equity price risk.

Exposure at period end is as follows:

	GROUP 2024 Kshs '000'	GROUP 2023 Kshs '000'	COMPANY 2024 Kshs '000'	COMPANY 2023 Kshs '000'
Equity investments at fair value through profit or loss	27,457	17,300	27,457	17,300
Real estate investments trusts (REITs)	181,408	177,802	181,408	177,802
<b>Total</b>	<b>208,865</b>	<b>195,102</b>	<b>208,865</b>	<b>195,102</b>

At 31 December 2024, if the share prices at the NSE had increased/decreased by 10% (2023: 10%) with all other variables held constant and all the Company's equity instruments moved according to the historical correlation to the index, post tax profit and equity for the year would have been as follows:

GROUP AND COMPANY	Effect on profit 2024 Kshs '000'	Effect on equity 2024 Kshs '000'	Effect on profit 2023 Kshs '000'	Effect on equity 2023 Kshs '000'
+10 percentage point movement	2,746	2,746	1,730	1,730
-10 percentage point movement	(2,746)	(2,746)	(1,730)	(1,730)

At 31 December 2024, if the share prices for real estate investments trusts (REITS) had increased/decreased by 10% with all other variables held constant, post tax profit for the year would have been Kshs 18,141,000 (2023: Kshs 17,780,000) higher/lower, and equity would have been Kshs 18,141,000 (2023: Kshs 17,780,000) higher/lower.

GROUP AND COMPANY	Effect on profit 2024 Kshs '000'	Effect on equity 2024 Kshs '000'	Effect on profit 2023 Kshs '000'	Effect on equity 2023 Kshs '000'
+10 percentage point movement	18,141	18,141	17,780	17,780
-10 percentage point movement	(18,141)	(18,141)	(17,780)	(17,780)



## NOTES TO THE FINANCIAL STATEMENTS continued

### 2. RISK AND CAPITAL MANAGEMENT (continued)

#### E. Liquidity risk

Liquidity risk is the risk that the Group and Company will be unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn. The Group and Company is exposed to daily calls on its available cash for claims settlement and other expenses. The Group and Company maintains adequate cash resources to meet all of these needs and does not require overdraft facilities. Management monitors the level of call deposits to ensure their adequacy to cover expenditure at unexpected levels of demand. These call deposits are placed at competitive interest rates.

The tables below presents a maturity analysis of the portfolio of insurance contracts and reinsurance contracts held that are in a liability position based on estimated timing of the remaining contractual undiscounted cashflows. The amounts presented do not include those relating to liability for remaining coverage of insurance and reinsurance contracts.

#### Insurance and Reinsurance Contracts

##### GROUP

At 31 December 2024	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total Kshs '000
<b>Non-Life business</b>							
<b>Assets</b>							
Insurance contract assets	1,384,603	-	-	-	-	-	1,384,603
Reinsurance contract assets	193,675	101,196	83,773	12,813	5,777	5,398	402,632
	<b>1,578,278</b>	<b>101,196</b>	<b>83,773</b>	<b>12,813</b>	<b>5,777</b>	<b>5,398</b>	<b>1,787,235</b>
<b>Liabilities</b>							
Insurance contract liabilities	1,297,038	595,697	273,185	126,493	68,177	72,382	2,432,972
Reinsurance contract liabilities	58,517	-	-	-	-	-	58,517
	<b>1,355,555</b>	<b>595,697</b>	<b>273,185</b>	<b>126,493</b>	<b>68,177</b>	<b>72,382</b>	<b>2,491,489</b>
<b>At 31 December 2023</b>	<b>1 year or less</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>3-4 years</b>	<b>4-5 years</b>	<b>&gt;5 years</b>	<b>Total Kshs '000</b>
<b>Non-Life</b>							
<b>Assets</b>							
Insurance contract assets	862,973	-	-	-	-	-	862,973
Reinsurance contract assets	211,868	45,191	22,071	42,535	4,950	2,352	328,967
	<b>1,074,841</b>	<b>45,191</b>	<b>22,071</b>	<b>42,535</b>	<b>4,950</b>	<b>2,352</b>	<b>1,191,940</b>
<b>Liabilities</b>							
Insurance contract liabilities	1,103,373	415,100	214,332	127,467	71,058	76,840	2,008,170
Reinsurance contract liabilities	31,981	-	-	-	-	-	31,981
	<b>1,135,354</b>	<b>415,100</b>	<b>214,332</b>	<b>127,467</b>	<b>71,058</b>	<b>76,840</b>	<b>2,040,151</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 2. RISK AND CAPITAL MANAGEMENT (continued)

#### E. Liquidity risk

#### GROUP (continued)

#### Insurance and Reinsurance Contracts (continued)

At 31 December 2024	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total Kshs '000
<b>Life business</b>							
<b>Assets</b>							
Insurance contract assets	434,730	-	-	-	-	-	434,730
Reinsurance contract assets	87,910	39,399	7,459	1,790	454	112	137,124
	<b>522,640</b>	<b>39,399</b>	<b>7,459</b>	<b>1,790</b>	<b>454</b>	<b>112</b>	<b>571,854</b>
<b>Liabilities</b>							
Insurance contract liabilities	307,531	127,974	35,351	8,485	2,152	531	482,024
Reinsurance contract liabilities	371,325	-	-	-	-	-	371,325
	<b>678,856</b>	<b>127,974</b>	<b>35,351</b>	<b>8,485</b>	<b>2,152</b>	<b>531</b>	<b>853,349</b>
<b>At 31 December 2023</b>							
<b>Life business</b>							
<b>Assets</b>							
Insurance contract assets	192,114	-	-	-	-	-	192,114
Reinsurance contract assets	55,171	16,323	4,960	1,517	290	-	78,261
	<b>247,285</b>	<b>16,323</b>	<b>4,960</b>	<b>1,517</b>	<b>290</b>	<b>-</b>	<b>270,375</b>
<b>Liabilities</b>							
Insurance contract liabilities	249,883	73,930	22,465	6,869	1,312	-	354,459
Reinsurance contract liabilities	61,762	-	-	-	-	-	61,762
	<b>311,645</b>	<b>73,930</b>	<b>22,465</b>	<b>6,869</b>	<b>1,312</b>	<b>-</b>	<b>416,221</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 2. RISK AND CAPITAL MANAGEMENT (continued)

#### E. Liquidity risk (continued)

##### GROUP (continued)

##### Financial and Other Assets and Liabilities

The table below analyses the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

At 31 December 2024	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total Kshs '000
<b>Assets</b>							
Government securities at amortised cost	1,012,314	635,876	488,206	434,676	358,974	2,299,318	5,229,364
Equity investments at fair value through profit or loss	27,457	-	-	-	-	-	27,457
Real estate investments trusts (REITs)	181,408	-	-	-	-	-	181,408
Mortgage loans	5,268	5,268	5,268	5,268	5,268	89,916	116,256
Deposits with financial institutions	3,347,507	-	-	-	-	-	3,347,507
Cash and bank balances	579,329	-	-	-	-	-	579,329
Other receivables	91,566	-	-	-	-	-	91,566
<b>Total assets</b>	<b>5,244,849</b>	<b>641,144</b>	<b>493,474</b>	<b>439,944</b>	<b>364,242</b>	<b>2,389,234</b>	<b>9,572,887</b>
<b>Liabilities</b>							
Lease liabilities	1,689	1,689	-	-	-	-	3,378
Other payables	525,128	-	-	-	-	-	525,128
<b>Total liabilities</b>	<b>526,817</b>	<b>1,689</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>528,506</b>

## NOTES TO THE FINANCIAL STATEMENTS continued

### 2. RISK AND CAPITAL MANAGEMENT (continued)

#### E. Liquidity risk (continued)

##### GROUP (continued)

##### Financial and Other Assets and Liabilities (continued)

At 31 December 2023	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total Kshs '000
<b>Assets</b>							
Government securities at amortised cost	187,432	723,980	635,430	240,962	434,866	2,778,169	5,000,839
Corporate bonds at amortised cost	57,726	-	-	-	-	-	57,726
Equity investments at fair value through profit or loss	17,300	-	-	-	-	-	17,300
Real estate investments trusts (REITs)	177,802	-	-	-	-	-	177,802
Mortgage loans	1,718	1,718	1,718	1,718	1,841	8,595	17,308
Deposits with financial institutions	2,950,808	-	-	-	-	-	2,950,808
Cash and bank balances	244,622	-	-	-	-	-	244,622
Other receivables	76,011	-	-	-	-	-	76,011
<b>Total assets</b>	<b>3,713,419</b>	<b>725,698</b>	<b>637,148</b>	<b>242,680</b>	<b>436,707</b>	<b>2,786,764</b>	<b>8,542,416</b>
<b>Liabilities</b>							
Other payables	507,460	-	-	-	-	-	507,460
<b>Total liabilities</b>	<b>507,460</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>507,460</b>

### COMPANY

#### Insurance and Reinsurance Contracts

At 31 December 2024 Non-Life business	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total Kshs '000
<b>Assets</b>							
Insurance contract assets	839,396	-	-	-	-	-	839,396
Reinsurance contract assets	180,272	93,979	83,773	12,813	5,776	5,397	382,010
	<b>1,019,668</b>	<b>93,979</b>	<b>83,773</b>	<b>12,813</b>	<b>5,776</b>	<b>5,397</b>	<b>1,221,406</b>
<b>Liabilities</b>							
Insurance contract liabilities	1,030,576	452,218	273,185	126,493	68,176	72,382	2,023,030
	<b>1,030,576</b>	<b>452,218</b>	<b>273,185</b>	<b>126,493</b>	<b>68,176</b>	<b>72,382</b>	<b>2,023,030</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 2. RISK AND CAPITAL MANAGEMENT (continued)

#### E. Liquidity risk (continued)

##### COMPANY (continued)

##### Insurance and Reinsurance Contracts (continued)

At 31 December 2023 Non-Life business	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total Kshs '000
<b>Assets</b>							
Insurance contract assets	862,973	-	-	-	-	-	862,973
Reinsurance contract assets	211,868	45,191	22,071	42,535	4,950	2,352	328,967
	<b>1,074,841</b>	<b>45,191</b>	<b>22,071</b>	<b>42,535</b>	<b>4,950</b>	<b>2,352</b>	<b>1,191,940</b>
<b>Liabilities</b>							
Insurance contract liabilities	1,103,373	415,100	214,332	127,467	71,058	76,840	2,008,170
Reinsurance contract liabilities	31,981	-	-	-	-	-	31,981
	<b>1,135,354</b>	<b>415,100</b>	<b>214,332</b>	<b>127,467</b>	<b>71,058</b>	<b>76,840</b>	<b>2,040,151</b>
<b>At 31 December 2024 Life business</b>	<b>1 year or less</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>3-4 years</b>	<b>4-5 years</b>	<b>&gt;5 years</b>	<b>Total Kshs '000</b>
<b>Assets</b>							
Insurance contract assets	203,249	-	-	-	-	-	203,249
Reinsurance contract assets	55,128	21,747	7,459	1,790	454	112	86,690
	<b>258,377</b>	<b>21,747</b>	<b>7,459</b>	<b>1,790</b>	<b>454</b>	<b>112</b>	<b>289,939</b>
<b>Liabilities</b>							
Insurance contract liabilities	261,284	103,072	35,351	8,485	2,152	531	410,875
Reinsurance contract liabilities	114,118	-	-	-	-	-	114,118
	<b>375,402</b>	<b>103,072</b>	<b>35,351</b>	<b>8,485</b>	<b>2,152</b>	<b>531</b>	<b>524,993</b>
<b>At 31 December 2024 Life business</b>	<b>1 year or less</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>3-4 years</b>	<b>4-5 years</b>	<b>&gt;5 years</b>	<b>Total Kshs '000</b>
<b>Assets</b>							
Insurance contract assets	192,114	-	-	-	-	-	192,114
Reinsurance contract assets	55,171	16,323	4,960	1,517	290	-	78,261
	<b>247,285</b>	<b>16,323</b>	<b>4,960</b>	<b>1,517</b>	<b>290</b>	<b>-</b>	<b>270,375</b>
<b>Liabilities</b>							
Insurance contract liabilities	249,883	73,930	22,465	6,869	1,312	-	354,459
Reinsurance contract liabilities	61,762	-	-	-	-	-	61,762
	<b>311,645</b>	<b>73,930</b>	<b>22,465</b>	<b>6,869</b>	<b>1,312</b>	<b>-</b>	<b>416,221</b>

## NOTES TO THE FINANCIAL STATEMENTS continued

### 2. RISK AND CAPITAL MANAGEMENT (continued)

#### E. Liquidity risk (continued)

##### COMPANY (continued)

##### Financial and Other Assets and Liabilities

The tables below analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

At 31 December 2023	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total Kshs '000
<b>Assets</b>							
Government securities at amortised cost	726,022	635,876	488,206	434,676	358,974	2,299,318	4,943,072
Equity investments at fair value through profit or loss	27,457	-	-	-	-	-	27,457
Real estate investments trusts (REITs)	181,408	-	-	-	-	-	181,408
Mortgage loans	5,268	5,268	5,268	5,268	5,268	89,916	116,256
Deposits with financial institutions	2,930,361	-	-	-	-	-	2,930,361
Cash and bank balances	396,676	-	-	-	-	-	396,676
Other receivables	132,442	-	-	-	-	-	132,442
<b>Total assets</b>	<b>4,399,634</b>	<b>641,144</b>	<b>493,474</b>	<b>439,944</b>	<b>364,242</b>	<b>2,389,234</b>	<b>8,727,672</b>
<b>Liabilities</b>							
Other payables	426,648	-	-	-	-	-	426,648
<b>Total liabilities</b>	<b>426,648</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>426,648</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 2. RISK AND CAPITAL MANAGEMENT (continued)

#### COMPANY

At 31 December 2023	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total Kshs '000
<b>Assets</b>							
Government securities at amortised cost	187,432	723,980	635,430	240,962	434,866	2,778,169	5,000,839
Corporate bonds at amortised cost	57,726	-	-	-	-	-	57,726
Equity investments at fair value through profit or loss	17,300	-	-	-	-	-	17,300
Real estate investments trusts (REITs)	177,802	-	-	-	-	-	177,802
Mortgage loans	1,718	1,718	1,718	1,718	1,841	8,595	17,308
Deposits with financial institutions	2,950,808	-	-	-	-	-	2,950,808
Cash and bank balances	203,180	-	-	-	-	-	203,180
Other receivables	113,070	-	-	-	-	-	113,070
<b>Total assets</b>	<b>3,709,036</b>	<b>725,698</b>	<b>637,148</b>	<b>242,680</b>	<b>436,707</b>	<b>2,786,764</b>	<b>8,538,033</b>
<b>Liabilities</b>							
Other payables	507,460	-	-	-	-	-	507,460
<b>Total liabilities</b>	<b>507,460</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>507,460</b>

#### F. Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a reinsurance contract or financial instrument fails to meet its contractual obligations and arises principally from the Group reinsurance contract assets and investments.

The Board of Directors sets the Group's strategy for managing credit risk and Management oversees its implementation. Management is responsible for managing credit risk, including the following:

- Formulating credit policies in consultation with the underwriting team.
- Reviewing and assessing credit risk.
- Limiting concentrations of exposure to counterparties, geographies, and issuers. Retrocessionaires are assessed based on external credit ratings. For debt securities, the Group has a policy to invest only in high-quality corporate and government debt and does not invest in speculative-grade assets.
- Developing and maintaining the Company's risk gradings to categorise exposures according to the estimated degree of risk of default.
- Developing and maintaining the Company's processes for measuring ECL. This includes processes for:
  - initial approval, regular validation and back-testing of the models used;
  - determination and monitoring of significant increases in credit risk; and
  - incorporation of forward-looking information.
- Reviewing compliance with agreed exposure limits. Regular reports on the credit quality of assets held are provided to the Board of Directors, which may require appropriate corrective action to be taken. These include reports containing estimates of loss allowances.

Periodic audits of credit processes are undertaken by the internal audit team.

# NOTES TO THE FINANCIAL STATEMENTS continued

## 2. RISK AND CAPITAL MANAGEMENT (continued)

### F. Credit risk (continued)

The assets that are exposed to credit risk are:

#### (i) Cash and cash equivalents

For cash at bank, management assesses the expected credit loss based on probability of default attached to the various banks by external rating agencies.

#### (ii) Government securities

Management assesses the expected credit loss on government securities based on the probability of default attached to the Government by external rating agencies.

#### (iii) Corporate bonds

Management assesses the expected credit loss on corporate bonds based on the probability of default attached to the corporate entities by external rating agencies.

For instances where the external agencies ratings do not reflect the country prevailing financial conditions, ratings per the internal counterparty model developed are applied.

#### (iv) Deposits with financial institutions

For term and call deposits, management assesses the expected credit loss based on the probability of default attached to the various banks by external rating agencies.

### Exposure to credit risk

The tables below details the maximum exposure to credit risk:

#### GROUP

#### 2024

		Gross Amounts Kshs' 000	Expected Net Credit Loss (ECL) Kshs'000	Net Kshs'000
Government securities	19	5,234,591	(5,227)	5,229,364
Deposits with financial institutions	20	3,358,922	(11,415)	3,347,507
Reinsurance contract assets		502,013	(2,106)	499,907
Bank balances	27	581,286	(1,957)	579,329
Mortgage loans	16	116,256	-	116,256
Other receivables (excluding prepayments)	17	66,185	-	66,185
		<b>9,859,253</b>	<b>(20,705)</b>	<b>9,838,548</b>





## NOTES TO THE FINANCIAL STATEMENTS continued

### 2. RISK AND CAPITAL MANAGEMENT (continued)

#### F. Credit risk (continued)

##### Movement for expected credit losses:

		At 1 January 2024 Kshs' 000	Credit/ (Charge) for the year Kshs'000	Exchange differences Kshs'000	At 31 December 2024 Kshs'000
	Note				
Government securities	19	(5,006)	(211)	(10)	(5,227)
Deposits with financial institutions	20	(15,775)	4,381	(21)	(11,415)
Corporate bonds	18	(24)	24	-	-
Reinsurance contract assets		(1,784)	(322)	-	(2,106)
Bank balances	27	(1,370)	(578)	(9)	(1,957)
		<b>(23,959)</b>	<b>3,294</b>	<b>(40)</b>	<b>(20,705)</b>

#### 2023

		Gross Amounts Kshs' 000	Expected Net Credit Loss (ECL) Kshs'000	Net Kshs'000
	Note			
Government securities	19	5,289,600	(5,006)	5,284,594
Corporate bonds	18	57,750	(24)	57,726
Deposits with financial institutions	20	2,966,583	(15,775)	2,950,808
Reinsurance contract assets		369,686	(1,784)	367,902
Bank balances	27	245,992	(1,370)	244,622
Mortgage loans	16	17,308	-	17,308
Other receivables (excluding prepayments)	17	50,482	-	50,482
		<b>8,997,401</b>	<b>(23,959)</b>	<b>8,973,442</b>

##### Movement for expected credit losses:

		At 1 January 2023 Kshs' 000	Credit/ (Charge) for the year Kshs'000	At 31 December 2023 Kshs'000
	Note			
Government securities	19	(5,271)	265	(5,006)
Corporate bonds	18	(32)	8	(24)
Deposits with financial institutions	20	(11,801)	(3,974)	(15,775)
Reinsurance contract assets		(2,333)	549	(1,784)
Bank balances	27	(2,191)	821	(1,370)
		<b>(21,628)</b>	<b>(2,331)</b>	<b>(23,959)</b>

# NOTES TO THE FINANCIAL STATEMENTS continued

## 2. RISK AND CAPITAL MANAGEMENT (continued)

### F. Credit risk (continued)

#### COMPANY

#### 2024

		Gross Amounts Kshs' 000	Expected Net Credit Loss (ECL) Kshs'000	Net Kshs'000
	Note			
Government securities	19	4,948,020	(4,948)	4,943,072
Deposits with financial institutions	20	2,941,191	(10,830)	2,930,361
Reinsurance contract assets		435,757	(2,000)	433,757
Bank balances	27	398,377	(1,701)	396,676
Mortgage loans	16	116,256	-	116,256
Other receivables (excluding prepayments)	17	109,681	-	109,681
		<b>8,949,282</b>	<b>(19,479)</b>	<b>8,929,803</b>

#### Movement for expected credit losses:

		At 1 January 2024 Kshs' 000	Credit/ (Charge) for the year Kshs'000	At 31 December 2024 Kshs'000
	Note			
Government securities	19	(5,006)	58	(4,948)
Corporate bonds	18	(24)	24	-
Deposits with financial institutions	20	(15,775)	4,945	(10,830)
Reinsurance contract assets		(1,784)	(216)	(2,000)
Bank balances	27	(1,370)	(331)	(1,701)
		<b>(23,959)</b>	<b>4,480</b>	<b>(19,479)</b>

#### 2023

		Gross Amounts Kshs' 000	Expected Net Credit Loss (ECL) Kshs'000	Net Kshs'000
	Note			
Government securities	19	5,005,845	(5,006)	5,000,839
Corporate bonds	18	57,750	(24)	57,726
Deposits with financial institutions	20	2,966,583	(15,775)	2,950,808
Reinsurance contract assets		369,686	(1,784)	367,902
Bank balances	27	204,550	(1,370)	203,180
Mortgage loans	16	17,308	-	17,308
Other receivables (excluding prepayments)	27	87,541	-	87,541
		<b>8,709,263</b>	<b>(23,959)</b>	<b>8,685,304</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 2. RISK AND CAPITAL MANAGEMENT (continued)

#### F. Credit risk (continued)

##### COMPANY (continued)

##### Movement for expected credit losses:

##### 2023

		At 1 January 2023	Credit/ (Charge) for the year	At 31 December
	Note	Kshs' 000	Kshs'000	Kshs'000
Government securities	19	(5,271)	265	(5,006)
Corporate bonds	18	(32)	8	(24)
Deposits with financial institutions	20	(11,801)	(3,974)	(15,775)
Reinsurance contract assets		(2,333)	549	(1,784)
Bank balances	27	(2,191)	821	(1,370)
		<b>(21,628)</b>	<b>(2,331)</b>	<b>(23,959)</b>

All assets are subjected to impairment using the general approach hence considered as stage 1.

#### Credit quality

The following tables sets out information about the credit quality of reinsurance contract assets:

##### GROUP

##### Based on AM BEST Ratings

	2024 Kshs' 000	2023 Kshs' 000
Reinsurers rated above A-	616,920	297,550
Reinsurers rated above BBB	459,149	301,199
<b>Total</b>	<b>1,076,069</b>	<b>598,749</b>

##### COMPANY

##### Based on AM BEST Ratings

	2024 Kshs' 000	2023 Kshs' 000
Reinsurers rated above A-	448,127	297,550
Reinsurers rated above BBB	354,902	301,199
<b>Total</b>	<b>803,029</b>	<b>598,749</b>

# NOTES TO THE FINANCIAL STATEMENTS continued

## 2. RISK AND CAPITAL MANAGEMENT (continued)

### G. Fair Value Estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

#### (i) Financial instruments not measured at fair value

The Group's fair value of investment securities held at amortised cost (government securities and corporate bonds) at 31 December 2024 is estimated at Kshs 5,101,873,000 (2023: Kshs 4,534,511,000) compared to their carrying value of Kshs 5,229,363,000 (2023: Kshs 5,058,565,000). The fair values of the Company's other financial assets and liabilities approximate the respective carrying amounts, due to the generally short periods to contractual repricing or maturity dates.

The Company's fair value of investment securities held at amortised cost (government securities and corporate bonds) at 31 December 2024 is estimated at Kshs 4,815,582,000 (2023: Kshs 4,534,511,000) compared to their carrying value of Kshs 4,943,073,000 (2023: Kshs 5,058,565,000). The fair values of the Company's other financial assets and liabilities approximate the respective carrying amounts, due to the generally short periods to contractual repricing or maturity dates.

#### (ii) Fair value hierarchy

The Group's and Company's financial assets measured at fair value are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, as follows:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

The fair value of financial instruments traded in active markets is based on quoted market prices at the financial reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of real estate investment trust (REITs) is based on the computed net asset value, which is based on applying market rates on the underlying investor's units held. Other techniques, such as discounted cash flow analysis and market comparables, are used to determine the fair value for the remaining financial instruments. Note that all of the resulting fair value estimates are included in level 2.
- Other techniques such as discounted cash flow analysis and market comparables are used to determine fair value for the remaining financial instruments.



## NOTES TO THE FINANCIAL STATEMENTS continued

### 2. RISK AND CAPITAL MANAGEMENT (continued)

#### G. Fair Value Estimation (continued)

##### (ii) Fair value hierarchy (continued)

#### GROUP AND COMPANY

The following tables gives information about how the fair values of the financial assets are determined (in particular, the valuation technique(s) and inputs used) as well as the analysis by level of the fair value hierarchy.

Assets		2024 Kshs'000	2023 Kshs'000	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs
Equity investments	15	27,457	17,300	Level 1	Quoted bid in an active market	Not applicable
Real estate investment trusts	15	181,408	177,802	Level 1	Quoted bid in an active market	Not applicable
Investment property	14	735,000	735,000	Level 3	External professional valuation	Not applicable
Land and buildings	12	386,875	420,000	Level 3	External professional valuation	Not applicable
<b>Total</b>		<b>1,330,740</b>	<b>1,350,102</b>			

There were no transfers between levels during the year (2023: Nil).

#### H. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's and Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as the risks of mis-selling of products, modelling errors and non-compliance with legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's and Company's operations.

The Group's and Company's objective in managing operational risk is to balance the avoidance of financial losses and damage to the Group's and Company's reputation with overall cost-effectiveness and innovation. In all cases, Group and Company policy requires compliance with all applicable legal and regulatory requirements.

The Board Audit & Risk Committee is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of overall Group and Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- IT, data security and cyber risks; and
- risk mitigation.

# NOTES TO THE FINANCIAL STATEMENTS continued

## 2. RISK AND CAPITAL MANAGEMENT (continued)

### H. Operational risk (continued)

Compliance with Group and Company standards is supported by a programme of periodic reviews undertaken by the internal audit function. The results of internal audit reviews are discussed with management and submitted to the Audit and Risk Committee and the Board of Directors.

### I. Capital Management

The Group's and Company's capital management strategy defines the framework for determining the optimal level and the use of capital. The capital management strategy takes into consideration the Group's and Company's business profile, approved strategic plan, risk appetite, prevailing market conditions and existing regulatory capital requirements. The strategy seeks to maintain a strong capital base to maintain market confidence and to sustain future business development.

The Group's and Company's capital comprises mainly shareholders' funds. The Group's and Company's objectives when managing capital, which is a broader concept than the 'equity' on the statement of financial positions, are:

- To comply with the capital requirements as set out in the Insurance Act;
- To comply with regulatory solvency requirements as set out in the Insurance Act;
- To safeguard the Group's and Company's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders;
- To provide an adequate return to shareholders by pricing reinsurance and investment contracts commensurately with the level of risk;
- To safeguard the Group's and Company's capital by arranging adequate cover with credible securities; and
- To have an adequate level of risk based capital.

### COMPANY

The Insurance Act requires each reinsurance Company to hold the minimum level of capital as follows:

- Non-Life: Kshs 1 billion and Life: Kshs 500 million; and
- Risk based capital determined by the authority from time to time; or Non-Life 20% (Life 5%) of net earned premiums of the preceding financial year.

The Company's share capital meets the minimum capital requirements at 31 December 2024.

The Company's Capital Adequacy Ratio (CAR) stood at 350% and 294% for Non-Life and Life businesses, respectively. The Insurance Regulatory Authority requires all insurance companies to hold a minimum and prescribed capital of 100% and 200% respectively. The Company, therefore, complies with these requirements. The Company's level of CAR underscores the strength and resilience of its capital position.

### SUBSIDIARY

In reporting financial strength, capital and solvency is measured using the rules prescribed by TIRA. These regulatory capital tests are based upon required levels of solvency capital and a series of prudent underwriting expertise. Throughout the financial year, the Subsidiary met the requirements from TIRA.

The Tanzania Insurance Act requires that no (re)insurer may carry on business as a (re)insurer unless he maintains a prescribed solvency margin and the minimum required capital. Further, re (insurance) companies are required to maintain a positive solvency margin. Accordingly, the admissible assets of are insurer shall exceed the liabilities by the greater of the sum of 33% of the general insurance net premiums written and 10% of the long-term business liabilities; or the minimum paid-up capital.

The Company had a solvency margin surplus of TZS 1.2 Billion as at 31 December 2024 and, therefore, met the positive solvency margin surplus requirements.

The minimum paid-up capital to be maintained by a reinsurer as at 31 December 2024 is TZS 10.175 Billion. The Company's share capital as at 31 December was TZS 10.175 Billion and therefore, meets the minimum capital requirements.



## NOTES TO THE FINANCIAL STATEMENTS continued

### 3. INSURANCE REVENUE

#### GROUP

##### Contracts measured under the PAA

##### Life business

Ordinary life

Group life

##### Non-Life business

Aviation

Engineering

Fire

Liability

Marine

Motor

Personal accident

Medical

Miscellaneous

##### Total insurance revenue

Note	2024 Kshs '000	2023 Kshs '000
	127,436	94,920
	1,333,744	886,854
24	<b>1,461,180</b>	<b>981,774</b>
	7,238	5,357
	415,340	412,850
	2,319,009	1,747,733
	49,437	38,629
	236,184	249,462
	260,308	246,968
	126,634	127,405
	821,939	820,873
	658,638	559,704
24	<b>4,894,727</b>	<b>4,208,981</b>
	<b>6,355,907</b>	<b>5,190,755</b>

#### COMPANY

##### Contracts measured under the PAA

##### Life business

Ordinary life

Group life

##### Non-Life business

Aviation

Engineering

Fire

Liability

Marine

Motor

Personal accident

Medical

Miscellaneous

##### Total insurance revenue

Note	2024 Kshs '000	2023 Kshs '000
	115,416	94,920
	1,105,358	886,854
24	<b>1,220,774</b>	<b>981,774</b>
	2,035	5,357
	374,612	412,850
	1,952,123	1,747,733
	45,944	38,629
	203,222	249,462
	226,534	246,968
	125,514	127,405
	796,282	820,873
	584,145	559,704
24	<b>4,310,411</b>	<b>4,208,981</b>
	<b>5,531,185</b>	<b>5,190,755</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 4. INSURANCE SERVICE EXPENSES AND INCOME OR EXPENSES FROM REINSURANCE CONTRACTS HELD

#### 4.1 INSURANCE SERVICE EXPENSES

##### GROUP

##### 2024

	Note	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Claims and benefits incurred		609,037	2,601,062	3,210,099
Losses on onerous contracts and reversal of such losses	24	5,390	(1,266)	4,124
Amortisation of insurance acquisition cash flows	24	323,996	1,228,174	1,552,170
Attributable expenses	6	188,382	613,057	801,439
Change in risk adjustment for incurred claims	24	6,520	26,541	33,061
<b>Total</b>		<b>1,133,325</b>	<b>4,467,568</b>	<b>5,600,893</b>

##### 2023

	Note	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
Claims and benefits incurred		528,567	2,077,300	2,605,867
Losses on onerous contracts and reversal of such losses	24	3,822	(8,279)	(4,457)
Amortisation of insurance acquisition cash flows	24	245,546	1,105,490	1,351,036
Attributable expenses	6	83,258	516,886	600,144
Change in risk adjustment for incurred claims	24	(7,653)	(4,423)	(12,076)
<b>Total</b>		<b>853,540</b>	<b>3,686,974</b>	<b>4,540,514</b>

##### COMPANY

##### 2024

	Note	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Claims and benefits incurred		491,622	2,354,489	2,846,111
Losses on onerous contracts and reversal of such losses	24	5,390	(1,266)	4,124
Amortisation of insurance acquisition cash flows	24	322,674	1,083,459	1,406,133
Attributable expenses	6	160,823	513,365	674,188
Change in risk adjustment for incurred claims	24	5,269	15,726	20,995
<b>Total</b>		<b>985,778</b>	<b>3,965,773</b>	<b>4,951,551</b>

##### 2023

	Note	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
Claims and benefits incurred		528,567	2,077,300	2,605,867
Losses on onerous contracts and reversal of such losses	24	3,822	(8,279)	(4,457)
Amortisation of insurance acquisition cash flows	24	245,546	1,105,490	1,351,036
Change in risk adjustment for incurred claims	6	(7,653)	(4,423)	(12,076)
Attributable expenses	24	83,258	516,886	600,144
<b>Total</b>		<b>853,540</b>	<b>3,686,974</b>	<b>4,540,514</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 4. INSURANCE SERVICE EXPENSES AND INCOME OR EXPENSES FROM REINSURANCE CONTRACTS HELD (continued)

#### 4.2 INCOME OR EXPENSES FROM REINSURANCE CONTRACTS HELD

##### GROUP

##### 2024

		Life 2024	Non-Life 2024	Total 2024
	Note	Kshs '000	Kshs '000	Kshs '000
Amounts recoverable for incurred claims		178,873	436,172	615,045
Change in non-performance risk	25	(21)	(301)	(322)
Change in risk adjustment for incurred claims	25	(3,779)	6,320	2,541
Change in reinsurance loss recovery component	25	1,717	(4,549)	(2,832)
<b>Reinsurance recoveries</b>		<b>176,790</b>	<b>437,642</b>	<b>614,432</b>
Reinsurance expenses	25	(375,858)	(614,795)	(990,653)
<b>Net expenses from reinsurance contracts</b>		<b>(199,068)</b>	<b>(177,153)</b>	<b>(376,221)</b>

##### 2023

		Life 2023	Non-Life 2023	Total 2023
	Note	Kshs '000	Kshs '000	Kshs '000
Amounts recoverable for incurred claims		103,443	58,157	161,600
Change in non-performance risk	25	(38)	587	549
Change in risk adjustment for incurred claims	25	353	(3,843)	(3,490)
Change in reinsurance loss recovery component	25	(588)	(2,242)	(2,830)
<b>Reinsurance recoveries</b>		<b>103,170</b>	<b>52,659</b>	<b>155,829</b>
Reinsurance expenses	25	(146,185)	(348,228)	(494,413)
<b>Net expenses from reinsurance contracts</b>		<b>(43,015)</b>	<b>(295,569)</b>	<b>(338,584)</b>

##### COMPANY

##### 2024

		Life 2024	Non-Life 2024	Total 2024
	Note	Kshs '000	Kshs '000	Kshs '000
Amounts recoverable for incurred claims		89,473	382,620	472,093
Change in non-performance risk	25	(8)	(211)	(219)
Change in risk adjustment for incurred claims	25	(4,666)	5,776	1,110
Change in reinsurance loss recovery component	25	1,717	(4,549)	(2,832)
<b>Reinsurance recoveries</b>		<b>86,516</b>	<b>383,636</b>	<b>470,152</b>
Reinsurance expenses	25	(211,128)	(557,373)	(768,501)
<b>Net expenses from reinsurance contracts</b>		<b>(124,612)</b>	<b>(173,737)</b>	<b>(298,349)</b>

## NOTES TO THE FINANCIAL STATEMENTS continued

### 4.2 INCOME OR EXPENSES FROM REINSURANCE CONTRACTS HELD (continued)

COMPANY		Life 2023	Non-Life 2023	Total 2023
2023	Note	Kshs '000	Kshs '000	Kshs '000
Amounts recoverable for incurred claims		103,443	58,157	161,600
Change in non-performance risk	25	(38)	587	549
Change in risk adjustment for incurred claims	25	353	(3,843)	(3,490)
Change in reinsurance loss recovery component	25	(588)	(2,242)	(2,830)
<b>Reinsurance recoveries</b>		<b>103,170</b>	<b>52,659</b>	<b>155,829</b>
Reinsurance expenses	25	(146,185)	(348,228)	(494,413)
<b>Net expenses from reinsurance contracts</b>		<b>(43,015)</b>	<b>(295,569)</b>	<b>(338,584)</b>

### 5. FINANCE INCOME AND EXPENSES

GROUP	Life 2024	Non-Life 2024	Total 2024
2024	Kshs '000	Kshs '000	Kshs '000
<b>Net finance expenses from insurance contracts</b>			
Interest accreted	(25,653)	(134,441)	(160,094)
Effect of changes in interest rates and other financial assumptions	(853)	(45,162)	(46,015)
<b>Total</b>	<b>(26,506)</b>	<b>(179,603)</b>	<b>(206,109)</b>
<b>Net finance expenses from reinsurance contracts</b>			
Interest accreted	5,664	22,432	28,096
Effect of changes in interest rates and other financial assumptions	1,256	7,885	9,141
<b>Total</b>	<b>6,920</b>	<b>30,317</b>	<b>37,237</b>
<b>Net insurance finance expenses</b>	<b>(19,586)</b>	<b>(149,286)</b>	<b>(168,872)</b>

2023	Life 2023	Non-Life 2023	Total 2023
	Kshs '000	Kshs '000	Kshs '000
<b>Net finance expenses from insurance contracts</b>			
Interest accreted	(17,751)	(96,605)	(114,356)
Effect of changes in interest rates and other financial assumptions	13,188	91,344	104,532
<b>Total</b>	<b>(4,563)</b>	<b>(5,261)</b>	<b>(9,824)</b>
<b>Net finance expenses from reinsurance contracts</b>			
Interest accreted	3,696	20,119	23,815
Effect of changes in interest rates and other financial assumptions	(2,912)	(14,001)	(16,913)
<b>Total</b>	<b>784</b>	<b>6,118</b>	<b>6,902</b>
<b>Net insurance finance expenses</b>	<b>(3,779)</b>	<b>857</b>	<b>(2,922)</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 5. FINANCE INCOME AND EXPENSES ) continued)

#### COMPANY

2024

#### Net finance expenses from insurance contracts

Interest accreted

Effect of changes in interest rates and other financial assumptions

#### Total

#### Net finance income from reinsurance contracts

Interest accreted

Effect of changes in interest rates and other financial assumptions

#### Total

#### Net insurance finance expenses

Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
(25,653)	(134,441)	(160,094)
(853)	(45,162)	(46,015)
<b>(26,506)</b>	<b>(179,603)</b>	<b>(206,109)</b>
5,664	22,432	28,096
1,256	7,885	9,141
<b>6,920</b>	<b>30,317</b>	<b>37,237</b>
<b>(19,586)</b>	<b>(149,286)</b>	<b>(168,872)</b>

2023

#### Net finance expenses from insurance contracts

Interest accreted

Effect of changes in interest rates and other financial assumptions

#### Total

#### Net finance expenses from reinsurance contracts

Interest accreted

Effect of changes in interest rates and other financial assumptions

#### Total

#### Net insurance finance expenses

Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
(17,751)	(96,605)	(114,356)
13,188	91,344	104,532
<b>(4,563)</b>	<b>(5,261)</b>	<b>(9,824)</b>
3,696	20,119	23,815
(2,912)	(14,001)	(16,913)
<b>784</b>	<b>6,118</b>	<b>6,902</b>
<b>(3,779)</b>	<b>857</b>	<b>(2,922)</b>

## NOTES TO THE FINANCIAL STATEMENTS continued

### 6. EXPENSES

#### GROUP

#### 2024

	Note	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Employee benefits expense		48,852	235,212	284,064
Auditor's remuneration		1,429	7,965	9,394
Directors' fees	32	1,886	10,730	12,616
Depreciation of property and equipment	12	-	39,786	39,786
Amortisation of intangible assets	13	-	8,625	8,625
Expected credit losses		357	54,571	54,928
Profit commissions and other levies		125,623	194,025	319,648
Other expenses		25,833	148,296	174,129

#### Total

**203,980      699,210      903,190**

#### Represented by

Attributable expenses	4.1	188,382	613,057	801,439
*Other expenses		15,598	86,153	101,751

#### Total

**203,980      699,210      903,190**

Employee benefits expense comprise the following:

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Salaries and wages	45,567	221,055	266,622
Retirement benefit cost	2,440	11,851	14,291
National Social Security benefit cost	845	2,306	3,151
<b>Total</b>	<b>48,852</b>	<b>235,212</b>	<b>284,064</b>

#### 2023

	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
Employee benefits expense	35,960	193,701	229,661
Auditor's remuneration	1,453	9,082	10,535
Directors' fees	32	1,293	9,379
Depreciation of property and equipment	12	-	31,417
Amortisation of intangible assets	13	-	36,479
Expected credit losses	387	(35,505)	(35,118)
Profit commissions and other levies	36,287	233,044	269,331
Other expenses	19,524	134,474	153,998

#### Total

**94,904      610,778      705,682**

#### Represented by

Attributable expenses	4.1	83,258	516,886	600,144
*Other expenses		11,646	93,892	105,538

#### Total

**94,904      610,778      705,682**

\*Other expenses are those not attributable to insurance services.



## NOTES TO THE FINANCIAL STATEMENTS continued

### 6. EXPENSES (continued)

Employee benefits expense comprise the following:

#### GROUP

#### 2023

	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
Salaries and wages	33,891	183,018	216,909
Retirement benefit cost	2,000	10,404	12,404
National Social Security benefit cost	69	279	348
<b>Total</b>	<b>35,960</b>	<b>193,701</b>	<b>229,661</b>

The average number of employees in 2024 and 2023 by category were:

	2024	2023
Management	8	5
Other staff	28	24
<b>Total</b>	<b>36</b>	<b>29</b>

#### COMPANY

#### 2024

	Note	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Employee benefits expense		39,405	208,938	248,343
Auditor's remuneration		750	5,250	6,000
Directors' fees	32	1,063	7,438	8,501
Depreciation of property and equipment	12	-	35,971	35,971
Amortisation of intangible assets	13	-	6,009	6,009
Expected credit losses		(188)	51,617	51,429
Profit commissions and other levies		114,207	168,769	282,976
Other expenses		17,284	97,657	114,941
<b>Total</b>		<b>172,521</b>	<b>581,649</b>	<b>754,170</b>

#### Represented by

Attributable expenses	4.1	160,823	513,365	674,188
*Other expenses		11,698	68,284	79,982
<b>Total</b>		<b>172,521</b>	<b>581,649</b>	<b>754,170</b>

\*Other expenses are those not attributable to insurance services.

## NOTES TO THE FINANCIAL STATEMENTS continued

### 6. EXPENSES (continued)

Employee benefits expense comprise the following:

#### COMPANY

#### 2024

Salaries and wages
Retirement benefit cost
National Social Security benefit cost
<b>Total</b>

Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
36,804	196,471	233,275
2,440	11,851	14,291
161	616	777
<b>39,405</b>	<b>208,938</b>	<b>248,343</b>

#### 2023

Employee benefits expense
Auditor's remuneration
Directors' fees
Depreciation of property and equipment
Amortisation of intangible assets
Expected credit losses
Profit commissions and other levies
Other expenses
<b>Total</b>

	Life 2023 Note	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
	35,960	193,701	229,661
	1,453	9,082	10,535
32	1,293	8,086	9,379
12	-	31,417	31,417
13	-	36,479	36,479
	387	(35,505)	(35,118)
	36,287	233,044	269,331
	19,524	134,474	153,998
	94,904	610,778	705,682
4.1	83,258	516,886	600,144
	11,646	93,892	105,538
	94,904	610,778	705,682

\*Other expenses are those not attributable to insurance services.

Employee benefits expense comprise the following:

Salaries and wages
Retirement benefit cost
National Social Security benefit cost
<b>Total</b>

Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
33,891	183,018	216,909
2,000	10,404	12,404
69	279	348
<b>35,960</b>	<b>193,701</b>	<b>229,661</b>

The average number of employees in 2024 and 2023 by category were:

Management
Other staff
<b>Total</b>

2024	2023
7	5
24	24
<b>31</b>	<b>29</b>





## NOTES TO THE FINANCIAL STATEMENTS continued

### 7. INVESTMENT RETURN

#### 7.1 INTEREST REVENUE CALCULATED USING THE EFFECTIVE INTEREST METHOD

GROUP	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
<b>2024</b>			
Interest income on government securities	159,904	478,966	638,870
Interest income on bank deposits	121,569	222,682	344,251
Interest income on corporate bonds	2,091	2,114	4,205
Interest income on staff loans	-	3,708	3,708
<b>Total interest income</b>	<b>283,564</b>	<b>707,470</b>	<b>991,034</b>

	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
<b>2023</b>			
Interest income on government securities	150,821	446,581	597,402
Interest income on bank deposits	44,418	194,460	238,878
Interest income on corporate bonds	4,263	4,325	8,588
Interest income on staff loans	-	1,945	1,945
<b>Total interest income</b>	<b>199,502</b>	<b>647,311</b>	<b>846,813</b>

COMPANY	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
<b>2024</b>			
Interest income on government securities	159,904	451,502	611,406
Interest income on bank deposits	118,053	202,065	320,118
Interest income on corporate bonds	2,091	2,114	4,205
Interest income on staff loans	-	3,472	3,472
<b>Total interest income</b>	<b>280,048</b>	<b>659,153</b>	<b>939,201</b>

	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
<b>2023</b>			
Interest income on government securities	150,821	446,581	597,402
Interest income on bank deposits	44,418	194,460	238,878
Interest income on corporate bonds	4,263	4,325	8,588
Interest income on staff loans	-	1,945	1,945
<b>Total interest income</b>	<b>199,502</b>	<b>647,311</b>	<b>846,813</b>

## NOTES TO THE FINANCIAL STATEMENTS continued

### 7. INVESTMENT RETURN (continued)

#### 7.2 OTHER INVESTMENT REVENUE

##### GROUP

##### 2024

	Note	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Unrealised fair value gains on equity investments	15	4,334	8,668	13,002
Dividend income from equity investments		375	927	1,302
Realised gains on sale of equity investments		357	1,546	1,903
Unrealised fair value gains on REITs	15	-	3,606	3,606
Dividend income from REITs		-	6,283	6,283
Rental income		-	72,166	72,166
Fair value loss on investment property	14	-	(803)	(803)
<b>Total other investment revenue</b>		<b>5,066</b>	<b>92,393</b>	<b>97,459</b>

##### 2023

	Note	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
Unrealised fair value losses on equity investments	15	(3,588)	(6,934)	(10,522)
Dividend income from equity investments		291	533	824
Realised gains on sale of equity investments		460	460	920
Unrealised fair value gains on REITs	15	-	7,195	7,195
Dividend income from REITs		-	6,203	6,203
Rental income		-	74,615	74,615
Miscellaneous income		-	63	63
<b>Total other investment income</b>		<b>(2,837)</b>	<b>82,135</b>	<b>79,298</b>

##### COMPANY

##### 2024

	Note	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Unrealised fair value gains on equity investments	15	4,334	8,668	13,002
Dividend income from equity investments		375	927	1,302
Realised gains on sale of equity investments		357	1,546	1,903
Unrealised fair value gains on REITs	15	-	3,606	3,606
Dividend income from REITs		-	6,283	6,283
Rental income		-	72,166	72,166
Fair value loss on investment property	14	-	(803)	(803)
<b>Total other investment income</b>		<b>5,066</b>	<b>92,393</b>	<b>97,459</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 7. INVESTMENT RETURN (continued)

#### 7.2 OTHER INVESTMENT REVENUE (continued)

COMPANY		Life 2023	Non-Life 2023	Total 2023
2023	Note	Kshs '000	Kshs '000	Kshs '000
Unrealised fair value losses on equity investments	15	(3,588)	(6,934)	(10,522)
Dividend income from equity investments		291	533	824
Realised gains on sale of equity investments		460	460	920
Unrealised fair value gains on REITs	15	-	7,195	7,195
Dividend income from REITs		-	6,203	6,203
Rental income		-	74,615	74,615
Miscellaneous income		-	63	63
<b>Total other investment income</b>		<b>(2,837)</b>	<b>82,135</b>	<b>79,298</b>

#### 7.3 IMPAIRMENT ON FINANCIAL ASSETS

GROUP	Life 2024	Non-Life 2024	Total 2024
2024	Kshs '000	Kshs '000	Kshs '000
Government securities at amortised cost	(32)	(179)	(211)
Corporate bonds at amortised cost	11	13	24
Deposits at amortised cost	(1,749)	5,549	3,800
<b>Total impairment</b>	<b>(1,770)</b>	<b>5,383</b>	<b>3,613</b>

GROUP	Life 2023	Non-Life 2023	Total 2023
2023	Kshs '000	Kshs '000	Kshs '000
Government securities at amortised cost	20	245	265
Corporate bonds at amortised cost	5	3	8
Deposits at amortised cost	(1,335)	(1,816)	(3,151)
<b>Total impairment</b>	<b>(1,310)</b>	<b>(1,568)</b>	<b>(2,878)</b>

COMPANY	Life 2024	Non-Life 2024	Total 2024
2024	Kshs '000	Kshs '000	Kshs '000
Government securities at amortised cost	(32)	90	58
Corporate bonds at amortised cost	11	13	24
Deposits at amortised cost	(1,574)	6,186	4,612
<b>Total impairment</b>	<b>(1,595)</b>	<b>6,289</b>	<b>4,694</b>

# NOTES TO THE FINANCIAL STATEMENTS continued

## 7. INVESTMENT RETURN (continued)

### 7.3 IMPAIRMENT ON FINANCIAL ASSETS (continued)

#### COMPANY (continued)

2023

Government securities at amortised cost

Corporate bonds at amortised cost

Deposits at amortised cost

**Total impairment**

Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
20	245	265
5	3	8
(1,335)	(1,816)	(3,151)
<b>(1,310)</b>	<b>(1,568)</b>	<b>(2,878)</b>

## 8. INCOME TAX EXPENSE

#### GROUP

2024

Current income tax

Deferred income charge/(credit)

**Income tax expense**

Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
4,775	157,958	162,733
95,529	(105,378)	(9,849)
<b>100,304</b>	<b>52,580</b>	<b>152,884</b>

### (b) Reconciliation of tax expense to expected tax based on accounting profit

Profit before tax

Tax applicable at the rate of 30%

**Tax effects of adjustments on taxable income**

Tax effect of income not subject to tax

Tax effect of expenses not deductible for tax purposes

Ineligible depreciation

Prior year overprovision of deferred tax

**Income tax expense**

Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
339,372	617,837	957,209
101,812	185,351	287,163
(4,850)	(42,513)	(47,363)
3,342	14,134	17,476
-	9,604	9,604
-	(113,996)	(113,996)
<b>100,304</b>	<b>52,580</b>	<b>152,884</b>

2023

#### (a) Tax expense

Current income tax

Deferred income charge/(credit)

**Income tax expense**

Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
-	291,743	291,743
88,313	(3,998)	84,315
<b>88,313</b>	<b>287,745</b>	<b>376,058</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 8. INCOME TAX EXPENSE (continued)

#### GROUP (continued)

##### (b) Reconciliation of tax expense to expected tax based on accounting profit (continued)

2023

	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
Profit before tax	294,378	972,808	1,267,186
Tax applicable at the rate of 30%	88,313	291,842	380,155
<b>Tax effects of adjustments on taxable income</b>			
Tax effect of income not subject to tax	-	(39,748)	(39,748)
Tax effect of expenses not deductible for tax purposes	-	11,996	11,996
Ineligible depreciation	-	8,291	8,291
Prior year overprovision of deferred tax	-	(86,054)	(86,054)
Capital gains tax on land and buildings	-	55,125	55,125
<b>Income tax expense</b>	<b>88,313</b>	<b>241,452</b>	<b>329,765</b>

#### COMPANY

2024

The Company's current tax charge is computed in accordance with income tax rules applicable to Kenyan Non-Life and life insurance and reinsurance companies.

##### a) Tax expense

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Current income tax	4,775	121,457	126,232
Deferred income charge/(credit)	95,529	(97,314)	(1,785)
<b>Income tax expense</b>	<b>100,304</b>	<b>24,143</b>	<b>124,447</b>

##### (b) Reconciliation of tax expense to expected tax based on accounting profit

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Profit before tax	323,208	526,085	849,293
Tax applicable at the rate of 30%	96,962	157,826	254,788
<b>Tax effects of adjustments on taxable income</b>			
Tax effect of income not subject to tax	-	(42,513)	(42,513)
Tax effect of expenses not deductible for tax purposes	3,342	13,222	16,564
Ineligible depreciation	-	9,604	9,604
Prior year over provision deferred tax	-	(113,996)	(113,996)
<b>Income tax expense</b>	<b>100,304</b>	<b>24,143</b>	<b>124,447</b>

## NOTES TO THE FINANCIAL STATEMENTS continued

### 8. INCOME TAX EXPENSE (continued)

#### COMPANY (continued)

2023

##### (a) Tax expense

	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
Current income tax	-	291,743	291,743
Deferred income charge/(credit)	88,313	(3,998)	84,315
<b>Income tax expense</b>	<b>88,313</b>	<b>287,745</b>	<b>376,058</b>

	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
Profit before tax	294,378	972,808	1,267,186
Tax applicable at the rate of 30%	88,313	291,842	380,155
<b>Tax effects of adjustments on taxable income</b>			
Tax effect of income not subject to tax	-	(54,114)	(54,114)
Tax effect of expenses not deductible for tax purposes	-	10,841	10,841
Ineligible depreciation	-	8,351	8,351
Tax effect of changes in accounting Policy	-	30,825	30,825
<b>Income tax expense</b>	<b>88,313</b>	<b>287,745</b>	<b>376,058</b>

Key expenses not deductible for tax purposes include depreciation, and excess pension contribution while income not subject to tax comprises fair value gain on investment property and REITs and income from infrastructure bonds.

### 9. CURRENT INCOME TAX

#### GROUP

2024

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	52,468	(117,968)	(65,500)
Current income tax expense for the year	(4,775)	(157,958)	(162,733)
At 31 December	(47,756)	(11,139)	(58,895)
<b>Income tax paid</b>	<b>(63)</b>	<b>(287,065)</b>	<b>(287,128)</b>

2023

	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
At 1 January	52,468	(40,477)	11,991
Current income tax expense for the year	-	(291,743)	(291,743)
At 31 December	(52,468)	117,968	65,500
<b>Income tax paid</b>	<b>-</b>	<b>(214,252)</b>	<b>(214,252)</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 9. CURRENT INCOME TAX (continued)

#### COMPANY (continued)

##### COMPANY

##### 2024

At 1 January	
Current income tax expense for the year	
At 31 December	
<b>Income tax paid</b>	

Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
52,468	(117,968)	(65,500)
(4,775)	(121,457)	(126,232)
(47,693)	(26,931)	(74,624)
-	<b>(266,356)</b>	<b>(266,356)</b>

##### 2023

At 1 January	
Current income tax expense for the year	
At 31 December	
<b>Income tax paid</b>	

Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
52,468	(40,477)	11,991
-	(291,743)	(291,743)
(52,468)	117,968	65,500
-	<b>(214,252)</b>	<b>(214,252)</b>

### 10. EARNINGS PER SHARE AND DIVIDENDS

Earnings per ordinary share of are calculated by dividing the profit for the year attributable to shareholders by the weighted average number of ordinary shares issued as follows

#### GROUP

At 31 December	
Profit attributable to the shareholders (Kshs '000')	
Weighted average number of shares ('000')	
<b>Kshs</b>	

Total 2024	Total 2023
804,325	891,128
1,500	1,500
<b>536.22</b>	<b>594.09</b>

#### COMPANY

At 31 December	
Profit attributable to the shareholders (Kshs '000')	
Weighted average number of shares ('000')	
<b>Kshs</b>	

Total 2024	Total 2023
724,846	891,128
1,500	1,500
<b>483.23</b>	<b>594.09</b>

There were no potentially dilutive shares outstanding as at 31 December 2024 and 31 December 2023. Diluted earnings per share is therefore the same as basic earnings per share.



# NOTES TO THE FINANCIAL STATEMENTS continued

## 10. EARNINGS PER SHARE AND DIVIDENDS (continued)

### Dividends

First and final dividend amounting to Kshs 200,000,000 and Kshs 200,000,000 with respect to 2023 and 2022 was paid in 2024 and 2023 respectively. For the year ended 31 December 2024, the directors recommend the payment of a first and final dividend of Kshs 200,000,000 (2023: Kshs 200,000,000) representing a dividend per share of Kshs 133.33 (2023: Kshs 133.33) subject to approval at the annual general meeting.

## 11. RESERVES

### (a) Revaluation reserve

The revaluation surplus is not distributable and represents the surplus arising from the revaluation of property and equipment, net of related deferred taxation.

### (b) General reserve

The general reserve represents the accumulated profit for the life business after transfer to shareholders and provision of relevant taxes. Distribution of the fund is restricted by the Insurance Act.

### (c) Retained earnings

Retained earnings represent accumulated profit retained by the Company after payment of dividends to the shareholders. The amount is available for distribution to shareholders.

### (d) Contingency reserve

The contingency reserve relates to the subsidiary, East Africa Reinsurance (Tanzania) Company Limited. According to the Tanzania insurance Act, 2009, a contingency reserve is required to be maintained. This reserve shall not be less than 3% of Non-life Business and 1% of the Life Business of the net premiums or 20% of net profit whichever is greater. The reserve shall accumulate until it reaches the minimum paid share capital of the Company or 50% of the net earned premiums whichever is greater. This reserve is not available for distribution to shareholders.

### (e) Currency translation reserve

The statement of financial position of the subsidiary, East Africa Reinsurance (Tanzania) Company limited, is translated into Kenya Shillings at the year end exchange rate, while the statement of comprehensive income is translated into Kenya Shillings at the average rate of exchange for the year. The resulting translation differences are accumulated in equity under the Group's currency translation reserve.

## 12. PROPERTY AND EQUIPMENT

GROUP	2024			2023		
	Cost or Valuation Kshs '000	Accumulated depreciation Kshs '000	Carrying value Kshs '000	Cost or Valuation Kshs '000	Accumulated depreciation Kshs '000	Carrying value Kshs '000
Land	400,000	(31,458)	368,542	400,000	-	400,000
Buildings	20,000	(1,667)	18,333	20,000	-	20,000
Furniture and fixtures	34,088	(19,217)	14,871	22,580	(16,943)	5,637
Motor vehicles	14,452	(8,144)	6,308	6,078	(6,078)	-
Computers	21,298	(15,713)	5,585	16,205	(13,251)	2,954
<b>Total</b>	<b>489,838</b>	<b>(76,199)</b>	<b>413,639</b>	<b>464,863</b>	<b>(36,272)</b>	<b>428,591</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 12. PROPERTY AND EQUIPMENT (continued)

COMPANY	2024			2023		
	Cost or Valuation Kshs '000	Accumulated depreciation Kshs '000	Carrying value Kshs '000	Cost or Valuation Kshs '000	Accumulated depreciation Kshs '000	Carrying value Kshs '000
Land	400,000	(31,458)	368,542	400,000	-	400,000
Buildings	20,000	(1,667)	18,333	20,000	-	20,000
Furniture and fixtures	22,899	(18,165)	4,734	22,580	(16,943)	5,637
Motor vehicles	6,199	(6,081)	118	6,078	(6,078)	-
Computers	18,614	(14,873)	3,741	16,205	(13,251)	2,954
<b>Total</b>	<b>467,712</b>	<b>(72,244)</b>	<b>395,468</b>	<b>464,863</b>	<b>(36,272)</b>	<b>428,591</b>

#### GROUP

#### Reconciliation of Property and Equipment Year ended 31 December 2024

	Opening balance Kshs '000	Additions Kshs '000	Exchange differences Kshs '000	Depreciation Kshs '000	Closing Balance Kshs '000
Land	400,000	-	-	(31,458)	368,542
Buildings	20,000	-	-	(1,667)	18,333
Furniture and fixtures	5,637	11,080	358	(2,204)	14,871
Motor vehicles	-	8,114	219	(2,025)	6,308
Computers	2,954	4,998	65	(2,432)	5,585
	<b>428,591</b>	<b>24,192</b>	<b>642</b>	<b>(39,786)</b>	<b>413,639</b>

#### GROUP

#### Reconciliation of Property and Equipment Year ended 31 December 2023

	Opening balance Kshs '000	Additions Kshs '000	Revaluation Kshs '000	Depreciation Kshs '000	Closing Balance Kshs '000
Land	356,941	-	68,785	(25,726)	400,000
Buildings	29,474	9,460	(16,348)	(2,586)	20,000
Furniture and fixtures	2,575	4,750	-	(1,688)	5,637
Computers	1,214	3,157	-	(1,417)	2,954
	<b>390,204</b>	<b>17,367</b>	<b>52,437</b>	<b>(31,417)</b>	<b>428,591</b>

## NOTES TO THE FINANCIAL STATEMENTS continued

### 12. PROPERTY AND EQUIPMENT (continued)

#### COMPANY

##### Reconciliation of Property and Equipment Year ended 31 December 2024

	Opening balance Kshs '000'	Additions Kshs '000'	Depreciation Kshs '000'	Closing Balance Kshs '000'
Land	400,000	-	(31,458)	368,542
Buildings	20,000	-	(1,667)	18,333
Furniture and fixtures	5,637	286	(1,189)	4,734
Motor vehicles	-	153	(35)	118
Computers	2,954	2,409	(1,622)	3,741
	<b>428,591</b>	<b>2,848</b>	<b>(35,971)</b>	<b>395,468</b>

##### Reconciliation of Property and Equipment Year ended 31 December 2023

	Opening balance Kshs '000'	Additions Kshs '000'	Revaluation Kshs '000'	Depreciation Kshs '000'	Closing Balance Kshs '000'
Land	356,941	-	68,785	(25,726)	400,000
Buildings	29,474	9,460	(16,348)	(2,586)	20,000
Furniture and fixtures	2,575	4,750	-	(1,688)	5,637
Motor vehicles	1,214	3,157	-	(1,417)	2,954
	<b>390,204</b>	<b>17,367</b>	<b>52,437</b>	<b>(31,417)</b>	<b>428,591</b>

The leasehold land and buildings were revalued as at 31 December 2023 by Lloyd Masika Limited, independent valuers on the basis of open market value for existing use. The valuation which conforms to International Valuation Standards was determined by reference to open market values. The Company revalues its land and buildings every 3 years.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

#### GROUP

##### At 31 December

	Level 1 Kshs '000'	Level 2 Kshs '000'	Level 3 Kshs '000'	Total Kshs '000'
2024	-	-	386,875	386,875
2023	-	-	420,000	420,000

#### COMPANY

##### At 31 December

	Level 1 Kshs '000'	Level 2 Kshs '000'	Level 3 Kshs '000'	Total Kshs '000'
2024	-	-	386,875	386,875
2023	-	-	420,000	420,000



## NOTES TO THE FINANCIAL STATEMENTS continued

### 12. PROPERTY AND EQUIPMENT (continued)

Using the cost model the carrying amount for land and buildings at 31 December 2024 would be Kshs 35,806,000 (2023: Kshs 53,363,000).

#### Excess Depreciation

##### GROUP AND COMPANY

	2024 Kshs '000'	2023 Kshs '000'
Revaluation 1 January	382,985	340,385
Revaluation 31 December	(351,070)	(314,200)
Excess depreciation	31,915	26,185
Tax on excess depreciation at 30%	(9,575)	(7,856)
	<b>22,340</b>	<b>18,329</b>

### 13. INTANGIBLE ASSETS

GROUP	2024			2023		
	Cost Kshs '000'	Accumulated amortisation Kshs '000'	Carrying value Kshs '000'	Cost Kshs '000'	Accumulated amortisation Kshs '000'	Carrying value Kshs '000'
Computer software	140,760	(135,211)	5,549	132,438	(126,490)	5,948

COMPANY	2024			2023		
	Cost Kshs '000'	Accumulated amortisation Kshs '000'	Carrying value Kshs '000'	Cost Kshs '000'	Accumulated amortisation Kshs '000'	Carrying value Kshs '000'
Computer software	132,624	(132,499)	125	132,438	(126,490)	5,948

#### GROUP

##### Reconciliation of Intangible Assets Year ended 31 December 2024

	Opening balance Kshs '000'	Additions Kshs '000'	Exchanges differences Kshs '000'	Amortisation Kshs '000'	Carrying value Kshs '000'
Computer software	5,948	8,034	192	(8,625)	5,549

##### Reconciliation of Intangible Assets Year ended 31 December 2023

	Opening balance Kshs '000'	Additions Kshs '000'	Amortisation Kshs '000'	Closing Balance Kshs '000'
Computer software	46,036	(3,609)	(36,479)	5,948

#### COMPANY

##### Reconciliation of Intangible Assets Year ended 31 December 2024

	Opening balance Kshs '000'	Additions Kshs '000'	Amortisation Kshs '000'	Closing Balance Kshs '000'
Computer software	5,948	186	(6,009)	125

## NOTES TO THE FINANCIAL STATEMENTS continued

### 13. INTANGIBLE ASSETS (continued)

#### Reconciliation of Intangible Assets Year ended 31 December 2023

	Opening balance Kshs '000'	Additions Kshs '000'	Amortisation Kshs '000'	Closing Balance Kshs '000'
Computer software	46,036	(3,609)	(36,479)	5,948

### 14. INVESTMENT PROPERTIES

#### GROUP AND COMPANY

##### 2024

At 1 January

Additions

Fair value loss

**At 31 December**

	Life business Kshs '000	Non-Life business Kshs '000	Total 2024 Kshs '000
At 1 January	-	735,000	735,000
Additions	-	803	803
Fair value loss	-	(803)	(803)
<b>At 31 December</b>	<b>-</b>	<b>735,000</b>	<b>735,000</b>

##### 2023

At 1 January

**At 31 December**

	Life business Kshs '000	Non-Life business Kshs '000	Total 2023 Kshs '000
At 1 January	-	735,000	735,000
<b>At 31 December</b>	<b>-</b>	<b>735,000</b>	<b>735,000</b>

Investment properties are carried at fair value and were revalued in December 2024, by Lloyd Masika, independent valuers, on an investment basis. The resultant change in fair value has been accounted for in the statement of profit or loss and other comprehensive income.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets (investment properties) or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

#### GROUP At 31 December

2024

2023

	Level 1 Kshs '000'	Level 2 Kshs '000'	Level 3 Kshs '000'	Total Kshs '000'
2024	-	-	735,000	735,000
2023	-	-	735,000	735,000

#### COMPANY At 31 December

2024

2023

	Level 1 Kshs '000'	Level 2 Kshs '000'	Level 3 Kshs '000'	Total Kshs '000'
2024	-	-	735,000	735,000
2023	-	-	735,000	735,000

#### Valuation technique used to derive level 3 fair values

Level 3 fair value of investment property has been derived using the investment approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size.



## NOTES TO THE FINANCIAL STATEMENTS continued

### 14. INVESTMENT PROPERTIES (continued)

#### GROUP AND COMPANY (continued)

##### Sensitivity analysis

The sensitivity analysis below is based on a change in one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and a change in some assumptions may be correlated.

Assumption	% change	Fair Value Kshs '000'	Change in Fair Value Kshs '000'
Gross rental income	5	795,000	60,000
Gross rental income	-5	675,000	(60,000)
Discount rate	5	736,000	1,000
Discount rate	-5	734,000	(1,000)

#### i. Amounts recognised in profit or loss for investment properties

	Note	2024 Kshs '000'	2023 Kshs '000'
Rental income from operating leases	7	72,166	74,615
Fair value loss	7	(803)	-
		<b>71,363</b>	<b>74,615</b>

#### ii. Leasing arrangements

Minimum lease payments receivable on the lease of investment properties are as follows:

	2024 Kshs '000'	2023 Kshs '000'
Within one year	66,919	67,809
Between one (1) and five (5) years	296,113	176,842
More than five (5) years	-	<b>30,373</b>
	<b>363,032</b>	<b>275,024</b>

### 15. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

#### GROUP AND COMPANY

##### (a) Equity investments

#### 2024

	Life 2024 Kshs '000'	Non-Life 2024 Kshs '000'	Total 2024 Kshs '000'
At 1 January	5,416	11,884	17,300
Disposals	(598)	(2,247)	(2,845)
Fair value gains	4,334	8,668	13,002
<b>At 31 December</b>	<b>9,152</b>	<b>18,305</b>	<b>27,457</b>

## NOTES TO THE FINANCIAL STATEMENTS continued

### 15. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

#### GROUP AND COMPANY (continued)

##### (a) Equity investments (continued)

#### 2023

	Life 2023 Kshs '000'	Non-Life 2023 Kshs '000'	Total 2023 Kshs '000'
At 1 January	12,071	21,886	33,957
Disposals	(3,067)	(3,068)	(6,135)
Fair value losses	(3,588)	(6,934)	(10,522)
<b>At 31 December</b>	<b>5,416</b>	<b>11,884</b>	<b>17,300</b>

##### (b) Real estate investment trusts (REITs)

#### 2024

	Life 2023 Kshs '000'	Non-Life 2023 Kshs '000'	Total 2023 Kshs '000'
At 1 January	-	177,802	177,802
Fair value gains	-	3,606	3,606
<b>At 31 December</b>	<b>-</b>	<b>181,408</b>	<b>181,408</b>

#### 2023

	Life 2023 Kshs '000'	Non-Life 2023 Kshs '000'	Total 2023 Kshs '000'
At 1 January	-	170,607	170,607
Fair value gains	-	7,195	7,195
<b>At 31 December</b>	<b>-</b>	<b>177,802</b>	<b>177,802</b>

### 16. MORTGAGE LOANS

#### GROUP AND COMPANY

	2024 Kshs '000'	2023 Kshs '000'
At 1 January	17,308	29,568
Additions	103,805	-
Loans repayments	(4,857)	(12,260)
<b>At 31 December</b>	<b>116,256</b>	<b>17,308</b>





## NOTES TO THE FINANCIAL STATEMENTS continued

### 16. MORTGAGE LOANS (continued)

#### GROUP AND COMPANY (continued)

##### Maturity profile of mortgage loans:

1 to 5 years

over 5 years

**At 31 December**

	Total 2024 Kshs '000	Total 2023 Kshs '000
1 to 5 years	26,340	8,713
over 5 years	89,916	8,595
<b>At 31 December</b>	<b>116,256</b>	<b>17,308</b>

This represents mortgage loans extended to members of staff. The loans are fully secured and are charged interest at the rate 5% per annum (p.a.) (2023: 5% p.a.). The Company paid fringe benefit tax during the year since the rate was below the prescribed rate. The house and staff benefits act as collateral for the loans extended. These loans were assessed for impairment as at the end of the year. The collateral held exceeded the Company loan exposure, hence no impairment losses were recorded against the loans during the year ended 31 December 2024 and 31 December 2023.

##### Lending commitments:

There were no loans approved but not advanced at 31 December 2024 (2023: Kshs 64,000,000).

### 17. OTHER RECEIVABLES

#### GROUP

##### 2024

	Note	Life business 2024 Kshs '000	Non-Life business 2024 Kshs '000	Total 2024 Kshs '000
Due from Life to Non-Life and vice versa	23	11,227	7,806	19,033
Prepayments		-	25,381	25,381
Car loans (staff)*		-	14,524	14,524
Other receivables		12,938	19,690	32,628
<b>Total</b>		<b>24,165</b>	<b>67,401</b>	<b>91,566</b>

##### 2023

	Note	Life business 2023 Kshs '000	Non-Life business 2023 Kshs '000	Total 2023 Kshs '000
Due from Life to Non-Life and vice versa	23	-	23,604	23,604
Prepayments		-	25,529	25,529
Car loans (staff)*		-	7,392	7,392
Other receivables		1,677	17,809	19,486
<b>Total</b>		<b>1,677</b>	<b>74,334</b>	<b>76,011</b>

## NOTES TO THE FINANCIAL STATEMENTS continued

### 17. OTHER RECEIVABLES (continued)

#### COMPANY

#### 2024

		Life business 2024 Kshs '000	Non-Life business 2024 Kshs '000	Total 2024 Kshs '000
	Note			
Due from Non-Life to Life and vice versa	23	11,227	-	11,227
Prepayments		-	22,761	22,761
Receivables from subsidiary	32	7,975	50,245	58,220
Car loans (staff)*		-	11,383	11,383
Other receivables		12,939	15,912	28,851
<b>Total</b>		<b>32,141</b>	<b>100,301</b>	<b>132,442</b>

#### 2023

		Life business 2023 Kshs '000	Non-Life business 2023 Kshs '000	Total 2023 Kshs '000
	Note			
Due from Life to Non-Life	23	-	23,604	23,604
Prepayments		-	25,529	25,529
Receivables from subsidiary	32	1,236	41,407	42,643
Car loans (staff)*		-	7,392	7,392
Other receivables		441	13,461	13,902
<b>Total</b>		<b>1,677</b>	<b>111,393</b>	<b>113,070</b>

\*These are car loans extended to members of staff. The loans are fully secured and are charged interest at the rate of 8% per annum (p.a.). The average loan period for car loans is for years. The Company paid fringe benefit during the year since the rate was below the prescribed rate. There were no impairment losses recorded against car loans in 2024 (2023: Nil). The car and staff benefits act as collateral for the loans extended.



## NOTES TO THE FINANCIAL STATEMENTS continued

### 18. CORPORATE BONDS AT AMORTISED COST

#### GROUP AND COMPANY

##### 2024

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	28,608	29,118	57,726
Additions	2,500	3,000	5,500
Maturities	(30,500)	(31,500)	(62,000)
Movement in accrued interest	(619)	(631)	(1,250)
	<b>(11)</b>	<b>(13)</b>	<b>(24)</b>
Movement in expected credit losses	11	13	24
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Movement for expected credit losses:

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	(11)	(13)	(24)
Credit for the year	11	13	24
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

##### 2023

	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
At 1 January	37,632	38,142	75,774
Additions	1,000	1,000	2,000
Maturities	(10,000)	(10,000)	(20,000)
Movement in accrued interest	(29)	(27)	(56)
	<b>28,603</b>	<b>29,115</b>	<b>57,718</b>
Movement in expected credit losses	5	3	8
<b>At 31 December</b>	<b>28,608</b>	<b>29,118</b>	<b>57,726</b>

#### Movement for expected credit losses:

	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
At 1 January	(16)	(16)	(32)
Credit for the year	5	3	8
<b>Total</b>	<b>(11)</b>	<b>(13)</b>	<b>(24)</b>

## NOTES TO THE FINANCIAL STATEMENTS continued

### 18. CORPORATE BONDS AT AMORTISED COST (continued)

#### GROUP AND COMPANY (continued)

##### Corporate bonds maturity profile:

	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
1 to 5 years	28,619	29,131	57,750
Provision for expected credit losses	(11)	(13)	(24)
<b>At 31 December</b>	<b>28,608</b>	<b>29,118</b>	<b>57,726</b>

### 19. GOVERNMENT SECURITIES AT AMORTISED COST

#### GROUP 2024

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	1,256,352	4,028,242	5,284,594
Additions (Treasury bills)	-	281,294	281,294
Additions (Treasury bonds)	80,000	170,000	250,000
Maturities (Treasury bills)	-	(232,295)	(232,295)
Maturities and disposals (Treasury bonds)	(57,750)	(279,450)	(337,200)
Movement in accrued interest	6,449	8,911	15,360
Movement in unearned interest (Treasury bills)	-	(4,853)	(4,853)
Movement in unearned interest (Treasury bonds)	4,013	10,002	14,015
Exchange difference	-	(41,340)	(41,340)
	<b>1,289,064</b>	<b>3,940,511</b>	<b>5,229,575</b>
Movement in expected credit losses	(32)	(179)	(211)
<b>At 31 December</b>	<b>1,289,032</b>	<b>3,940,332</b>	<b>5,229,364</b>

##### Movement for expected credit losses

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	(1,258)	(3,748)	(5,006)
Credit for the year	(32)	(179)	(211)
Exchange difference	-	(10)	(10)
<b>At 31 December</b>	<b>(1,290)</b>	<b>(3,937)</b>	<b>(5,227)</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 19. GOVERNMENT SECURITIES AT AMORTISED COST (continued)

#### GROUP (continued)

##### Maturity profile

##### Treasury bills

Within 90 days

Over 90 days

Treasury bonds

In 1 to 5 years

##### Over 5 years

Provision for expected credit losses

##### Total

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
	-	260,206	260,206
	-	26,365	26,365
	-	<b>286,571</b>	<b>286,571</b>
	797,832	1,848,569	2,646,401
	492,490	1,809,129	2,301,619
	<b>1,290,322</b>	<b>3,657,698</b>	<b>4,948,020</b>
	(1,290)	(3,937)	(5,227)
	<b>1,289,032</b>	<b>3,940,332</b>	<b>5,229,364</b>

Included above are Treasury bonds amounting to Kshs 790,000,000 (2022: Kshs 715,000,000) held under lien by the Central Bank of Kenya in compliance with the requirements of section 32 of the Insurance Act (CAP 487). These securities cannot be transferred or sold by the Company without the approval of the Commissioner of Insurance.

#### 2023

At 1 January

Additions (Treasury bills)

Maturities (Treasury bills)

Maturities and disposals (Treasury bonds)

Movement in accrued interest

Movement in unearned interest (Treasury bills)

Movement in unearned interest (Treasury bonds)

Movement in expected credit losses

##### At 31 December

	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
	1,277,117	3,988,821	5,265,938
	-	283,755	283,755
	(20,000)	(200,000)	(220,000)
	(4,544)	(49,544)	(54,088)
	328	(585)	(257)
	72	712	784
	3,359	4,838	8,197
	<b>1,256,332</b>	<b>4,027,997</b>	<b>5,284,329</b>
	20	245	265
	<b>1,256,352</b>	<b>4,028,242</b>	<b>5,284,594</b>

##### Movement for expected credit losses

At 1 January

Credit for the year

##### At 31 December

	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
	(1,278)	(3,993)	(5,271)
	20	245	265
	<b>(1,258)</b>	<b>(3,748)</b>	<b>(5,006)</b>

# NOTES TO THE FINANCIAL STATEMENTS continued

## 19. GOVERNMENT SECURITIES AT AMORTISED COST (continued)

### GROUP (continued)

#### Maturity profile:

#### Treasury bills maturing:

Within 90 days

#### Treasury bonds maturing:

In 1 to 5 years

Over 5 years

Provision for expected credit losses

#### Total

	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
	-	283,755	283,755
	-	<b>283,755</b>	<b>283,755</b>
	673,838	1,551,056	2,224,894
	583,772	2,197,179	2,780,951
	<b>1,257,610</b>	<b>3,748,235</b>	<b>5,005,845</b>
	(1,258)	(3,748)	(5,006)
	<b>1,256,352</b>	<b>4,028,242</b>	<b>5,284,594</b>

### COMPANY

#### 2024

At 1 January

Additions (Treasury bonds)

Maturities and disposals (Treasury bonds)

Movement in accrued interest

Movement in unearned interest (Treasury bonds)

Movement in expected credit losses

#### At 31 December

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
	1,256,352	3,744,487	5,000,839
	80,000	170,000	250,000
	(57,750)	(279,450)	(337,200)
	6,449	8,911	15,360
	4,013	10,002	14,015
	<b>1,289,064</b>	<b>3,653,950</b>	<b>4,943,014</b>
	(32)	90	58
	<b>1,289,032</b>	<b>3,654,040</b>	<b>4,943,072</b>

#### Movement for expected credit losses

At 1 January

Credit for the year

#### At 31 December

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
	(1,258)	(3,748)	(5,006)
	(32)	90	58
	<b>(1,290)</b>	<b>(3,658)</b>	<b>(4,948)</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 19. GOVERNMENT SECURITIES AT AMORTISED COST (continued)

#### COMPANY (continued)

##### Maturity Profile

##### Treasury bonds maturing:

In 1 to 5 years

Over 5 years

Provision for expected credit losses

**Total**

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
In 1 to 5 years	797,832	1,848,569	2,646,401
Over 5 years	492,490	1,809,129	2,301,619
	<b>1,290,322</b>	<b>3,657,698</b>	<b>4,948,020</b>
Provision for expected credit losses	(1,290)	(3,658)	(4,948)
<b>Total</b>	<b>1,289,032</b>	<b>3,654,040</b>	<b>4,943,072</b>

Included above are Treasury bonds amounting to Kshs 755,000,000 (2023: Kshs 790,000,000) held under lien by the Central Bank of Kenya in compliance with the requirements of section 32 of the Insurance Act (CAP 487). These securities cannot be transferred or sold by the Company without the approval of the Commissioner of Insurance.

#### 2023

At 1 January

Maturities (Treasury bills)

Maturities and disposals (Treasury bonds)

Movement in accrued interest

Movement in unearned interest (Treasury bills)

Movement in unearned interest (Treasury bonds)

Movement in expected credit losses

**At 31 December**

	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
At 1 January	1,277,117	3,988,821	5,265,938
Maturities (Treasury bills)	(20,000)	(200,000)	(220,000)
Maturities and disposals (Treasury bonds)	(4,544)	(49,544)	(54,088)
Movement in accrued interest	328	(585)	(257)
Movement in unearned interest (Treasury bills)	72	712	784
Movement in unearned interest (Treasury bonds)	3,359	4,838	8,197
	<b>1,256,332</b>	<b>3,744,242</b>	<b>5,000,574</b>
Movement in expected credit losses	20	245	265
<b>At 31 December</b>	<b>1,256,352</b>	<b>3,744,487</b>	<b>5,000,839</b>

##### Movement for expected credit losses:

At 1 January

Credit for the year

**At 31 December**

	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
At 1 January	(1,278)	(3,993)	(5,271)
Credit for the year	20	245	265
<b>At 31 December</b>	<b>(1,258)</b>	<b>(3,748)</b>	<b>(5,006)</b>



# NOTES TO THE FINANCIAL STATEMENTS continued

## 19. GOVERNMENT SECURITIES AT AMORTISED COST (continued)

### Maturity Profile maturing:

	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
Treasury bills			
Treasury bonds	673,838	1,551,056	2,224,894
In 1 to 5 years	583,772	2,197,179	2,780,951
Over 5 years	<b>1,257,610</b>	<b>3,748,235</b>	<b>5,005,845</b>
Provision for expected credit losses	(1,258)	(3,748)	(5,006)
<b>Total</b>	<b>1,256,352</b>	<b>3,744,487</b>	<b>5,000,839</b>

## 20. DEPOSITS WITH FINANCIAL INSTITUTIONS AT AMORTISED COST

### GROUP

#### 2024

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	726,886	2,223,922	2,950,808
Additions	4,197,506	8,825,602	13,023,108
Disposals	(3,746,299)	(8,925,510)	(12,671,809)
Movement in accrued interest	20,925	5,349	26,274
Exchange difference	3,105	11,640	14,745
	<b>1,202,123</b>	<b>2,141,003</b>	<b>3,343,126</b>
Movement in expected credit losses	(1,265)	5,646	4,381
<b>At 31 December</b>	<b>1,200,858</b>	<b>2,146,649</b>	<b>3,347,507</b>

### Movement for expected credit losses:

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	(3,187)	(12,588)	(15,775)
(Charge)/credit for the year	(1,265)	5,646	4,381
Exchange difference	(4)	(17)	(21)
<b>At 31 December</b>	<b>(4,456)</b>	<b>(6,959)</b>	<b>(11,415)</b>

### Maturity Profile

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Within 90 days	803,485	1,808,154	2,611,639
In 91 days to 1 year	401,829	345,454	747,283
Provision for expected credit losses	(4,456)	(6,959)	(11,415)
<b>Total</b>	<b>1,200,858</b>	<b>2,146,649</b>	<b>3,347,507</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 20. DEPOSITS WITH FINANCIAL INSTITUTIONS AT AMORTISED COST (continued)

#### GROUP (continued)

##### 2023

	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
At 1 January	290,338	1,608,671	1,899,009
Additions	1,455,716	4,951,968	6,407,684
Disposals	(1,014,770)	(4,322,811)	(5,337,581)
Movement in accrued interest	(2,927)	(11,403)	(14,330)
	<b>728,357</b>	<b>2,226,425</b>	<b>2,954,782</b>
Movement in expected credit losses	(1,471)	(2,503)	(3,974)
<b>At 31 December</b>	<b>726,886</b>	<b>2,223,922</b>	<b>2,950,808</b>

#### Movement for expected credit losses:

	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
At 1 January	(1,716)	(10,085)	(11,801)
Charge for the year	(1,471)	(2,503)	(3,974)
<b>At 31 December</b>	<b>(3,187)</b>	<b>(12,588)</b>	<b>(15,775)</b>

#### Maturity profile:

	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
Within 90 days	713,808	2,236,510	2,950,318
In 91 days to 1 year	16,265	-	16,265
Provision for expected credit losses	(3,187)	(12,588)	(15,775)
<b>Total</b>	<b>726,886</b>	<b>2,223,922</b>	<b>2,950,808</b>

#### COMPANY

##### 2024

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	726,886	2,223,922	2,950,808
Additions	4,086,850	8,034,674	12,121,524
Disposals	(3,717,610)	(8,444,922)	(12,162,532)
Movement in accrued interest	18,033	(2,417)	15,616
	<b>1,114,159</b>	<b>1,811,257</b>	<b>2,925,416</b>
Movement in expected credit losses	(1,146)	6,091	4,945
<b>At 31 December</b>	<b>1,113,013</b>	<b>1,817,348</b>	<b>2,930,361</b>

## NOTES TO THE FINANCIAL STATEMENTS continued

### 20. DEPOSITS WITH FINANCIAL INSTITUTIONS AT AMORTISED COST (continued)

#### COMPANY (continued)

##### Movement for expected credit losses:

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	(3,187)	(12,588)	(15,775)
(Charge)/credit for the year	(1,146)	6,091	4,945
<b>At 31 December</b>	<b>(4,333)</b>	<b>(6,497)</b>	<b>(10,830)</b>

##### Maturity profile:

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Within 90 days	742,620	1,665,311	2,407,931
In 91 days to 1 year	374,726	158,534	533,260
Provision for expected credit losses	(4,333)	(6,497)	(10,830)
<b>Total</b>	<b>1,113,013</b>	<b>1,817,348</b>	<b>2,930,361</b>

#### 2023

	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
At 1 January	290,338	1,608,671	1,899,009
Additions	1,455,716	4,951,968	6,407,684
Disposals	(1,014,770)	(4,322,811)	(5,337,581)
Movement in accrued interest	(2,927)	(11,403)	(14,330)
	<b>728,357</b>	<b>2,226,425</b>	<b>2,954,782</b>
Movement in expected credit losses	(1,471)	(2,503)	(3,974)
<b>At 31 December</b>	<b>726,886</b>	<b>2,223,922</b>	<b>2,950,808</b>

##### Movement for expected credit losses:

	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
At 1 January	(1,716)	(10,085)	(11,801)
Charge for the year	(1,471)	(2,503)	(3,974)
<b>At 31 December</b>	<b>(3,187)</b>	<b>(12,588)</b>	<b>(15,775)</b>

##### Maturity profile:

	Life 2023 Kshs '000	Non-Life 2023 Kshs '000	Total 2023 Kshs '000
Within 90 days	713,808	2,236,510	2,950,318
In 91 days to 1 year	16,265	-	16,265
Provision for expected credit losses	(3,187)	(12,588)	(15,775)
<b>Total</b>	<b>726,886</b>	<b>2,223,922</b>	<b>2,950,808</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 20. DEPOSITS WITH FINANCIAL INSTITUTIONS AT AMORTISED COST (continued)

#### COMPANY (continued)

The following table summarises the average effective interest rates at the year end on the principal interest bearing investments:

#### Investment types

	2024 %	2023 %
Government securities	12.30	11.63
Corporate bonds	12.25	12.25
Deposits with financial institutions (Kshs)	13.80	15.80
Deposits with financial institutions (USD)	5.50	6.00
Mortgage loans	5.00	5.00

### 21. SHARE CAPITAL

#### GROUP AND COMPANY

	Number of ordinary shares	Share capital Life Kshs '000'	Share capital Non-Life Kshs '000'	Share capital Total Kshs '000'
Balance at 1 January 2023, 1 January 2024 and 31 December 2024	1,500,000	500,000	1,000,000	1,500,000

The total authorised number of ordinary shares is 1,500,000 with a par value of Kshs 1,000. All issued shares are fully paid. All ordinary shares rank equally with regards to the Company's residual assets.

The rights of the shareholders' are as below:

- Right to attend and vote at the General Meeting (AGM);
- Right to receive dividends when declared and approved at the AGM; and
- Right to receive information regarding the Company's performance and strategic direction.

## NOTES TO THE FINANCIAL STATEMENTS continued

### 22. INVESTMENT IN SUBSIDIARY

In 2023, the Company established a subsidiary, East Africa Reinsurance (Tanzania) Company Limited (the "Subsidiary"). The Subsidiary was incorporated on 11 July 2023 and commenced business in January 2024.

#### COMPANY

Subsidiary	Nature of business	Country of incorporation	Beneficial Ownership
East Africa Reinsurance (Tanzania) Company Limited	Reinsurance	Tanzania	100.00 %

#### Movement during the year

	2024 Kshs '000'	2023 Kshs '000'
At 1 January	289,611	-
Capital contribution during the year	355,241	289,611
<b>At 31 December</b>	<b>644,852</b>	<b>289,611</b>

The Subsidiary commenced operations in 2024, and its financial statements have been consolidated with the Company's effective 1 January 2024.

	Total 2024 Kshs '000'
<b>a) Summarised statement of financial position</b>	
Total assets	1,981,663
Total liabilities	(1,358,912)
<b>Net assets</b>	<b>622,751</b>
<b>b) Summarised statement of profit or loss and other comprehensive income</b>	
Insurance revenue	837,323
Insurance result result	97,507
<b>Profit before income tax</b>	<b>107,914</b>
Income tax charge	(28,437)
<b>Total comprehensive income</b>	<b>79,477</b>
<b>c) Summarised statement of cash flows</b>	
Net cash generated from operating activities	313,141
Net cash used in investing activities	(659,300)
Net cash used in financing activities	520,067
<b>Net increase in cash and cash equivalents</b>	<b>173,908</b>
Cash and cash equivalents at the beginning of the period	-
Translation differences	2,536
<b>Cash and cash equivalents at the end of the period</b>	<b>176,444</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 23. OTHER PAYABLES

#### GROUP

##### 2024

	Note	Life business Kshs '000	Non-Life business Kshs '000	Total Kshs '000
Accrued expenses		-	98,882	98,882
Due to Non-Life from Life and vice versa	17	7,806	11,227	19,033
Brokerages due		-	55,209	55,209
Tenant deposits		-	34,519	34,519
Taxes due (VAT & Premium tax)		3,373	98,357	101,730
Other liabilities		1,116	214,639	215,755
<b>Total</b>		<b>12,295</b>	<b>512,833</b>	<b>525,128</b>

##### 2023

	Note	Life business Kshs '000	Non-Life business Kshs '000	Total Kshs '000
Accrued expenses		-	136,111	136,111
Due to Non-Life from Life and vice versa	17	23,604	-	23,604
Brokerages due		825	41,004	41,829
Tenant deposits		-	37,697	37,697
Other liabilities		3,287	264,932	268,219
<b>Total</b>		<b>27,716</b>	<b>479,744</b>	<b>507,460</b>

#### COMPANY

##### 2024

	Note	Life business Kshs '000	Non-Life business Kshs '000	Total Kshs '000
Accrued expenses	17	-	79,924	79,924
Due to Life from Non-Life		-	11,227	11,227
Brokerages due		-	43,192	43,192
Tenant deposits		-	34,519	34,519
Other liabilities		-	257,786	257,786
<b>Total</b>		<b>-</b>	<b>426,648</b>	<b>426,648</b>

##### 2023

	Note	Life business Kshs '000	Non-Life business Kshs '000	Total Kshs '000
Accrued expenses and other liabilities	17	-	136,111	136,111
Due to Non-Life from Life		23,604	-	23,604
Brokerages due		825	41,004	41,829
Tenant deposits		-	37,697	37,697
Other liabilities		3,287	264,932	268,219
<b>Total</b>		<b>27,716</b>	<b>479,744</b>	<b>507,460</b>

## NOTES TO THE FINANCIAL STATEMENTS continued

### 24. INSURANCE CONTRACTS

#### A) Non-Life Business

The Liability for Incurred Claims (LIC) for the Non-Life Business consists of an outstanding claims reserve for large losses, a reserve for claims incurred but not reported (IBNR reserve) and an unallocated loss adjustment expenses (ULAE) reserve. These are discounted to the best estimate liability and updated with a risk adjustment for non-financial risk.

The Company's external actuaries use a combination of chain-ladder, expected loss ratio and Bornhuetter Ferguson techniques to estimate the IBNR reserve for attritional claims. Chain ladder techniques are used for mature underwriting years that have a relatively stable development pattern, while expected loss ratio and Bornhuetter Ferguson techniques are used for recent underwriting years. Based on historical claims development factors, development factors and loss ratios assumptions are selected and applied to cumulative claims data for each underwriting year that is not fully developed to produce estimated ultimate claims cost for each underwriting year. The IBNR reserve is, therefore, the difference between the ultimate cost of claims and the cumulative claims paid to the reserving date.

The ULAE reserve is determined at a class of business level by applying class-wise expense assumptions to determine the expenses that would be incurred to run off claims' liabilities. The large losses reserve is an explicit reserve held with respect to outstanding claims that are expected to exceed the Group's and Company's retention.

#### B) Life Business

The Group underwrite three types of life reinsurance contracts, namely ordinary life, supplementary benefits under ordinary life, and group life business. Ordinary life business is written on a 'risk premium' basis. This type of business can thus be viewed as a series of one-year renewable term assurances reinsured on guaranteed risk premium rates on a specific cohort of business, hence valued as such. Supplementary benefits under ordinary life business are written on a similar basis as ordinary life business. Group life business is also written on a 'risk premium' basis but with fewer guarantees as the risk premium rates used at each policy anniversary date can change.

The Group's Life business is predominantly short-term group life business, and short-term valuation methodologies are used in line with the Insurance Acts in Kenya and Tanzania. The Company's external actuaries use a combination of chain-ladder, expected loss ratio and Bornhuetter Ferguson techniques to estimate the claim reserve for attritional claims. Chain ladder techniques are used for mature underwriting years that have a relatively stable development pattern, while expected loss ratio and Bornhuetter Ferguson techniques are used for recent underwriting years. Development factors and loss ratio assumptions, based on historical claims development factors, are selected and applied to cumulative claims data for each underwriting year that is not fully developed to produce an estimated ultimate claim cost for each underwriting year. The claim reserve is the difference between the ultimate cost of claims and the cumulative claims paid to the reserving date.

#### C) Valuation methodology

The significant valuation assumptions for the actuarial valuation as at 31 December 2024 are the ultimate loss ratio and expense assumptions.





## NOTES TO THE FINANCIAL STATEMENTS continued

### 24. INSURANCE CONTRACTS (continued)

#### GROUP

#### Insurance Contract Balances

#### 31 December 2024

##### Insurance contract liabilities:

Liability for incurred claims

Liability for remaining coverage

##### Insurance contract assets:

Insurance contract balances

##### Net insurance contract liabilities

#### 31 December 2023

##### Insurance contract liabilities:

Liability for incurred claims

Liability for remaining coverage

##### Insurance contract assets:

Insurance contract assets

##### Net insurance contract liabilities

	Life business Kshs '000	Non-Life business Kshs '000	Total Kshs '000
<b>31 December 2024</b>			
<b>Insurance contract liabilities:</b>			
Liability for incurred claims	(454,526)	(2,205,199)	(2,659,725)
Liability for remaining coverage	(686,179)	(1,583,554)	(2,269,733)
	<b>(1,140,705)</b>	<b>(3,788,753)</b>	<b>(4,929,458)</b>
<b>Insurance contract assets:</b>			
Insurance contract balances	434,730	1,384,603	1,819,333
<b>Net insurance contract liabilities</b>	<b>(705,975)</b>	<b>(2,404,150)</b>	<b>(3,110,125)</b>
<b>31 December 2023</b>			
<b>Insurance contract liabilities:</b>			
Liability for incurred claims	(325,198)	(1,719,372)	(2,044,570)
Liability for remaining coverage	(375,346)	(1,253,048)	(1,628,394)
	<b>(700,544)</b>	<b>(2,972,420)</b>	<b>(3,672,964)</b>
<b>Insurance contract assets:</b>			
Insurance contract assets	192,114	862,973	1,055,087
<b>Net insurance contract liabilities</b>	<b>(508,430)</b>	<b>(2,109,447)</b>	<b>(2,617,877)</b>

# NOTES TO THE FINANCIAL STATEMENTS continued

## 24. INSURANCE CONTRACTS (continued)

### GROUP (continued)

#### Movement in Insurance Contract Balances

#### Non-Life business

			Liability for Incurred Claims Contracts under the PAA			
2024	Note	Liabilities for Remaining Coverage excluding Loss Component	Loss component	Estimates of PV of future cash flows	Risk adjustment for non- financial risk	Total KShs '000'
Opening assets		862,973	-	-	-	862,973
Opening liabilities		(1,195,359)	(57,689)	(1,625,057)	(94,315)	(2,972,420)
<b>Net opening balance</b>		<b>(332,386)</b>	<b>(57,689)</b>	<b>(1,625,057)</b>	<b>(94,315)</b>	<b>(2,109,447)</b>
<b>Changes in the statement of profit or loss</b>						
Insurance revenue	3	4,894,727	-	-	-	4,894,727
<b>Insurance service expenses</b>						
Incurred claims and other insurance service expenses		-	-	(2,133,209)	15,937	(2,117,272)
Amortisation of insurance acquisition cashflows	4.1	(1,228,174)	-	-	-	(1,228,174)
Adjustment to liabilities for incurred claims	4.1	-	-	(1,080,910)	(42,478)	(1,123,388)
Losses and reversals of losses on onerous contracts		-	1,266	-	-	1,266
<b>Total insurance service expenses</b>	<b>4.1</b>	<b>(1,228,174)</b>	<b>1,266</b>	<b>(3,214,119)</b>	<b>(26,541)</b>	<b>(4,467,568)</b>
		<b>3,666,553</b>	<b>1,266</b>	<b>(3,214,119)</b>	<b>(26,541)</b>	<b>427,159</b>
Insurance finance expenses	5	-	-	(179,603)	-	(179,603)
<b>Total changes in profit or loss</b>		<b>3,666,553</b>	<b>1,266</b>	<b>(3,393,722)</b>	<b>(26,541)</b>	<b>247,556</b>
<b>Cash flows</b>						
Premiums received		(4,769,847)	-	-	-	(4,769,847)
Insurance acquisition cash flows paid		1,282,498	-	-	-	1,282,498
Claims and other insurance service expenses paid		-	-	2,948,041	-	2,948,041
Foreign exchange differences		10,654	-	(13,209)	(396)	(2,951)
<b>Total cash flows</b>		<b>(3,476,695)</b>	<b>-</b>	<b>2,934,832</b>	<b>(396)</b>	<b>(542,259)</b>
<b>Net closing balance</b>		<b>(142,528)</b>	<b>(56,423)</b>	<b>(2,083,947)</b>	<b>(121,252)</b>	<b>(2,404,150)</b>
Closing assets		1,384,603	-	-	-	1,384,603
Closing liabilities		(1,527,131)	(56,423)	(2,083,947)	(121,252)	(3,788,753)
<b>Net closing balance</b>		<b>(142,528)</b>	<b>(56,423)</b>	<b>(2,083,947)</b>	<b>(121,252)</b>	<b>(2,404,150)</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 24. INSURANCE CONTRACTS (continued)

#### GROUP (continued)

#### Movement in Insurance Contract Balances

#### Non-Life business (continued)

2023	Note	Liabilities for Remaining Coverage excluding Loss Component	Loss component	Liability for Incurred Claims Contracts under the PAA		Total KShs '000'
				Estimates of PV of future cash flows	Risk adjustment for non-financial risk	
Opening assets		720,949	-	-	-	720,949
Opening liabilities		(1,109,715)	(65,968)	(1,622,112)	(98,738)	(2,896,533)
<b>Net opening balance</b>		<b>(388,766)</b>	<b>(65,968)</b>	<b>(1,622,112)</b>	<b>(98,738)</b>	<b>(2,175,584)</b>
<b>Changes in the statement of profit or loss</b>						
Insurance revenue	3	4,208,981	-	-	-	4,208,981
<b>Insurance service expenses</b>						
Incurred claims and other insurance service expenses		-	-	(1,544,730)	36,411	(1,508,319)
Amortisation of insurance acquisition cashflows	4.1	(1,105,490)	-	-	-	(1,105,490)
Adjustment to liabilities for incurred claims	4.1	-	-	(1,049,456)	(31,988)	(1,081,444)
Losses and reversals of losses on onerous contracts		-	8,279	-	-	8,279
<b>Total insurance service expenses</b>	<b>4.1</b>	<b>(1,105,490)</b>	<b>8,279</b>	<b>(2,594,186)</b>	<b>4,423</b>	<b>(3,686,974)</b>
		<b>3,103,491</b>	<b>8,279</b>	<b>(2,594,186)</b>	<b>4,423</b>	<b>522,007</b>
Insurance finance expenses	5	-	-	(5,261)	-	(5,261)
<b>Total changes in profit or loss</b>		<b>3,103,491</b>	<b>8,279</b>	<b>(2,599,447)</b>	<b>4,423</b>	<b>516,746</b>
<b>Cash flows</b>						
Premiums received		(4,171,625)	-	-	-	(4,171,625)
Insurance acquisition cash flows paid		1,124,514	-	-	-	1,124,514
Claims and other insurance service expenses paid		-	-	2,596,502	-	2,596,502
<b>Total cash flows</b>		<b>(3,047,111)</b>	<b>-</b>	<b>2,596,502</b>	<b>-</b>	<b>(450,609)</b>
<b>Net closing balance</b>		<b>(332,386)</b>	<b>(57,689)</b>	<b>(1,625,057)</b>	<b>(94,315)</b>	<b>(2,109,447)</b>
Closing assets		862,973	-	-	-	862,973
Closing liabilities		(1,195,359)	(57,689)	(1,625,057)	(94,315)	(2,972,420)
<b>Net closing balance</b>		<b>(332,386)</b>	<b>(57,689)</b>	<b>(1,625,057)</b>	<b>(94,315)</b>	<b>(2,109,447)</b>

# NOTES TO THE FINANCIAL STATEMENTS continued

## 24. INSURANCE CONTRACTS (continued)

### GROUP (continued)

#### Life business

2024	Note	Liability for Incurred Claims Contracts under the PAA				Total KShs '000'
		Liabilities for Remaining Coverage excluding Loss Component	Loss component	Estimates of PV of future cash flows	Risk adjustment for non- financial risk	
Opening assets		192,114	-	-	-	192,114
Opening liabilities		(322,403)	(52,943)	(308,829)	(16,369)	(700,544)
<b>Net opening balance</b>		<b>(130,289)</b>	<b>(52,943)</b>	<b>(308,829)</b>	<b>(16,369)</b>	<b>(508,430)</b>
<b>Changes in the statement of profit or loss</b>						
Insurance revenue	3	1,461,180	-	-	-	1,461,180
<b>Insurance service expenses</b>						
Incurring claims and other insurance service expenses		-	-	(581,840)	4,024	(577,816)
Amortisation of insurance acquisition cashflows	4.1	(323,996)	-	-	-	(323,996)
Adjustment to liabilities for incurred claims	4.1	-	-	(215,579)	(10,544)	(226,123)
Losses and reversals of losses on onerous contracts		-	(5,390)	-	-	(5,390)
<b>Total insurance service expenses</b>	<b>4.1</b>	<b>(323,996)</b>	<b>(5,390)</b>	<b>(797,419)</b>	<b>(6,520)</b>	<b>(1,133,325)</b>
		<b>1,137,184</b>	<b>(5,390)</b>	<b>(797,419)</b>	<b>(6,520)</b>	<b>327,855</b>
Insurance finance expenses	5	-	-	(26,506)	-	(26,506)
<b>Total changes in profit or loss</b>		<b>1,137,184</b>	<b>(5,390)</b>	<b>(823,925)</b>	<b>(6,520)</b>	<b>301,349</b>
<b>Cash flows</b>						
Premiums received		(1,564,045)	-	-	-	(1,564,045)
Insurance acquisition cash flows paid		362,235	-	-	-	362,235
Claims and other insurance service expenses paid		-	-	703,636	-	703,636
Foreign exchange differences		1,799	-	(2,473)	(46)	(720)
<b>Total cash flows</b>		<b>(1,200,011)</b>	<b>-</b>	<b>701,163</b>	<b>(46)</b>	<b>(498,894)</b>
<b>Net closing balance</b>		<b>(193,116)</b>	<b>(58,333)</b>	<b>(431,591)</b>	<b>(22,935)</b>	<b>(705,975)</b>
Closing assets		434,730	-	-	-	434,730
Closing liabilities		(627,846)	(58,333)	(431,591)	(22,935)	(1,140,705)
<b>Net closing balance</b>		<b>(193,116)</b>	<b>(58,333)</b>	<b>(431,591)</b>	<b>(22,935)</b>	<b>(705,975)</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 24. INSURANCE CONTRACTS (continued)

#### GROUP (continued)

#### Life business (continued)

2023	Liability for Incurred Claims Contracts under the PAA					Total KShs '000'
	Note	Liabilities for Remaining Coverage excluding Loss Component	Loss component	Estimates of PV of future cash flows	Risk adjustment for non-financial risk	
Opening assets		156,568	-	-	-	156,568
Opening liabilities		(232,257)	(49,121)	(300,268)	(24,022)	(605,668)
<b>Net opening balance</b>		<b>(75,689)</b>	<b>(49,121)</b>	<b>(300,268)</b>	<b>(24,022)</b>	<b>(449,100)</b>
<b>Changes in the statement of profit or loss</b>						
Insurance revenue	3	981,774	-	-	-	981,774
<b>Insurance service expenses</b>						
Incurred claims and other insurance service expenses		-	-	(423,317)	17,469	(405,848)
Amortisation of insurance acquisition cashflows	4.1	(245,546)	-	-	-	(245,546)
Adjustment to liabilities for incurred claims		-	-	(188,508)	(9,816)	(198,324)
Losses and reversals of losses on onerous contracts	4.1	-	(3,822)	-	-	(3,822)
<b>Total insurance service expenses</b>	<b>4.1</b>	<b>(245,546)</b>	<b>(3,822)</b>	<b>(611,825)</b>	<b>7,653</b>	<b>(853,540)</b>
		<b>736,228</b>	<b>(3,822)</b>	<b>(611,825)</b>	<b>7,653</b>	<b>128,234</b>
Insurance finance expenses	5	-	-	(4,563)	-	(4,563)
<b>Total changes in profit or loss</b>		<b>736,228</b>	<b>(3,822)</b>	<b>(616,388)</b>	<b>7,653</b>	<b>123,671</b>
<b>Cash flows</b>						
Premiums received		(1,078,141)	-	-	-	(1,078,141)
Insurance acquisition cash flows paid		287,313	-	-	-	287,313
Claims and other insurance service expenses paid		-	-	607,827	-	607,827
Foreign exchange differences		(790,828)	-	607,827	-	(183,001)
<b>Total cash flows</b>		<b>(130,289)</b>	<b>(52,943)</b>	<b>(308,829)</b>	<b>(16,369)</b>	<b>(508,430)</b>
<b>Net closing balance</b>						
Closing assets		192,114	-	-	-	192,114
Closing liabilities		(322,403)	(52,943)	(308,829)	(16,369)	(700,544)
<b>Net closing balance</b>		<b>(130,289)</b>	<b>(52,943)</b>	<b>(308,829)</b>	<b>(16,369)</b>	<b>(508,430)</b>

## NOTES TO THE FINANCIAL STATEMENTS continued

### 24. INSURANCE CONTRACTS (continued)

#### GROUP

The tables below illustrate how the Group's estimates of total insurance contract liabilities for each underwriting year has changed at successive year ends.

#### Life business

	2020 Kshs '000	2021 Kshs '000	2022 Kshs '000	2023 Kshs '000	2024 Kshs '000	Total Kshs '000
Accident year	437,156	726,810	277,754	386,751	424,789	2,253,260
One year later	1,012,647	782,603	691,957	537,539	-	3,024,746
Two years later	969,758	817,217	455,394	-	-	2,242,369
Three years later	372,339	716,957	-	-	-	1,089,296
Four years later	495,509	-	-	-	-	495,509
<b>Current estimate of cumulative claims</b>	<b>495,509</b>	<b>716,957</b>	<b>455,394</b>	<b>537,539</b>	<b>424,789</b>	<b>2,630,188</b>
Gross cumulative payments to date	492,801	698,270	409,668	372,028	175,028	2,147,795
Gross liabilities	2,708	18,687	45,726	165,511	249,392	482,024
<b>Total gross liability</b>						<b>482,024</b>
Effect of discounting						(50,433)
<b>Liability for Incurred Claims</b>						<b>431,591</b>

Non-Life business	2019 Kshs '000	2020 Kshs '000	2021 Kshs '000	2022 Kshs '000	2023 Kshs '000	2024 Kshs '000	Total Kshs '000
Accident year	1,055,731	887,874	916,112	1,198,053	1,242,584	1,733,460	7,033,814
One year later	1,753,600	1,497,072	1,600,158	1,803,120	2,167,666	-	8,821,616
Two years later	1,739,339	1,574,358	1,770,737	1,838,412	-	-	6,922,846
Three years later	1,740,347	1,588,024	1,727,427	-	-	-	5,055,798
Four years later	1,741,434	1,574,067	-	-	-	-	3,315,501
Five years later	1,724,283	-	-	-	-	-	1,724,283
<b>Current estimate of cumulative claims</b>	<b>1,724,283</b>	<b>1,574,067</b>	<b>1,727,427</b>	<b>1,838,412</b>	<b>2,167,666</b>	<b>1,733,460</b>	<b>10,765,315</b>
Gross cumulative payments to date	1,677,519	1,496,724	1,586,130	1,593,569	1,521,990	709,600	8,585,532
<b>Gross liabilities</b>	<b>46,764</b>	<b>77,343</b>	<b>141,297</b>	<b>244,843</b>	<b>645,676</b>	<b>1,023,860</b>	<b>2,179,783</b>
Gross liability in respect to prior years							253,189
<b>Total gross liability</b>							<b>2,432,972</b>
Effect of discounting							(349,025)
<b>Liability for Incurred Claims</b>							<b>2,083,947</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 24. INSURANCE CONTRACTS (continued)

#### COMPANY

##### Insurance Contract Balances

#### 31 December 2024

##### Insurance contract liabilities:

Liability for incurred claims

Liability for remaining coverage

##### Insurance contract assets:

Insurance contract balances

#### 31 December 2023

##### Insurance contract liabilities:

Liability for incurred claims

Liability for remaining coverage

##### Insurance contract assets:

Insurance contract assets

##### Net insurance contract liabilities

	Life Kshs '000	Non-Life Kshs '000	Total Kshs '000
<b>31 December 2024</b>			
<b>Insurance contract liabilities:</b>			
Liability for incurred claims	(388,367)	(1,820,276)	(2,208,643)
Liability for remaining coverage	(505,563)	(1,339,760)	(1,845,323)
	<b>(893,930)</b>	<b>(3,160,036)</b>	<b>(4,053,966)</b>
<b>Insurance contract assets:</b>			
Insurance contract balances	203,249	839,396	1,042,645
	<b>(690,681)</b>	<b>(2,320,640)</b>	<b>(3,011,321)</b>
<b>31 December 2023</b>			
<b>Insurance contract liabilities:</b>			
Liability for incurred claims	(325,198)	(1,719,372)	(2,044,570)
Liability for remaining coverage	(375,346)	(1,253,048)	(1,628,394)
	<b>(700,544)</b>	<b>(2,972,420)</b>	<b>(3,672,964)</b>
<b>Insurance contract assets:</b>			
Insurance contract assets	192,114	862,973	1,055,087
<b>Net insurance contract liabilities</b>	<b>(508,430)</b>	<b>(2,109,447)</b>	<b>(2,617,877)</b>



# NOTES TO THE FINANCIAL STATEMENTS continued

## 24. INSURANCE CONTRACTS (continued)

### COMPANY (continued)

#### Non-Life business

2024	Liability for Incurred Claims Contracts under the PAA					
	Note	Liabilities for Remaining Coverage excluding Loss Component	Loss component	Estimates of PV of future cash flows	Risk adjustment for non- financial risk	Total KShs '000'
Opening assets		862,973	-	-	-	862,973
Opening liabilities		(1,195,359)	(57,689)	(1,625,057)	(94,315)	(2,972,420)
Net opening balance		(332,386)	(57,689)	(1,625,057)	(94,315)	(2,109,447)
Changes in the statement of profit or loss						
Insurance revenue	3	4,310,411	-	-	-	4,310,411
Insurance service expenses						
Incurred claims and other insurance service expenses		-	-	(1,786,944)	15,937	(1,771,007)
Amortisation of insurance acquisition cashflows	4.1	(1,083,459)	-	-	-	(1,083,459)
Adjustment to liabilities for incurred claims		-	-	(1,080,910)	(31,663)	(1,112,573)
Losses and reversals of losses on onerous contracts	4.1	-	1,266	-	-	1,266
Total insurance service expenses	4.1	(1,083,459)	1,266	(2,867,854)	(15,726)	(3,965,773)
		3,226,952	1,266	(2,867,854)	(15,726)	344,638
Insurance finance expenses	5	-	-	(179,603)	-	(179,603)
Total changes in profit or loss		3,226,952	1,266	(3,047,457)	(15,726)	165,035
Cash flows						
Premiums received		(4,384,061)	-	-	-	(4,384,061)
Insurance acquisition cash flows paid		1,045,554	-	-	-	1,045,554
Claims and other insurance service expenses paid		-	-	2,962,279	-	2,962,279
Total cash flows		(3,338,507)	-	2,962,279	-	(376,228)
Net closing balance		(443,941)	(56,423)	(1,710,235)	(110,041)	(2,320,640)
Closing assets		839,396	-	-	-	839,396
Closing liabilities		(1,283,337)	(56,423)	(1,710,235)	(110,041)	(3,160,036)
Net closing balance		(443,941)	(56,423)	(1,710,235)	(110,041)	(2,320,640)



## NOTES TO THE FINANCIAL STATEMENTS continued

### 24. INSURANCE CONTRACTS (continued)

#### COMPANY (continued)

#### Non-Life business (continued)

2023	Note	Liability for Incurred Claims Contracts under the PAA				Total KShs '000'
		Liabilities for Remaining Coverage excluding Loss Component	Loss component	Estimates of PV of future cash flows	Risk adjustment for non- financial risk	
Opening assets		720,949	-	-	-	720,949
Opening liabilities		(1,109,715)	(65,968)	(1,622,112)	(98,738)	(2,896,533)
<b>Net opening balance</b>		<b>(388,766)</b>	<b>(65,968)</b>	<b>(1,622,112)</b>	<b>(98,738)</b>	<b>(2,175,584)</b>
<b>Changes in the statement of profit or loss</b>						
Insurance revenue	3	4,208,981	-	-	-	4,208,981
<b>Insurance service expenses</b>						
Incurred claims and other insurance service expenses		-	-	(1,544,730)	36,411	(1,508,319)
Amortisation of insurance acquisition cashflows	4.1	(1,105,490)	-	-	-	(1,105,490)
Adjustment to liabilities for incurred claims		-	-	(1,049,456)	(31,988)	(1,081,444)
Losses and reversals of losses on onerous contracts	4.1	-	8,279	-	-	8,279
<b>Total insurance service expenses</b>	4.1	<b>(1,105,490)</b>	<b>8,279</b>	<b>(2,594,186)</b>	<b>4,423</b>	<b>(3,686,974)</b>
		<b>3,103,491</b>	<b>8,279</b>	<b>(2,594,186)</b>	<b>4,423</b>	<b>522,007</b>
Insurance finance expenses	5	-	-	(5,261)	-	(5,261)
<b>Total changes in profit or loss</b>		<b>3,103,491</b>	<b>8,279</b>	<b>(2,599,447)</b>	<b>4,423</b>	<b>516,746</b>
<b>Cash flows</b>						
Premiums received		(4,171,625)	-	-	-	(4,171,625)
Insurance acquisition cash flows paid		1,124,514	-	-	-	1,124,514
Claims and other insurance service expenses paid		-	-	2,596,502	-	2,596,502
<b>Total cash flows</b>		<b>(3,047,111)</b>	<b>-</b>	<b>2,596,502</b>	<b>-</b>	<b>(450,609)</b>
<b>Net closing balance</b>		<b>(332,386)</b>	<b>(57,689)</b>	<b>(1,625,057)</b>	<b>(94,315)</b>	<b>(2,109,447)</b>
Closing assets		862,973	-	-	-	862,973
Closing liabilities		(1,195,359)	(57,689)	(1,625,057)	(94,315)	(2,972,420)
<b>Net closing balance</b>		<b>(332,386)</b>	<b>(57,689)</b>	<b>(1,625,057)</b>	<b>(94,315)</b>	<b>(2,109,447)</b>

# NOTES TO THE FINANCIAL STATEMENTS continued

## 24. INSURANCE CONTRACTS (continued)

### COMPANY (continued)

#### Life business

2024	Liabilities for Remaining Coverage excluding Loss Component			Liability for Incurred Claims Contracts under the PAA		Total KShs '000'
	Note	Loss component	Estimates of PV of future cash flows	Risk adjustment for non-financial risk		
Opening assets		192,114	-	-	-	192,114
Opening liabilities		(322,403)	(52,943)	(308,829)	(16,369)	(700,544)
Net opening balance		(130,289)	(52,943)	(308,829)	(16,369)	(508,430)
Changes in the statement of profit or loss						
Insurance revenue	3	1,220,774	-	-	-	1,220,774
Insurance service expenses						
Incurring claims and other insurance service expenses		-	-	(436,866)	4,024	(432,842)
Amortisation of insurance acquisition cashflows	4.1	(322,674)	-	-	-	(322,674)
Adjustment to liabilities for incurred claims		-	-	(215,579)	(9,293)	(224,872)
Losses and reversals of losses on onerous contracts	4.1	-	(5,390)	-	-	(5,390)
Total insurance service expenses	4.1	(322,674)	(5,390)	(652,445)	(5,269)	(985,778)
		898,100	(5,390)	(652,445)	(5,269)	234,996
Insurance finance expenses	5	-	-	(26,506)	-	(26,506)
Total changes in profit or loss		898,100	(5,390)	(678,951)	(5,269)	208,490
Cash flows						
Premiums received		(1,372,117)	-	-	-	(1,372,117)
Insurance acquisition cash flows paid		360,325	-	-	-	360,325
Claims and other insurance service expenses paid		-	-	621,051	-	621,051
Total cash flows		(1,011,792)	-	621,051	-	(390,741)
Net closing balance		(243,981)	(58,333)	(366,729)	(21,638)	(690,681)
Closing assets		203,249	-	-	-	203,249
Closing liabilities		(447,230)	(58,333)	(366,729)	(21,638)	(893,930)
Net closing balance		(243,981)	(58,333)	(366,729)	(21,638)	(690,681)



## NOTES TO THE FINANCIAL STATEMENTS continued

### 24. INSURANCE CONTRACTS (continued)

#### COMPANY (continued)

#### Life business (continued)

			Liability for Incurred Claims Contracts under the PAA			
2023		Liabilities for Remaining Coverage excluding Loss	Loss component	Estimates of PV of future cash flows	Risk adjustment for non- financial risk	Total KShs '000'
	Note	Component				
Opening assets		156,568	-	-	-	156,568
Opening liabilities		(232,257)	(49,121)	(300,268)	(24,022)	(605,668)
<b>Net opening balance</b>		<b>(75,689)</b>	<b>(49,121)</b>	<b>(300,268)</b>	<b>(24,022)</b>	<b>(449,100)</b>
<b>Changes in the statement of profit or loss</b>						
Insurance revenue	3	981,774	-	-	-	981,774
<b>Insurance service expenses</b>						
Incurring claims and other insurance service expenses		-	-	(423,317)	17,469	(405,848)
Amortisation of insurance acquisition cashflows	4.1	(245,546)	-	-	-	(245,546)
Adjustment to liabilities for incurred claims		-	-	(188,508)	(9,816)	(198,324)
Losses and reversals of losses on onerous contracts	4.1	-	(3,822)	-	-	(3,822)
<b>Total insurance service expenses</b>	4.1	<b>(245,546)</b>	<b>(3,822)</b>	<b>(611,825)</b>	<b>7,653</b>	<b>(853,540)</b>
		<b>736,228</b>	<b>(3,822)</b>	<b>(611,825)</b>	<b>7,653</b>	<b>128,234</b>
Insurance finance expenses	5	-	-	(4,563)	-	(4,563)
<b>Total changes in profit or loss</b>		<b>736,228</b>	<b>(3,822)</b>	<b>(616,388)</b>	<b>7,653</b>	<b>123,671</b>
<b>Cash flows</b>						
Premiums received		(1,078,141)	-	-	-	(1,078,141)
Insurance acquisition cash flows paid		287,313	-	-	-	287,313
Claims and other insurance service expenses paid		-	-	607,827	-	607,827
<b>Total cash flows</b>		<b>(790,828)</b>	<b>-</b>	<b>607,827</b>	<b>-</b>	<b>(183,001)</b>
<b>Net closing balance</b>		<b>(130,289)</b>	<b>(52,943)</b>	<b>(308,829)</b>	<b>(16,369)</b>	<b>(508,430)</b>
Closing assets		192,114	-	-	-	192,114
Closing liabilities		(322,403)	(52,943)	(308,829)	(16,369)	(700,544)
<b>Net closing balance</b>		<b>(130,289)</b>	<b>(52,943)</b>	<b>(308,829)</b>	<b>(16,369)</b>	<b>(508,430)</b>

## NOTES TO THE FINANCIAL STATEMENTS continued

### 24. INSURANCE CONTRACTS (continued)

#### COMPANY (continued)

The tables below illustrate how the Group's estimates of total insurance contract liabilities for each underwriting year has changed at successive year ends.

#### Life business

	2020 Kshs '000	2021 Kshs '000	2022 Kshs '000	2023 Kshs '000	2024 Kshs '000	Total Kshs '000
Accident year	437,156	726,810	277,754	386,751	296,783	2,125,254
One year later	1,012,647	782,603	691,957	537,539	-	3,024,746
Two years later	969,758	817,217	455,394	-	-	2,242,369
Three years later	372,339	716,957	-	-	-	1,089,296
Four years later	459,509	-	-	-	-	459,509
<b>Current estimate of cumulative claims</b>	<b>495,509</b>	<b>716,957</b>	<b>455,394</b>	<b>537,539</b>	<b>296,783</b>	<b>2,502,182</b>
Gross cumulative payments to date	492,801	698,270	409,668	372,028	118,540	2,091,307
Gross liabilities	2,708	18,687	45,726	165,511	178,243	410,875
<b>Total gross liability</b>						<b>410,875</b>
Effect of discounting						(44,146)
<b>Liability for Incurred Claims</b>						<b>366,729</b>

#### Non-Life business

	2019 Kshs '000	2020 Kshs '000	2021 Kshs '000	2022 Kshs '000	2023 Kshs '000	2024 Kshs '000	Total Kshs '000
Accident year	1,055,731	887,874	916,112	1,198,053	1,242,584	1,436,440	6,736,794
One year later	1,753,600	1,497,072	1,600,158	1,803,120	2,167,666	-	8,821,616
Two years later	1,739,339	1,574,358	1,770,737	1,838,412	-	-	6,922,846
Three years later	1,740,347	1,588,024	1,727,427	-	-	-	5,055,798
Four years later	1,741,434	1,574,067	-	-	-	-	3,315,501
Five years later	1,724,283	-	-	-	-	-	1,724,283
<b>Current estimate of cumulative claims</b>	<b>1,724,283</b>	<b>1,574,067</b>	<b>1,727,427</b>	<b>1,838,412</b>	<b>2,167,666</b>	<b>1,436,440</b>	<b>10,468,295</b>
Gross cumulative payments to date	1,677,519	1,496,724	1,586,130	1,593,569	1,521,990	822,522	8,698,454
<b>Gross liabilities</b>	<b>46,764</b>	<b>77,343</b>	<b>141,297</b>	<b>244,843</b>	<b>645,676</b>	<b>613,918</b>	<b>1,769,841</b>
Gross liability in respect to prior years							253,189
<b>Total gross liability</b>							<b>2,023,030</b>
Effect of discounting							(312,795)
<b>Liability for Incurred Claims</b>							<b>1,710,235</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 25. REINSURANCE CONTRACTS

#### GROUP

	Life Kshs '000	Non-Life Kshs '000	Total Kshs '000
<b>31 December 2024</b>			
Reinsurance contract assets	395,763	687,520	1,083,283
Reinsurance contract liabilities	(371,325)	(58,517)	(429,842)
<b>Net reinsurance contract assets</b>	<b>24,438</b>	<b>629,003</b>	<b>653,441</b>
<b>31 December 2023</b>			
Reinsurance contract assets	178,450	420,300	598,750
Reinsurance contract liabilities	(61,762)	(31,981)	(93,743)
<b>Net reinsurance contract assets</b>	<b>116,688</b>	<b>388,319</b>	<b>505,007</b>

Reinsurance contract assets include: claim recoveries, asset for remaining coverage, risk adjustment for non financial risk and the reinsurance loss recovery component as shown in the movements in reinsurance contract balances below.

# NOTES TO THE FINANCIAL STATEMENTS continued

## 25. REINSURANCE CONTRACTS (continued)

### GROUP (continued)

#### Non-Life business

			Assets for Incurred Claims			
2024						
	Note	Assets for Remaining Coverage	Assets for Remaining Coverage RLRC	Assets for Incurred Claims PVFCF	Risk adjustment for non-financial risk	Total KShs '000'
Opening assets		115,031	14,786	273,537	16,946	420,300
Opening liabilities		(31,981)	-	-	-	(31,981)
<b>Net opening balance</b>		<b>83,050</b>	<b>14,786</b>	<b>273,537</b>	<b>16,946</b>	<b>388,319</b>
<b>Changes in the statement of profit or loss</b>						
Reinsurance premium cost	4.2	(614,795)	-	-	-	(614,795)
<b>Amounts recoverable from reinsurance</b>						
Recoveries for incurred claims		-	-	96,634	4,104	100,738
Adjustments to assets for incurred claims	4.2	-	-	339,538	2,216	341,754
Change in risk of non-performance		-	-	(301)	-	(301)
Change in reinsurance loss recovery component	4.2	-	(4,549)	-	-	(4,549)
<b>Total expenses from reinsurance contracts</b>	4.2	<b>-</b>	<b>(4,549)</b>	<b>435,871</b>	<b>6,320</b>	<b>437,642</b>
<b>Net expenses from reinsurance contracts</b>		<b>(614,795)</b>	<b>(4,549)</b>	<b>435,871</b>	<b>6,320</b>	<b>(177,153)</b>
Reinsurance finance expenses through profit or loss	5	-	-	30,317	-	30,317
<b>Total changes in profit or loss</b>		<b>(614,795)</b>	<b>(4,549)</b>	<b>466,188</b>	<b>6,320</b>	<b>(146,836)</b>
<b>Cash flows</b>						
Reinsurance premiums paid		767,880	-	-	-	767,880
Reinsurance recoveries		-	-	(392,581)	-	(392,581)
Exchange difference		11,540	-	661	20	12,221
<b>Total cash flows</b>		<b>779,420</b>	<b>-</b>	<b>(391,920)</b>	<b>20</b>	<b>387,520</b>
<b>Net closing balance</b>		<b>247,675</b>	<b>10,237</b>	<b>347,805</b>	<b>23,286</b>	<b>629,003</b>
Closing assets		306,192	10,237	347,805	23,286	687,520
Closing liabilities		(58,517)	-	-	-	(58,517)
<b>Net closing balance</b>		<b>247,675</b>	<b>10,237</b>	<b>347,805</b>	<b>23,286</b>	<b>629,003</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 25. REINSURANCE CONTRACTS (continued)

#### GROUP (continued)

#### Non-Life business (continued)

			Assets for Incurred Claims			
2023						
	Note	Assets for Remaining Coverage	Assets for Remaining Coverage RLRC	Assets for Incurred Claims PVFCF	Risk adjustment for non-financial risk	Total KShs '000'
Opening assets		69,391	17,028	352,369	20,789	459,577
Opening liabilities		(43,966)	-	-	-	(43,966)
<b>Net opening balance</b>		<b>25,425</b>	<b>17,028</b>	<b>352,369</b>	<b>20,789</b>	<b>415,611</b>
<b>Changes in the statement of profit or loss</b>						
Reinsurance premium cost	4.2	(348,228)	-	-	-	(348,228)
<b>Amounts recoverable from reinsurance</b>						
Recoveries for incurred claims		-	-	149,258	(11,908)	137,350
Adjustments to assets for incurred claims	4.2	-	-	(91,101)	8,065	(83,036)
Change in risk of non-performance		-	-	587	-	587
Change in reinsurance loss recovery component		-	(2,242)	-	-	(2,242)
<b>Total expenses from reinsurance contracts</b>	4.2	<b>-</b>	<b>(2,242)</b>	<b>58,744</b>	<b>(3,843)</b>	<b>52,659</b>
<b>Net expenses from reinsurance contracts</b>		<b>(348,228)</b>	<b>(2,242)</b>	<b>58,744</b>	<b>(3,843)</b>	<b>(295,569)</b>
Reinsurance finance expenses through profit or loss	5	-	-	6,118	-	6,118
<b>Total changes in profit or loss</b>		<b>(348,228)</b>	<b>(2,242)</b>	<b>64,862</b>	<b>(3,843)</b>	<b>(289,451)</b>
<b>Cash flows</b>						
Reinsurance premiums paid		405,853	-	-	-	405,853
Reinsurance recoveries		-	-	(143,694)	-	(143,694)
<b>Total cash flows</b>		<b>405,853</b>	<b>-</b>	<b>(143,694)</b>	<b>-</b>	<b>262,159</b>
<b>Net closing balance</b>		<b>83,050</b>	<b>14,786</b>	<b>273,537</b>	<b>16,946</b>	<b>388,319</b>
Closing assets		115,031	14,786	273,537	16,946	420,300
Closing liabilities		(31,981)	-	-	-	(31,981)
<b>Net closing balance</b>		<b>83,050</b>	<b>14,786</b>	<b>273,537</b>	<b>16,946</b>	<b>388,319</b>



# NOTES TO THE FINANCIAL STATEMENTS continued

## 25. REINSURANCE CONTRACTS (continued)

### GROUP (continued)

#### Life business

2024	Note	Assets for Incurred Claims				Total KShs '000'
		Assets for Remaining Coverage	Assets for Remaining Coverage RLRC	Assets for Incurred Claims PVFCF	Risk adjustment for non- financial risk	
Opening assets		88,533	12,498	68,187	9,232	178,450
Opening liabilities		(61,762)	-	-	-	(61,762)
<b>Net opening balance</b>		<b>26,771</b>	<b>12,498</b>	<b>68,187</b>	<b>9,232</b>	<b>116,688</b>
<b>Changes in the statement of profit or loss</b>						
Reinsurance premium cost	4.2	(375,858)	-	-	-	(375,858)
<b>Amounts recoverable from reinsurance</b>						
Recoveries for incurred claims		-	-	171,975	(6,627)	165,348
Adjustments to assets for incurred claims		-	-	6,898	2,848	9,746
Change in risk of non-performance	4.2	-	-	(21)	-	(21)
Change in reinsurance loss recovery component	4.2	-	1,717	-	-	1,717
<b>Total expenses from reinsurance contracts</b>	4.2	<b>-</b>	<b>1,717</b>	<b>178,852</b>	<b>(3,779)</b>	<b>176,790</b>
<b>Net expenses from reinsurance contracts</b>		<b>(375,858)</b>	<b>1,717</b>	<b>178,852</b>	<b>(3,779)</b>	<b>(199,068)</b>
Reinsurance finance expenses through profit or loss	5	-	-	6,920	-	6,920
<b>Total changes in profit or loss</b>		<b>(375,858)</b>	<b>1,717</b>	<b>185,772</b>	<b>(3,779)</b>	<b>(192,148)</b>
<b>Cash flows</b>						
Reinsurance premiums paid		234,878	-	-	-	234,878
Reinsurance recoveries		-	-	(132,253)	-	(132,253)
Exchange difference		(4,385)	-	1,625	33	(2,727)
<b>Total cash flows</b>		<b>230,493</b>	<b>-</b>	<b>(130,628)</b>	<b>33</b>	<b>99,898</b>
<b>Net closing balance</b>		<b>(118,594)</b>	<b>14,215</b>	<b>123,331</b>	<b>5,486</b>	<b>24,438</b>
Closing assets		252,731	14,215	123,331	5,486	395,763
Closing liabilities		(371,325)	-	-	-	(371,325)
<b>Net closing balance</b>		<b>(118,594)</b>	<b>14,215</b>	<b>123,331</b>	<b>5,486</b>	<b>24,438</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 25. REINSURANCE CONTRACTS (continued)

#### GROUP (continued)

#### Life business (continued)

2023				Assets for Incurred Claims		Total KShs '000'
	Note	Assets for Remaining Coverage	Assets for Remaining Coverage RLRC	Assets for Incurred Claims PVFCF	Risk adjustment for non- financial risk	
Opening assets		60,719	13,086	62,523	8,879	145,207
<b>Net opening balance</b>		<b>60,719</b>	<b>13,086</b>	<b>62,523</b>	<b>8,879</b>	<b>145,207</b>
<b>Changes in the statement of profit or loss</b>						
Reinsurance premium cost	4.2	(146,185)	-	-	-	(146,185)
<b>Amounts recoverable from reinsurance</b>						
Recoveries for incurred claims		-	-	97,231	(1,814)	95,417
Adjustments to assets for incurred claims		-	-	6,212	2,167	8,379
Change in risk of non-performance	4.2	-	-	(38)	-	(38)
Change in reinsurance loss recovery component	4.2	-	(588)	-	-	(588)
<b>Total expenses from reinsurance contracts</b>	4.2	<b>-</b>	<b>(588)</b>	<b>103,405</b>	<b>353</b>	<b>103,170</b>
<b>Net expenses from reinsurance contracts</b>		<b>(146,185)</b>	<b>(588)</b>	<b>103,405</b>	<b>353</b>	<b>(43,015)</b>
Reinsurance finance expenses through profit or loss	5	-	-	784	-	784
<b>Total changes in profit or loss</b>		<b>(146,185)</b>	<b>(588)</b>	<b>104,189</b>	<b>353</b>	<b>(42,231)</b>
<b>Cash flows</b>						
Reinsurance premiums paid		112,237	-	-	-	112,237
Reinsurance recoveries		-	-	(98,525)	-	(98,525)
<b>Total cash flows</b>		<b>112,237</b>	<b>-</b>	<b>(98,525)</b>	<b>-</b>	<b>13,712</b>
<b>Net closing balance</b>		<b>26,771</b>	<b>12,498</b>	<b>68,187</b>	<b>9,232</b>	<b>116,688</b>
Closing assets		88,533	12,498	68,187	9,232	178,450
Closing liabilities		(61,762)	-	-	-	(61,762)
<b>Net closing balance</b>		<b>26,771</b>	<b>12,498</b>	<b>68,187</b>	<b>9,232</b>	<b>116,688</b>

## NOTES TO THE FINANCIAL STATEMENTS continued



### 25. REINSURANCE CONTRACTS COMPANY

#### 31 December 2024

Reinsurance contract assets

Reinsurance contract liabilities

**Net reinsurance contract assets**

#### 31 December 2023

Reinsurance contract assets

Reinsurance contract liabilities

**Net reinsurance contract assets**

	Life Kshs '000	Non-Life Kshs '000	Total Kshs '000
Reinsurance contract assets	215,739	593,021	808,760
Reinsurance contract liabilities	(114,118)	-	(114,118)
<b>Net reinsurance contract assets</b>	<b>101,621</b>	<b>593,021</b>	<b>694,642</b>
Reinsurance contract assets	178,450	420,300	598,750
Reinsurance contract liabilities	(61,762)	(31,981)	(93,743)
<b>Net reinsurance contract assets</b>	<b>116,688</b>	<b>388,319</b>	<b>505,007</b>

Reinsurance contract assets include: claim recoveries, asset for remaining coverage, risk adjustment for non financial risk and the reinsurance loss recovery component as shown in the movements in reinsurance contract balances below.



## NOTES TO THE FINANCIAL STATEMENTS continued

### 25. REINSURANCE CONTRACTS (continued)

#### COMPANY (continued)

#### Non-Life business

2024

		Assets for Incurred Claims			
Note	Assets for Remaining Coverage	Assets for Remaining Coverage RLRC	Assets for Incurred Claims PVFCF	Risk adjustment for non-financial risk	Total KShs '000'
Opening assets	115,031	14,786	273,537	16,946	420,300
Opening liabilities	(31,981)	-	-	-	(31,981)
<b>Net opening balance</b>	<b>83,050</b>	<b>14,786</b>	<b>273,537</b>	<b>16,946</b>	<b>388,319</b>
<b>Changes in the statement of profit or loss</b>					
Reinsurance premium cost	4.2	(557,373)	-	-	(557,373)
<b>Amounts recoverable from reinsurance</b>					
Recoveries for incurred claims		-	43,082	4,104	47,186
Adjustments to assets for incurred claims	4.2	-	339,538	1,672	341,210
Change in risk of non-performance		-	(211)	-	(211)
Change in reinsurance loss recovery component	4.2	-	(4,549)	-	(4,549)
<b>Total expenses from reinsurance contracts</b>	4.2	<b>-</b>	<b>(4,549)</b>	<b>5,776</b>	<b>383,636</b>
<b>Net expenses from reinsurance contracts</b>		<b>(557,373)</b>	<b>(4,549)</b>	<b>5,776</b>	<b>(173,737)</b>
Reinsurance finance expenses through profit or loss	5	-	30,317	-	30,317
<b>Total changes in profit or loss</b>		<b>(557,373)</b>	<b>(4,549)</b>	<b>5,776</b>	<b>(143,420)</b>
<b>Cash flows</b>					
Reinsurance premiums paid		705,284	-	-	705,284
Reinsurance recoveries		-	(357,163)	-	(357,163)
<b>Total cash flows</b>		<b>705,284</b>	<b>(357,163)</b>	<b>-</b>	<b>348,121</b>
<b>Net closing balance</b>		<b>230,961</b>	<b>10,237</b>	<b>22,722</b>	<b>593,020</b>
Closing assets		230,961	10,237	22,722	593,021
Closing liabilities		-	-	-	-
<b>Net closing balance</b>		<b>230,961</b>	<b>10,237</b>	<b>22,722</b>	<b>593,021</b>

# NOTES TO THE FINANCIAL STATEMENTS continued

## 25. REINSURANCE CONTRACTS (continued)

### COMPANY (continued)

### Non-Life business (continued)

2023	Note	Assets for Incurred Claims				Total KShs '000'
		Assets for Remaining Coverage	Assets for Remaining Coverage RLRC	Assets for Incurred Claims PVFCF	Risk adjustment for non- financial risk	
Opening assets		69,391	17,028	352,369	20,789	459,577
Opening liabilities		(43,966)	-	-	-	(43,966)
<b>Net opening balance</b>		<b>25,425</b>	<b>17,028</b>	<b>352,369</b>	<b>20,789</b>	<b>415,611</b>
<b>Changes in the statement of profit or loss</b>						
Reinsurance premium cost	4.2	(348,228)	-	-	-	(348,228)
<b>Amounts recoverable from reinsurance</b>						
Recoveries for incurred claims		-	-	149,258	(11,908)	137,350
Adjustments to assets for incurred claims	4.2	-	-	(91,101)	8,065	(83,036)
Change in risk of non-performance		-	-	587	-	587
Change in reinsurance loss recovery component	4.2	-	(2,242)	-	-	(2,242)
<b>Total expenses from reinsurance contracts</b>	4.2	<b>-</b>	<b>(2,242)</b>	<b>58,744</b>	<b>(3,843)</b>	<b>52,659</b>
<b>Net expenses from reinsurance contracts</b>		<b>(348,228)</b>	<b>(2,242)</b>	<b>58,744</b>	<b>(3,843)</b>	<b>(295,569)</b>
Reinsurance finance expenses through profit or loss	5	-	-	6,118	-	6,118
<b>Total changes in profit or loss</b>		<b>(348,228)</b>	<b>(2,242)</b>	<b>64,862</b>	<b>(3,843)</b>	<b>(289,451)</b>
<b>Cash flows</b>						
Reinsurance premiums paid		405,853	-	-	-	405,853
Reinsurance recoveries		-	-	(143,694)	-	(143,694)
<b>Total cash flows</b>		<b>405,853</b>	<b>-</b>	<b>(143,694)</b>	<b>-</b>	<b>262,159</b>
<b>Net closing balance</b>		<b>83,050</b>	<b>14,786</b>	<b>273,537</b>	<b>16,946</b>	<b>388,319</b>
Closing assets		115,031	14,786	273,537	16,946	420,300
Closing liabilities		(31,981)	-	-	-	(31,981)
<b>Net closing balance</b>		<b>83,050</b>	<b>14,786</b>	<b>273,537</b>	<b>16,946</b>	<b>388,319</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 25. REINSURANCE CONTRACTS (continued)

#### COMPANY (continued)

##### Life business

2024	Assets for Incurred Claims					
	Note	Assets for Remaining Coverage	Assets for Remaining Coverage RLRC	Assets for Incurred Claims PVFCF	Risk adjustment for non-financial risk	Total KShs '000'
Opening assets		88,533	12,498	68,187	9,232	178,450
Opening liabilities		(61,762)	-	-	-	(61,762)
Net opening balance		26,771	12,498	68,187	9,232	116,688
Changes in the statement of profit or loss						
Reinsurance premium cost	4.2	(211,128)	-	-	-	(211,128)
Amounts recoverable from reinsurance						
Recoveries for incurred claims		-	-	82,575	(6,627)	75,948
Adjustments to assets for incurred claims	4.2	-	-	6,898	1,961	8,859
Change in risk of non-performance		-	-	(8)	-	(8)
Change in reinsurance loss recovery component	4.2	-	1,717	-	-	1,717
Total expenses from reinsurance contracts	4.2	-	1,717	89,465	(4,666)	86,516
Net expenses from reinsurance contracts		(211,128)	1,717	89,465	(4,666)	(124,612)
Reinsurance finance expenses through profit or loss	5	-	-	6,920	-	6,920
Total changes in profit or loss		(211,128)	1,717	96,385	(4,666)	(117,692)
Cash flows						
Reinsurance premiums paid		189,828	-	-	-	189,828
Reinsurance recoveries		-	-	(87,203)	-	(87,203)
Total cash flows		189,828	-	(87,203)	-	102,625
Net closing balance		5,471	14,215	77,369	4,566	101,621
Closing assets		119,589	14,215	77,369	4,566	215,739
Closing liabilities		(114,118)	-	-	-	(114,118)
Net closing balance		5,471	14,215	77,369	4,566	101,621

# NOTES TO THE FINANCIAL STATEMENTS continued

## 25. REINSURANCE CONTRACTS (continued)

### COMPANY (continued)

#### Life business

2023	Note	Assets for Incurred Claims				Total KShs '000'
		Assets for Remaining Coverage	Assets for Remaining Coverage RLRC	Assets for Incurred Claims PVFCF	Risk adjustment for non- financial risk	
Opening assets		60,719	13,086	62,523	8,879	145,207
<b>Net opening balance</b>		<b>60,719</b>	<b>13,086</b>	<b>62,523</b>	<b>8,879</b>	<b>145,207</b>
<b>Changes in the statement of profit or loss</b>						
Reinsurance premium cost	4.2	(146,185)	-	-	-	(146,185)
<b>Amounts recoverable from reinsurance</b>						
Recoveries for incurred claims		-	-	97,231	(1,814)	95,417
Adjustments to assets for incurred claims	4.2	-	-	6,212	2,167	8,379
Change in risk of non-performance		-	-	(38)	-	(38)
Change in reinsurance loss recovery component	4.2	-	(588)	-	-	(588)
<b>Total expenses from reinsurance contracts</b>	4.2	<b>-</b>	<b>(588)</b>	<b>103,405</b>	<b>353</b>	<b>103,170</b>
<b>Net expenses from reinsurance contracts</b>		<b>(146,185)</b>	<b>(588)</b>	<b>103,405</b>	<b>353</b>	<b>(43,015)</b>
Reinsurance finance expenses through profit or loss	5	-	-	784	-	784
<b>Total changes in profit or loss</b>		<b>(146,185)</b>	<b>(588)</b>	<b>104,189</b>	<b>353</b>	<b>(42,231)</b>
<b>Cash flows</b>						
Reinsurance premiums paid		112,237	-	-	-	112,237
Reinsurance recoveries		-	-	(98,525)	-	(98,525)
<b>Total cash flows</b>		<b>112,237</b>	<b>-</b>	<b>(98,525)</b>	<b>-</b>	<b>13,712</b>
<b>Net closing balance</b>		<b>26,771</b>	<b>12,498</b>	<b>68,187</b>	<b>9,232</b>	<b>116,688</b>
Closing assets		88,533	12,498	68,187	9,232	178,450
Closing liabilities		(61,762)	-	-	-	(61,762)
<b>Net closing balance</b>		<b>26,771</b>	<b>12,498</b>	<b>68,187</b>	<b>9,232</b>	<b>116,688</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 26. DEFERRED TAX

#### GROUP

#### 2024

##### (a) Deferred tax movement in the year

	Life business 2024 Kshs '000	Non-Life business 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	357,160	60,917	418,077
Charge/(credit) to profit or loss	95,529	(105,378)	(9,849)
Exchange differences	-	(295)	(295)
<b>At 31 December</b>	<b>452,689</b>	<b>(44,756)</b>	<b>407,933</b>

##### (b) Reconciliation of deferred tax asset/(liability)

	Life business 2024 Kshs '000	Non-Life business 2024 Kshs '000	Total 2024 Kshs '000
<b>Deferred income tax liability</b>			
Deferred tax on land and buildings	-	47,156	47,156
Unrealised exchange gains	-	5,291	5,291
Life surplus	452,689	-	452,689
	452,689	52,447	505,136
<b>Deferred income tax asset</b>			
Provisions	-	(89,527)	(89,527)
Excess depreciation over capital allowance	-	(7,323)	(7,323)
Right of use asset	-	(58)	(58)
Exchange differences	-	(295)	(295)
<b>Net deferred tax liability</b>	<b>452,689</b>	<b>(44,756)</b>	<b>407,933</b>

#### 2023

##### (a) Deferred tax movement in the year

	Life business 2023 Kshs '000	Non-Life business 2023 Kshs '000	Total 2023 Kshs '000
At 1 January	268,847	67,915	336,762
Credit to other comprehensive income	-	(3,000)	(3,000)
Charge/(credit) to profit or loss	88,313	(3,998)	84,315
<b>At 31 December</b>	<b>357,160</b>	<b>60,917</b>	<b>418,077</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 26. DEFERRED TAX (continued)

#### GROUP (continued)

#### (b) Reconciliation of deferred tax asset/(liability)

2023

#### Deferred income tax liability

Deferred tax on land and buildings

Life surplus

Insurance and reinsurance contracts

**At 31 December**

#### Deferred income tax asset

Provisions

Unrealised exchange losses

Excess depreciation over capital allowance

**Net deferred tax liability**

	Life business 2023 Kshs '000	Non-Life business 2023 Kshs '000	Total 2023 Kshs '000
	-	52,125	52,125
	357,160	-	357,160
	-	61,666	61,666
	357,160	113,791	470,951
	-	(20,943)	(20,943)
	-	(18,169)	(18,169)
	-	(13,762)	(13,762)
	<b>357,160</b>	<b>60,917</b>	<b>418,077</b>

#### COMPANY

Deferred income tax is calculated using the enacted tax rate of 30% except for capital gains, for which the enacted tax rate of 15% is used (2023: 30% and 15%). The movement on the deferred income tax account is as follows:

2024

#### (a) Deferred tax movement in the year

At 1 January

Charge/(credit) to profit or loss

At 31 December

	Life business 2024 Kshs '000	Non-Life business 2024 Kshs '000	Total 2024 Kshs '000
	357,160	60,917	418,077
	95,529	(97,314)	(1,785)
	<b>452,689</b>	<b>(36,397)</b>	<b>416,292</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 26. DEFERRED TAX (continued)

#### COMPANY (continued)

##### (b) Reconciliation of deferred tax asset/(liability)

#### Deferred income tax liability

Deferred tax on land and buildings

Unrealised exchange gains

Life surplus

Deferred income tax asset

Provisions

Excess depreciation over capital allowance

#### Net deferred tax liability

Life business 2024 Kshs '000	Non-Life business 2024 Kshs '000	Total 2024 Kshs '000
-	47,156	47,156
-	5,291	5,291
452,689	-	452,689
452,689	52,447	505,136
-	(80,530)	(80,530)
-	(8,314)	(8,314)
<b>452,689</b>	<b>(36,397)</b>	<b>416,292</b>

### 2023

##### (a) Deferred tax movement in the year

At 1 January

Credit to other comprehensive income

Charge/(credit) to profit or loss

At 31 December

Life business 2023 Kshs '000	Non-Life business 2023 Kshs '000	Total 2023 Kshs '000
268,847	67,915	336,762
-	(3,000)	(3,000)
88,313	(3,998)	84,315
<b>357,160</b>	<b>60,917</b>	<b>418,077</b>

##### (b) Reconciliation of deferred tax asset/(liability)

#### Deferred income tax liability

Deferred tax on land and buildings

Life surplus

Insurance and reinsurance contracts

#### Deferred income tax asset

Provisions

Unrealised exchange losses

Excess depreciation over capital allowance

#### Net deferred tax liability

Life business 2023 Kshs '000	Non-Life business 2023 Kshs '000	Total 2023 Kshs '000
-	52,125	52,125
357,160	-	357,160
-	61,666	61,666
357,160	113,791	470,951
-	(20,943)	(20,943)
-	(18,169)	(18,169)
-	(13,762)	(13,762)
<b>357,160</b>	<b>60,917</b>	<b>418,077</b>

## NOTES TO THE FINANCIAL STATEMENTS continued

### 27. CASH AND BANK BALANCES

#### GROUP

#### 2024

Cash and bank balances consist of:

	Life business 2024 Kshs '000	Non-Life business 2024 Kshs '000	Total 2024 Kshs '000
Cash and Bank Balances	149,330	431,956	581,286
Less: Provision for expected credit losses	(736)	(1,221)	(1,957)
<b>Total</b>	<b>148,594</b>	<b>430,735</b>	<b>579,329</b>

Movement in expected credit losses:

	Life business 2024 Kshs '000	Non-Life business 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	(250)	(1,120)	(1,370)
Charge for the year	(484)	(94)	(578)
Exchanges difference	(2)	(7)	(9)
<b>At 31 December</b>	<b>(736)</b>	<b>(1,221)</b>	<b>(1,957)</b>

Cash and Cash equivalents consist of:

	Life business 2024 Kshs '000	Non-Life business 2024 Kshs '000	Total 2024 Kshs '000
Cash and Bank Balances	149,330	431,956	581,286
Deposits with financial institutions maturing within 90 days	677,740	1,550,314	2,228,054
<b>At 31 December</b>	<b>827,070</b>	<b>1,982,270</b>	<b>2,809,340</b>

#### 2023

	Life business 2023 Kshs '000	Non-Life business 2023 Kshs '000	Total 2023 Kshs '000
Cash and Bank Balances	38,836	207,156	245,992
Less: Provision for expected credit losses	(250)	(1,120)	(1,370)
<b>Total</b>	<b>38,586</b>	<b>206,036</b>	<b>244,622</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 27. CASH AND BANK BALANCES (continued)

#### GROUP (continued)

#### 2023 (continued)

#### Movement in expected credit losses:

	Life business 2023 Kshs '000	Non-Life business 2023 Kshs '000	Total 2023 Kshs '000
At 1 January	(385)	(1,806)	(2,191)
Credit for the year	135	686	821
<b>At 31 December</b>	<b>(250)</b>	<b>(1,120)</b>	<b>(1,370)</b>

#### Cash and Cash equivalents consist of:

	Life business 2023 Kshs '000	Non-Life business 2023 Kshs '000	Total 2023 Kshs '000
Cash and Bank Balances	38,836	207,156	245,992
Deposits with financial institutions maturing within 90 days	20 713,808	2,236,509	2,950,317
<b>At 31 December</b>	<b>752,644</b>	<b>2,443,665</b>	<b>3,196,309</b>

#### COMPANY

#### 2024

#### Cash and bank balances consist of:

	Life business 2024 Kshs '000	Non-Life business 2024 Kshs '000	Total 2024 Kshs '000
Cash and Bank Balances	107,675	290,702	398,377
Less: Provision for expected credit losses	(678)	(1,023)	(1,701)
<b>Total</b>	<b>106,997</b>	<b>289,679</b>	<b>396,676</b>

#### Movement in expected credit losses:

	Life business 2024 Kshs '000	Non-Life business 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	(250)	(1,120)	(1,370)
(Charge)/credit for the year	(428)	97	(331)
<b>At 31 December</b>	<b>(678)</b>	<b>(1,023)</b>	<b>(1,701)</b>

## NOTES TO THE FINANCIAL STATEMENTS continued

### 27. CASH AND BANK BALANCE (continued)

#### COMPANY (continued)

Cash and Cash equivalents consist of:

	Life business 2024 Kshs '000	Non-Life business 2024 Kshs '000	Total 2024 Kshs '000
Cash and Bank Balances	107,675	290,702	398,377
Deposits with financial institutions maturing within 90 days	677,740	1,550,314	2,228,054
<b>At 31 December</b>	<b>785,415</b>	<b>1,841,016</b>	<b>2,626,431</b>

#### 2023

Cash and bank balances consist of:

	Life business 2023 Kshs '000	Non-Life business 2023 Kshs '000	Total 2023 Kshs '000
Cash and Bank Balances	38,836	165,714	204,550
Less: Provision for expected credit losses	(250)	(1,120)	(1,370)
<b>Total</b>	<b>38,586</b>	<b>164,594</b>	<b>203,180</b>

Movement in expected credit losses:

	Life business 2024 Kshs '000	Non-Life business 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	(385)	(1,806)	(2,191)
Credit for the year	135	686	821
<b>At 31 December</b>	<b>(250)</b>	<b>(1,120)</b>	<b>(1,370)</b>

Cash and Cash equivalents consist of:

	Life business 2024 Kshs '000	Non-Life business 2024 Kshs '000	Total 2024 Kshs '000
Cash and Bank Balances	38,836	165,714	204,550
Deposits with financial institutions maturing within 90 days	713,808	2,236,510	2,950,318
<b>At 31 December</b>	<b>752,644</b>	<b>2,402,224</b>	<b>3,154,868</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 28. CASH GENERATED FROM OPERATIONS

#### GROUP

	Note	2024 Kshs '000	2023 Kshs '000
Profit before income tax		957,209	1,267,186
<b>Adjustments for:</b>			
Depreciation on property and equipment	12	39,786	31,417
Depreciation on right of use asset		1,389	-
Interest expenses lease liability		437	-
Gain on disposal of equipment		-	(7)
Gain on disposal of equities		(1,903)	(919)
Change in fair value of equity investments	15	(13,002)	10,522
Change in fair value of investment property	14	803	-
Change in insurance contract liabilities		1,256,494	170,763
Change in reinsurance contract liabilities		336,099	49,777
Change in other payables		13,021	55,646
Change in insurance contract assets		(754,547)	(177,570)
Change in reinsurance contract assets		(484,533)	6,035
Change in other receivables		(15,555)	(36,172)
Investment income		(1,070,785)	(928,518)
Amortisation of intangible assets	13	8,625	36,479
Impairment of financial assets		(3,613)	2,881
Change in fair value of REITs	15	(3,606)	(7,195)
Unrealised foreign exchange losses		4,294	-
<b>Total</b>		<b>270,613</b>	<b>480,325</b>

#### COMPANY

	Note	2024 Kshs '000	2023 Kshs '000
Profit before income tax		849,293	1,267,186
<b>Adjustments for:</b>			
Depreciation on property and equipment	12	35,970	31,417
Gain on disposal of equipment		-	(7)
Gain on disposal of equities		(1,903)	(919)
Change in fair value of equity investments	15	(13,002)	10,522
Change in fair value of investment property	14	803	-
Change in insurance contract liabilities		381,002	170,763
Change in reinsurance contract liabilities		20,375	49,777
Change in other payables		(46,566)	55,646
Change in insurance contract assets		12,442	(177,570)
Change in reinsurance contract assets		(188,464)	6,035
Change in other receivables		(54,199)	(73,230)
Investment income		(1,018,952)	(928,518)
Amortisation of intangible assets	13	6,009	36,479
Impairment of financial assets		(4,694)	2,881
Change in fair value of REITs	15	(3,606)	(7,195)
Unrealised foreign exchange gains		(16,395)	-
<b>Total</b>		<b>(41,887)</b>	<b>443,267</b>

## NOTES TO THE FINANCIAL STATEMENTS continued

### 29. LEASE LIABILITIES AND RIGHT-OF-USE ASSETS

The Group leases office space, and the average term is 3 years. The lease agreement commenced in 1 December 2023. Details pertaining to leasing arrangements, where the Group is lessee are presented below:

#### GROUP

##### (a) Lease liabilities

Movement of lease liabilities is shown below:

	Life business 2024 Kshs '000	Non-Life business 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	-	-	-
Additions	-	4,156	4,156
Interest expense	-	437	437
Principal payments in the period	-	(1,193)	(1,193)
Interest paid	-	(437)	(437)
Exchange difference	-	108	108
<b>At 31 December</b>	<b>-</b>	<b>3,071</b>	<b>3,071</b>

Maturity analysis of the lease liabilities recognised on 31 December is analysed as below:

	Life business 2024 Kshs '000	Non-Life business 2024 Kshs '000	Total 2024 Kshs '000
Non-current	-	1,689	1,689
Current	-	1,689	1,689
<b>Total</b>	<b>-</b>	<b>3,378</b>	<b>3,378</b>

##### (b) Right-of-use assets

Movement of right-of-use assets is shown below:

	Life business 2024 Kshs '000	Non-Life business 2024 Kshs '000	Total 2024 Kshs '000
At 1 January	-	-	-
Additions	-	4,156	4,156
Depreciation	-	(1,389)	(1,389)
Exchange difference	-	101	101
<b>At 31 December</b>	<b>-</b>	<b>2,868</b>	<b>2,868</b>

The Group leases office space for a term of one year with an option to renew the lease. The lease does not contain any restrictions or covenants other than the protective rights of the lessor nor does it carry a residual value guarantee.



## NOTES TO THE FINANCIAL STATEMENTS continued

### 29. LEASE LIABILITIES AND RIGHT-OF-USE ASSETS (continued)

#### GROUP (continued)

##### (c) Amounts recognised in the statement of financial position

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Right-of-use asset	-	2,868	2,868
Lease liability	-	3,071	3,071

##### (d) Amounts recognised in the statement of profit or loss

	Life 2024 Kshs '000	Non-Life 2024 Kshs '000	Total 2024 Kshs '000
Depreciation on right-of-use assets	-	1,389	1,389
Interest expense - lease liability	-	437	437

The total cash outflow for leases was Kshs 1,600,000.

### 30. CAPITAL COMMITMENTS

#### GROUP

Approved capital expenditure

2024 Kshs '000	2023 Kshs '000
6,722	6,250

#### COMPANY

Approved capital expenditure

2024 Kshs '000	2023 Kshs '000
6,350	6,250

### 31. CONTINGENT LIABILITIES

The Kenya Revenue Authority (KRA) audited the Company's corporate income tax records during the years 2014 to 2020 and issued an assessment which the Company objected to. In 2024, the High Court upheld the Tax Appeals Tribunal (TAT) decision that the claimed taxes were not payable by the Company. KRA filed a notice of Appeal seeking to appeal the High Court's decision at the Court of Appeal. The Company, in conjunction with its tax advisors, continues to engage KRA on resolving this matter.

The resulting obligation if any, arising from the audit cannot be measured with sufficient reliability and thus its quantum has not been disclosed.

Having sought the advice of the Company's tax advisors, the Directors are of the opinion that the possibility of an outflow of resources on the above-mentioned contingency is remote and will it not have a material effect on the financial position or performance of the Company.

The Group and Company are also subject to insurance solvency regulations and has complied with the solvency regulations. There are no contingencies associated with the Company's compliance or lack of compliance with such regulations.

### 32. RELATED PARTIES

The Group is controlled by First Chartered Securities Limited, a company incorporated and domiciled in Kenya, which is its immediate parent company. The Group's ultimate holding company is Asset Managers Limited. There are several other companies, which are related to the Group through common shareholdings or common directorships.



## NOTES TO THE FINANCIAL STATEMENTS continued

### 32. RELATED PARTIES (continued)

In the normal course of business, the Group issues reinsurance policies and has banking relationships with its related parties. All transactions with related parties are at arm's length. The terms and conditions of the reinsurance and banking related party transactions are equivalent to those available to other customers.

Transactions with related parties during the year and related outstanding balances are disclosed below:

#### a) Transactions with related parties during the year

##### GROUP

	2024 Kshs '000	2023 Kshs '000
Insurance revenue	2,370,979	1,883,591
Interest earned on bank deposits	52,394	10,106
<b>Total</b>	<b>2,423,373</b>	<b>1,893,697</b>

##### COMPANY

	2024 Kshs '000	2023 Kshs '000
Insurance revenue	2,257,503	1,883,591
Interest earned on bank deposits	45,811	10,106
<b>Total</b>	<b>2,303,314</b>	<b>1,893,697</b>

#### b) Balances with related parties

##### i. Balances Receivable from related parties

##### GROUP

	2024 Kshs '000	2023 Kshs '000
ICEA LION Holdings Limited and subsidiaries	112,332	37,533
GA Insurance Limited and subsidiaries	50,663	49,909
Kenindia Assurance Limited	16,563	9,423
Apollo Investments and subsidiaries	14,318	5,962
<b>Total</b>	<b>193,876</b>	<b>102,827</b>

##### COMPANY

	Note	2024 Kshs '000	2023 Kshs '000
ICEA LION Holdings Limited and subsidiaries		43,540	37,533
GA Insurance Limited and subsidiaries		50,663	49,909
Kenindia Assurance Limited		16,563	9,423
Apollo Investments and subsidiaries		14,318	5,962
East Africa Reinsurance (Tanzania) Company Limited	17	58,220	42,643
<b>Total</b>		<b>183,304</b>	<b>145,470</b>



## NOTES TO THE FINANCIAL STATEMENTS continued

### 32. RELATED PARTIES (continued)

#### b) Balances with related parties (continued)

##### (ii) Balances Payable to related parties

##### GROUP

	2024 Kshs '000	2023 Kshs '000
ICEA LION Holdings Limited and subsidiaries	47,678	15,949
Kenindia Assurance Limited	25,125	19,231
GA Insurance Limited and subsidiaries	17,581	17,317
Apollo Investments and subsidiaries	10,176	8,540
<b>Total</b>	<b>100,560</b>	<b>61,037</b>

##### COMPANY

	2024 Kshs '000	2023 Kshs '000
ICEA LION Holdings Limited and subsidiaries	47,678	15,949
Kenindia Assurance Limited	25,125	19,231
GA Insurance Limited and subsidiaries	17,581	17,317
Apollo Investments and subsidiaries	10,176	8,540
<b>Total</b>	<b>100,560</b>	<b>61,037</b>

##### iii. Investment Balances with related parties

##### GROUP

	2024 Kshs '000	2023 Kshs '000
Fixed deposits with NCBA Group Plc	313,818	766,046
Bank balances with NCBA Group Plc	335,434	199,426
Staff mortgages	116,256	17,308
<b>Total</b>	<b>765,508</b>	<b>982,780</b>

##### COMPANY

	2024 Kshs '000	2023 Kshs '000
Fixed deposits with NCBA Bank Limited	216,365	766,046
Bank balances with NCBA Bank Limited	195,241	199,426
Staff mortgages	116,256	17,308
<b>Total</b>	<b>527,862</b>	<b>982,780</b>

Mortgages are in respect of loans extended to the Group's staff at terms prescribed in the Group policy. Additional details on the terms of the mortgage loans are disclosed under Note 16.

## NOTES TO THE FINANCIAL STATEMENTS continued

### 32. RELATED PARTIES (continued)

#### c) Directors' fees

##### GROUP

	2024 Kshs '000	2023 Kshs '000
Directors' emoluments	12,616	9,379

##### COMPANY

	2024 Kshs '000	2023 Kshs '000
Directors' emoluments	8,501	9,379

#### d) Key management personnel remuneration

##### GROUP

	2024 Kshs '000	2023 Kshs '000
Salaries	103,511	108,894
National Social Security benefit cost	1,233	36
Retirement benefit costs	7,112	6,478
Other benefits	1,389	1,282
<b>Total</b>	<b>113,245</b>	<b>116,690</b>

##### COMPANY

	2024 Kshs '000	2023 Kshs '000
Salaries	92,111	108,894
National Social Security benefit cost	74	36
Retirement benefit costs	7,112	6,378
Other benefits	1,389	1,282
<b>Total</b>	<b>100,686</b>	<b>116,590</b>

Key management personnel remuneration comprises short-term employee benefits such as salaries, non-cash benefits and contributions to the retirement benefits schemes. Other benefits mainly include medical insurance and group life insurance.

#### e) Loans to Directors and Key management

The Group and Company did not advance loans to its non-executive directors in 2024 (2023: Nil). Loans to Key management staff amounted to Kshs 77,700,000 (2023: Kshs 518,000).

### 33. EVENTS SUBSEQUENT TO YEAR END

There were no material subsequent events after the reporting date requiring disclosure in these financial statements as at the date of the financial statements approval.



## SUPPLEMENTARY INFORMATION

### NON-LIFE CLASSWISE REVENUE ACCOUNT GROUP 2024

	Aviation Kshs'000	Engi- neering Kshs'000	Fire Kshs'000	Liability Kshs'000	Marine Kshs'000	Motor Kshs'000	Personal Accident Kshs'000	Medical Kshs'000	Miscellane- ous Accident Kshs'000	2024 Total Kshs'000
Insurance revenue	7,238	415,340	2,319,009	49,437	236,184	260,308	126,634	821,939	658,638	4,894,727
Insurance service expenses	(6,890)	(276,841)	(2,367,622)	(30,603)	(200,928)	(135,849)	(87,040)	(934,381)	(427,414)	(4,467,568)
Reinsurance recoveries	692	65,179	364,471	-	280	-	-	-	7,020	437,642
Reinsurance expenses	(1,082)	(159,693)	(347,838)	-	(9,721)	-	-	-	(96,461)	(614,795)
<b>Insurance service result</b>	<b>(42)</b>	<b>43,985</b>	<b>(31,980)</b>	<b>18,834</b>	<b>25,815</b>	<b>124,459</b>	<b>39,594</b>	<b>(112,442)</b>	<b>141,783</b>	<b>250,006</b>
Interest income calculated using the effective interest method	588	64,726	328,499	7,778	29,213	37,805	17,950	130,502	90,409	707,470
Other investment revenue	24	8,471	41,858	1,051	3,660	5,050	2,495	17,998	11,786	92,393
Impairment on financial assets	(6)	497	2,289	67	191	311	167	1,186	681	5,383
<b>Net investment income</b>	<b>606</b>	<b>73,694</b>	<b>372,646</b>	<b>8,896</b>	<b>33,064</b>	<b>43,166</b>	<b>20,612</b>	<b>149,686</b>	<b>102,876</b>	<b>805,246</b>
Net finance expenses from insurance contracts	(66)	(27,075)	(65,020)	(389)	(12,202)	(49,074)	(99)	(18,113)	(7,565)	(179,603)
Net finance income from reinsurance contracts	-	-	30,317	-	-	-	-	-	-	30,317
<b>Net insurance finance expenses</b>	<b>(66)</b>	<b>(27,075)</b>	<b>(34,703)</b>	<b>(389)</b>	<b>(12,202)</b>	<b>(49,074)</b>	<b>(99)</b>	<b>(18,113)</b>	<b>(7,565)</b>	<b>(149,286)</b>
<b>Net insurance and investment result</b>	<b>498</b>	<b>90,604</b>	<b>305,963</b>	<b>27,341</b>	<b>46,677</b>	<b>118,551</b>	<b>60,107</b>	<b>19,131</b>	<b>237,094</b>	<b>905,966</b>
Other expenses	(171)	(7,848)	(41,984)	(881)	(3,852)	(4,390)	(1,900)	(14,079)	(11,048)	(86,153)
Foreign exchange losses	(193)	(18,470)	(94,296)	(2,203)	(8,416)	(10,738)	(5,050)	(36,788)	(25,822)	(201,976)
<b>Profit before tax</b>	<b>134</b>	<b>64,286</b>	<b>169,683</b>	<b>24,257</b>	<b>34,409</b>	<b>103,423</b>	<b>53,157</b>	<b>(31,736)</b>	<b>200,224</b>	<b>617,837</b>
Income tax expense	(250)	(4,740)	(28,522)	(440)	(2,782)	(2,367)	(742)	(5,939)	(6,798)	(52,580)
<b>Profit after tax</b>	<b>(116)</b>	<b>59,546</b>	<b>141,161</b>	<b>23,817</b>	<b>31,627</b>	<b>101,056</b>	<b>52,415</b>	<b>(37,675)</b>	<b>193,426</b>	<b>565,257</b>

**NON-LIFE CLASSWISE REVENUE ACCOUNT (continued)**  
**GROUP (continued)**  
**2023**

	Aviation Kshs'000	Engi- neering Kshs'000	Fire Kshs'000	Liability Kshs'000	Marine Kshs'000	Motor Kshs'000	Personal Accident Kshs'000	Medical Kshs'000	Miscellane- ous Kshs'000	2023 Total Kshs'000
Insurance revenue	5,357	412,850	1,747,733	38,629	249,462	246,968	127,405	820,873	559,704	4,208,981
Insurance service expenses	(2,481)	(430,414)	(1,453,412)	(12,651)	(243,475)	(606,580)	(50,159)	(589,152)	(298,650)	(3,686,974)
Reinsurance recoveries	-	9,944	36,284	-	-	-	-	-	6,431	52,659
Reinsurance expenses	(43)	12,774	(293,531)	(297)	(23,130)	(1,876)	(1,008)	(5,661)	(35,456)	(348,228)
<b>Insurance service result</b>	<b>2,833</b>	<b>5,154</b>	<b>37,074</b>	<b>25,681</b>	<b>(17,143)</b>	<b>(361,488)</b>	<b>76,238</b>	<b>226,060</b>	<b>232,029</b>	<b>226,438</b>
Interest income calculated using the effective interest method	799	59,348	271,090	6,487	37,452	40,119	20,768	120,140	91,108	647,311
Other investment revenue	101	7,530	34,398	823	4,752	5,091	2,635	15,244	11,561	82,135
Impairment on financial assets	(2)	(144)	(657)	(16)	(91)	(97)	(50)	(291)	(220)	(1,568)
<b>Net investment income</b>	<b>898</b>	<b>66,734</b>	<b>304,831</b>	<b>7,294</b>	<b>42,113</b>	<b>45,113</b>	<b>23,353</b>	<b>135,093</b>	<b>102,449</b>	<b>727,878</b>
Net finance expenses from insurance contracts	(2)	(689)	(2,056)	(10)	(361)	(1,182)	(28)	(697)	(236)	(5,261)
Net finance income from reinsurance contracts	-	-	6,118	-	-	-	-	-	-	6,118
<b>Net insurance finance expenses</b>	<b>(2)</b>	<b>(689)</b>	<b>4,062</b>	<b>(10)</b>	<b>(361)</b>	<b>(1,182)</b>	<b>(28)</b>	<b>(697)</b>	<b>(236)</b>	<b>857</b>
<b>Net insurance and investment result</b>	<b>3,729</b>	<b>71,199</b>	<b>345,967</b>	<b>32,965</b>	<b>24,609</b>	<b>(317,557)</b>	<b>99,563</b>	<b>360,456</b>	<b>334,242</b>	<b>955,173</b>
Other expenses	(116)	(8,608)	(39,321)	(941)	(5,432)	(5,819)	(3,012)	(17,426)	(13,217)	(93,892)
Foreign exchange losses	138	10,225	46,707	1,118	6,453	6,912	3,578	20,699	15,697	111,527
<b>Profit before tax</b>	<b>3,751</b>	<b>72,816</b>	<b>353,353</b>	<b>33,142</b>	<b>25,630</b>	<b>(316,464)</b>	<b>100,129</b>	<b>363,729</b>	<b>336,722</b>	<b>972,808</b>
Income tax expense	(355)	(26,382)	(120,506)	(2,883)	(16,648)	(17,834)	(9,232)	(53,405)	(40,500)	(287,745)
<b>Profit after tax</b>	<b>3,396</b>	<b>46,434</b>	<b>232,847</b>	<b>30,259</b>	<b>8,982</b>	<b>(334,298)</b>	<b>90,897</b>	<b>310,324</b>	<b>296,222</b>	<b>685,063</b>



## SUPPLEMENTARY INFORMATION continued

### NON-LIFE CLASSWISE REVENUE ACCOUNT (continued) COMPANY 2024

	Aviation Kshs'000	Engi- neering Kshs'000	Fire Kshs'000	Liability Kshs'000	Marine Kshs'000	Motor Kshs'000	Personal Accident Kshs'000	Medical Kshs'000	Miscellane us Kshs'000	2024 Total Kshs'000
Insurance revenue	2,035	374,612	1,952,123	45,944	203,222	226,534	125,514	796,282	584,145	4,310,411
Insurance service expenses	(1,936)	(212,302)	(2,102,402)	(26,509)	(159,402)	(113,746)	(85,146)	(900,048)	(364,282)	(3,965,773)
Reinsurance recoveries	-	62,783	314,853	-	-	-	-	-	6,000	383,636
Reinsurance expenses	-	(154,544)	(298,877)	-	(8,786)	-	-	-	(95,166)	(557,373)
<b>Insurance service result</b>	<b>99</b>	<b>70,549</b>	<b>(134,303)</b>	<b>19,435</b>	<b>35,034</b>	<b>112,788</b>	<b>40,368</b>	<b>(103,766)</b>	<b>130,697</b>	<b>170,901</b>
Interest income calculated using the effective interest method	173	60,434	298,622	7,498	26,110	36,025	17,797	128,402	84,092	659,153
Other investment revenue	24	8,471	41,858	1,051	3,660	5,050	2,495	17,998	11,786	92,393
Impairment on financial assets	2	577	2,849	72	249	344	170	1,225	801	6,289
<b>Net investment income</b>	<b>199</b>	<b>69,482</b>	<b>343,329</b>	<b>8,621</b>	<b>30,019</b>	<b>41,419</b>	<b>20,462</b>	<b>147,625</b>	<b>96,679</b>	<b>757,835</b>
Net finance expenses from insurance contracts	(66)	(27,075)	(65,020)	(389)	(12,202)	(49,074)	(99)	(18,113)	(7,565)	(179,603)
Net finance income from reinsurance contracts	-	-	30,317	-	-	-	-	-	-	30,317
<b>Net insurance finance expenses</b>	<b>(66)</b>	<b>(27,075)</b>	<b>(34,703)</b>	<b>(389)</b>	<b>(12,202)</b>	<b>(49,074)</b>	<b>(99)</b>	<b>(18,113)</b>	<b>(7,565)</b>	<b>(149,286)</b>
<b>Net insurance and investment result</b>	<b>232</b>	<b>112,956</b>	<b>174,323</b>	<b>27,667</b>	<b>52,851</b>	<b>105,133</b>	<b>60,731</b>	<b>25,746</b>	<b>219,811</b>	<b>779,450</b>
Other expenses	(18)	(6,261)	(30,935)	(777)	(2,705)	(3,732)	(1,844)	(13,302)	(8,710)	(68,284)
Foreign exchange losses	(48)	(16,969)	(83,849)	(2,105)	(7,331)	(10,115)	(4,997)	(36,054)	(23,613)	(185,081)
<b>Profit before tax</b>	<b>166</b>	<b>89,726</b>	<b>59,539</b>	<b>24,785</b>	<b>42,815</b>	<b>91,286</b>	<b>53,890</b>	<b>(23,610)</b>	<b>187,488</b>	<b>526,085</b>
Income tax expense	(6)	(2,214)	(10,938)	(275)	(956)	(1,319)	(652)	(4,703)	(3,080)	(24,143)
<b>Profit after tax</b>	<b>160</b>	<b>87,512</b>	<b>48,601</b>	<b>24,510</b>	<b>41,859</b>	<b>89,967</b>	<b>53,238</b>	<b>(28,313)</b>	<b>184,408</b>	<b>501,942</b>

# SUPPLEMENTARY INFORMATION continued



## NON-LIFE CLASSWISE REVENUE ACCOUNT (continued) COMPANY (continued) 2023

	Aviation Kshs'000	Engi- neering Kshs'000	Fire Kshs'000	Liability Kshs'000	Marine Kshs'000	Motor Kshs'000	Personal Accident Kshs'000	Medical Kshs'000	Miscellane us Accident Kshs'000	2023 Total Kshs'000
Insurance revenue	5,357	412,850	1,747,733	38,629	249,462	246,968	127,405	820,873	559,704	4,208,981
Insurance service expenses	(2,481)	(430,414)	(1,453,412)	(12,651)	(243,475)	(606,580)	(50,159)	(589,152)	(298,650)	(3,686,974)
Reinsurance recoveries	-	9,944	36,284	-	-	-	-	-	6,431	52,659
Reinsurance expenses	(43)	12,774	(293,531)	(297)	(23,130)	(1,876)	(1,008)	(5,661)	(35,456)	(348,228)
<b>Insurance service result</b>	<b>2,833</b>	<b>5,154</b>	<b>37,074</b>	<b>25,681</b>	<b>(17,143)</b>	<b>(361,488)</b>	<b>76,238</b>	<b>226,060</b>	<b>232,029</b>	<b>226,438</b>
Interest income calculated using the effective interest method	799	59,348	271,090	6,487	37,452	40,119	20,768	120,140	91,108	647,311
Other investment revenue	101	7,530	34,398	823	4,752	5,091	2,635	15,244	11,561	82,135
Impairment on financial assets	(2)	(144)	(657)	(16)	(91)	(97)	(50)	(291)	(220)	(1,568)
<b>Net investment income</b>	<b>898</b>	<b>66,734</b>	<b>304,831</b>	<b>7,294</b>	<b>42,113</b>	<b>45,113</b>	<b>23,353</b>	<b>135,093</b>	<b>102,449</b>	<b>727,878</b>
Net finance expenses from insurance contracts	(2)	(689)	(2,056)	(10)	(361)	(1,182)	(28)	(697)	(236)	(5,261)
Net finance income from reinsurance contracts	-	-	6,118	-	-	-	-	-	-	6,118
<b>Net insurance finance expenses</b>	<b>(2)</b>	<b>(689)</b>	<b>4,062</b>	<b>(10)</b>	<b>(361)</b>	<b>(1,182)</b>	<b>(28)</b>	<b>(697)</b>	<b>(236)</b>	<b>857</b>
<b>Net insurance and investment result</b>	<b>3,729</b>	<b>71,199</b>	<b>345,967</b>	<b>32,965</b>	<b>24,609</b>	<b>(317,557)</b>	<b>99,563</b>	<b>360,456</b>	<b>334,242</b>	<b>955,173</b>
Other expenses	(116)	(8,608)	(39,321)	(941)	(5,432)	(5,819)	(3,012)	(17,426)	(13,217)	(93,892)
Foreign exchange losses	138	10,225	46,707	1,118	6,453	6,912	3,578	20,699	15,697	111,527
<b>Profit before tax</b>	<b>3,751</b>	<b>72,816</b>	<b>353,353</b>	<b>33,142</b>	<b>25,630</b>	<b>(316,464)</b>	<b>100,129</b>	<b>363,729</b>	<b>336,722</b>	<b>972,808</b>
Income tax expense	(355)	(26,382)	(120,506)	(2,883)	(16,648)	(17,834)	(9,232)	(53,405)	(40,500)	(287,745)
<b>Profit after tax</b>	<b>3,396</b>	<b>46,434</b>	<b>232,847</b>	<b>30,259</b>	<b>8,982</b>	<b>(334,298)</b>	<b>90,897</b>	<b>310,324</b>	<b>296,222</b>	<b>685,063</b>



## SUPPLEMENTARY INFORMATION continued

### LIFE CLASSWISE REVENUE ACCOUNT

#### GROUP

#### 2024

Insurance revenue	
Insurance service expenses	
Reinsurance recoveries	
Reinsurance expenses	
<b>Insurance service result</b>	
Interest revenue calculated using the effective interest method	
Other investment income	
Impairment on financial assets	
<b>Net investment income</b>	
Net finance expenses from insurance contracts	
Net finance income from reinsurance contracts	
<b>Net insurance finance expenses</b>	
<b>Net insurance and investment result</b>	
Other income expenses	
Foreign exchange losses	
<b>Profit before tax</b>	
Income tax expense	
<b>Profit after tax</b>	

Individual Life Kshs '000	Group Life Kshs '000	Total 2024 Kshs '000'
115,416	1,345,764	1,461,180
(93,199)	(1,040,126)	(1,133,325)
8,179	168,611	176,790
(19,961)	(355,897)	(375,858)
<b>10,435</b>	<b>118,352</b>	<b>128,787</b>
26,477	257,087	283,564
479	4,587	5,066
(151)	(1,619)	(1,770)
<b>26,805</b>	<b>260,055</b>	<b>286,860</b>
(2,506)	(24,000)	(26,506)
654	6,266	6,920
<b>(1,852)</b>	<b>(17,734)</b>	<b>(19,586)</b>
<b>35,388</b>	<b>360,673</b>	<b>396,061</b>
(1,106)	(14,492)	(15,598)
(3,726)	(37,365)	(41,091)
<b>30,556</b>	<b>308,816</b>	<b>339,372</b>
(9,483)	(90,821)	(100,304)
<b>21,073</b>	<b>217,995</b>	<b>239,068</b>

#### 2023

Insurance revenue	
Insurance service expenses	
Reinsurance recoveries	
Reinsurance expenses	
<b>Insurance service result</b>	
Interest revenue calculated using the effective interest method	
Other investment income	
Impairment on financial assets	
<b>Net investment income</b>	
Net finance expenses from insurance contracts	
Net finance income from reinsurance contracts	
<b>Net insurance finance expenses</b>	
<b>Net insurance and investment result</b>	
Other income expenses	
Foreign exchange gains	
<b>Profit before tax</b>	
Income tax expense	
<b>Profit after tax</b>	

Individual Life Kshs '000	Group Life Kshs '000	Total 2023 Kshs '000'
94,920	886,854	981,774
(75,730)	(777,810)	(853,540)
9,155	94,015	103,170
(12,970)	(133,215)	(146,185)
<b>15,375</b>	<b>69,844</b>	<b>85,219</b>
17,701	181,801	199,502
(252)	(2,585)	(2,837)
(116)	(1,194)	(1,310)
<b>17,333</b>	<b>178,022</b>	<b>195,355</b>
(405)	(4,158)	(4,563)
70	714	784
<b>(335)</b>	<b>(3,444)</b>	<b>(3,779)</b>
<b>32,373</b>	<b>244,422</b>	<b>276,795</b>
(1,033)	(10,613)	(11,646)
2,593	26,636	29,229
<b>33,933</b>	<b>260,445</b>	<b>294,378</b>
(7,836)	(80,477)	(88,313)
<b>26,097</b>	<b>179,968</b>	<b>206,065</b>



## SUPPLEMENTARY INFORMATION continued

### LIFE CLASSWISE REVENUE ACCOUNT

#### COMPANY

##### 2024

Insurance revenue	115,416	1,105,358	1,220,774
Insurance service expenses	(93,199)	(892,579)	(985,778)
Reinsurance recoveries	8,179	78,337	86,516
Reinsurance expenses	(19,961)	(191,167)	(211,128)
<b>Insurance service result</b>	<b>10,435</b>	<b>99,949</b>	<b>110,384</b>
Interest revenue calculated using the effective interest method	26,477	253,571	280,048
Other investment income	479	4,587	5,066
Impairment on financial assets	(151)	(1,444)	(1,595)
<b>Net investment income</b>	<b>26,805</b>	<b>256,714</b>	<b>283,519</b>
Net finance expenses from insurance contracts	(2,506)	(24,000)	(26,506)
Net finance income from reinsurance contracts	654	6,266	6,920
<b>Net insurance finance expenses</b>	<b>(1,852)</b>	<b>(17,734)</b>	<b>(19,586)</b>
<b>Net insurance and investment result</b>	<b>35,388</b>	<b>338,929</b>	<b>374,317</b>
Other income expenses	(1,106)	(10,592)	(11,698)
Foreign exchange losses	(3,726)	(35,685)	(39,411)
<b>Profit before tax</b>	<b>30,556</b>	<b>292,652</b>	<b>323,208</b>
Income tax expense	(9,483)	(90,821)	(100,304)
<b>Profit after tax</b>	<b>21,073</b>	<b>201,831</b>	<b>222,904</b>

##### 2023

Insurance revenue	94,920	886,854	981,774
Insurance service expenses	(75,730)	(777,810)	(853,540)
Reinsurance recoveries	9,155	94,015	103,170
Reinsurance expenses	(12,970)	(133,215)	(146,185)
<b>Insurance service result</b>	<b>15,375</b>	<b>69,844</b>	<b>85,219</b>
Interest revenue calculated using the effective interest method	17,701	181,801	199,502
Other investment income	(252)	(2,585)	(2,837)
Impairment on financial assets	(116)	(1,194)	(1,310)
<b>Net investment income</b>	<b>17,333</b>	<b>178,022</b>	<b>195,355</b>
Net finance expenses from insurance contracts	(405)	(4,158)	(4,563)
Net finance income from reinsurance contracts	70	714	784
<b>Net insurance finance expenses</b>	<b>(335)</b>	<b>(3,444)</b>	<b>(3,779)</b>
<b>Net insurance and investment result</b>	<b>32,373</b>	<b>244,422</b>	<b>276,795</b>
Other income expenses	(1,033)	(10,613)	(11,646)
Foreign exchange gains	2,593	26,636	29,229
<b>Profit before tax</b>	<b>33,933</b>	<b>260,445</b>	<b>294,378</b>
Income tax expense	(7,836)	(80,477)	(88,313)
<b>Profit after tax</b>	<b>26,097</b>	<b>179,968</b>	<b>206,065</b>

Individual Life Kshs '000	Group Life Kshs '000	Total 2024 Kshs '000'
115,416	1,105,358	1,220,774
(93,199)	(892,579)	(985,778)
8,179	78,337	86,516
(19,961)	(191,167)	(211,128)
<b>10,435</b>	<b>99,949</b>	<b>110,384</b>
26,477	253,571	280,048
479	4,587	5,066
(151)	(1,444)	(1,595)
<b>26,805</b>	<b>256,714</b>	<b>283,519</b>
(2,506)	(24,000)	(26,506)
654	6,266	6,920
<b>(1,852)</b>	<b>(17,734)</b>	<b>(19,586)</b>
<b>35,388</b>	<b>338,929</b>	<b>374,317</b>
(1,106)	(10,592)	(11,698)
(3,726)	(35,685)	(39,411)
<b>30,556</b>	<b>292,652</b>	<b>323,208</b>
(9,483)	(90,821)	(100,304)
<b>21,073</b>	<b>201,831</b>	<b>222,904</b>

Individual Life Kshs '000	Group Life Kshs '000	Total 2023 Kshs '000'
94,920	886,854	981,774
(75,730)	(777,810)	(853,540)
9,155	94,015	103,170
(12,970)	(133,215)	(146,185)
<b>15,375</b>	<b>69,844</b>	<b>85,219</b>
17,701	181,801	199,502
(252)	(2,585)	(2,837)
(116)	(1,194)	(1,310)
<b>17,333</b>	<b>178,022</b>	<b>195,355</b>
(405)	(4,158)	(4,563)
70	714	784
<b>(335)</b>	<b>(3,444)</b>	<b>(3,779)</b>
<b>32,373</b>	<b>244,422</b>	<b>276,795</b>
(1,033)	(10,613)	(11,646)
2,593	26,636	29,229
<b>33,933</b>	<b>260,445</b>	<b>294,378</b>
(7,836)	(80,477)	(88,313)
<b>26,097</b>	<b>179,968</b>	<b>206,065</b>

## NOTES





**EAST AFRICA REINSURANCE  
COMPANY LIMITED**

EARE House, 98 Riverside Drive,  
P. O. Box 20196 - 00200 Nairobi, Kenya  
Tel: +254 20 4084000



Mobile: +254 728111041; +254 733623737  
Email: [info@eastaficare.com](mailto:info@eastaficare.com)  
[www.eastafricare.com](http://www.eastafricare.com)

