



KENYA REINSURANCE CORPORATION LTD

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2015

	Short-Term Business 31.12.2015 sh'000'	Long-Term Business 31.12.2015 sh'000'	Audited Total 31.12.2015 sh'000'
INCOME			
Gross Written Premium	11,779,216	1,281,125	13,060,341
Outward Reinsurance Premium	(377,730)	(116,816)	(494,546)
Net Written Premium	11,401,486	1,164,309	12,565,795
Change in unearned premiums	(549,717)	-	(549,717)
Net Earned Premium	10,851,769	1,164,309	12,016,078
Investment income	2,534,284	506,854	3,041,138
Acquisition cost recoveries	5,445	35,045	40,490
Fair value gains on revaluation of investment properties	629,599	100,000	729,599
Other income	248,094	-	248,094
Share of associates profits	335,727	-	335,727
Total Income	14,604,918	1,806,208	16,411,126
OUTGO			
Claims & Policyholder benefits	(6,806,422)	(585,302)	(7,391,724)
Less: Reinsurers' share of claims	293,165	36,949	330,114
Net claims and policyholders benefits	(6,513,257)	(548,353)	(7,061,610)
Cedant acquisition costs	(2,988,422)	(414,389)	(3,402,811)
Operating and other expenses	(1,117,870)	(201,080)	(1,318,950)
Provision for doubtful debts	(113,619)	-	(113,619)
Total outgo	(10,733,168)	(1,163,822)	(11,896,990)
Profit before tax	3,871,750	642,386	4,514,136
Income tax expense	(735,930)	(223,956)	(959,886)
Profit for the period after Tax	3,135,820	418,430	3,554,250
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that will not be reclassified subsequently to profit or loss:			
Share of gain on property revaluation of associate	344	-	344
Remeasurement losses on defined benefit plans	(210,659)	-	(210,659)
Items that may be reclassified subsequently to profit or loss:			
Reclassification adjustment relating to available-for-sale financial assets disposed in the year	(202,319)	-	(202,319)
Net losses on revaluation of available-for-sale financial assets	(613,315)	-	(613,315)
Share of movement in associate reserves:			
- currency translation	(35,896)	-	(35,896)
- fair value reserve	(60,980)	-	(60,980)
Total other comprehensive income/(loss) for the period	(1,122,825)	-	(1,122,825)
Total comprehensive income	2,012,995	418,430	2,431,425
Earnings per Share			5.10
Key Ratios			
Capital Adequacy Ratio			219%
Solvency Ratio			864%
Claims Ratio			57%
Expense Ratio			36%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Short-Term Business 31.12.2015 sh'000'	Long-Term Business 31.12.2015 sh'000'	Audited Total 31.12.2015 sh'000'
SHAREHOLDERS FUNDS			
Share capital	1,749,873	-	1,749,873
Revaluation reserve	4,049	-	4,049
Fair value reserve	1,034,288	-	1,034,288
Translation reserve	269,107	-	269,107
Statutory reserve	-	2,995,173	2,995,173
Retained earnings	15,880,375	-	15,880,375
TOTAL SHAREHOLDERS FUNDS	18,937,692	2,995,173	21,932,865
ASSETS			
Property and equipment	68,688	-	68,688
Intangible assets	123,419	-	123,419
Mortgage loans	648,104	-	648,104
Investment properties	6,725,000	1,300,000	8,025,000
Investment in associate	3,436,180	-	3,436,180
Unquoted equity instruments	202,231	-	202,231
Corporate bonds	494,146	-	494,146
Receivables arising out of reinsurance arrangements	2,992,648	207,321	3,199,969
Premium and loss reserves	298,977	-	298,977
Other receivables	112,786	-	112,786
Tax recoverable	44,435	-	44,435
Quoted equity instruments	2,553,572	-	2,553,572
Government securities	7,633,477	1,553,046	9,186,523
Inventory	32,846	-	32,846
Deferred acquisition costs	1,223,150	-	1,223,150
Non current assets held for sale	28,098	-	28,098
Deposits with financial institutions	2,484,206	3,473,075	5,957,281
Cash and bank balances	317,545	1,184	318,729
TOTAL ASSETS	29,419,508	6,534,626	35,954,134
LIABILITIES			
Long term reinsurance contract liabilities	-	2,179,836	2,179,836
Short term reinsurance contracts liabilities	5,166,290	-	5,166,290
Payables arising out of reinsurance arrangements	436,245	76,251	512,496
Employee defined benefit liability	81,105	-	81,105
Deferred tax liability	(379,248)	1,283,366	904,118
Other payables	616,830	-	616,830
Unearned premiums	4,560,594	-	4,560,594
TOTAL LIABILITIES	10,481,816	3,539,453	14,021,269
NET ASSETS	18,937,692	2,995,173	21,932,865



KENYA REINSURANCE CORPORATION LTD

COMPANY STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2015

	Short-Term Business 31.12.2015 sh'000'	Long-Term Business 31.12.2015 sh'000'	Audited Total 31.12.2015 sh'000'	Audited Total 31.12.2014 sh'000'
INCOME				
Gross Written Premium	11,396,212	1,280,417	12,676,629	11,570,090
Outward Reinsurance Premium	(377,730)	(116,816)	(494,546)	(528,490)
Net Written Premium	11,018,482	1,163,601	12,182,083	11,041,600
Change in unearned premiums	(501,421)	-	(501,421)	(728,192)
Net Earned Premium	10,517,061	1,163,601	11,680,662	10,313,408
Investment income	2,531,274	506,854	3,038,128	2,591,935
Acquisition cost recoveries	5,445	35,045	40,490	25,976
Fair value gains on revaluation of investment properties	629,599	100,000	729,599	684,798
Other income	211,120	-	211,120	144,921
Share of associates profits	335,727	-	335,727	275,894
Total Income	14,230,226	1,805,500	16,035,726	14,036,932
OUTGO				
Claims & Policyholder benefits	(6,719,223)	(585,302)	(7,304,525)	(6,394,214)
Less: Reinsurers' share of claims	293,165	36,949	330,114	436,674
Net claims and policyholders benefits	(6,426,058)	(548,353)	(6,974,411)	(5,957,540)
Cedant acquisition costs	(2,900,360)	(414,333)	(3,314,693)	(3,017,738)
Operating and other expenses	(1,041,218)	(201,080)	(1,242,298)	(1,092,655)
Provision for doubtful debts	(113,619)	-	(113,619)	(49,267)
Total outgo	(10,481,255)	(1,163,766)	(11,645,021)	(10,117,200)
Profit before tax	3,748,971	641,734	4,390,705	3,919,732
Income tax expense	(733,130)	(223,956)	(957,086)	(782,560)
Profit for the period after Tax	3,015,841	417,778	3,433,619	3,137,172
	(119,979)	(652)	(120,631)	-
OTHER COMPREHENSIVE INCOME/(LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Share of gain on property revaluation of associate	344	-	344	493
Remeasurement losses on defined benefit plans	(210,659)	-	(210,659)	31,188
Items that may be reclassified subsequently to profit or loss:				
Reclassification adjustment relating to available-for-sale financial assets disposed in the year	(202,319)	-	(202,319)	(250,555)
Net losses on revaluation of available-for-sale financial assets	(613,315)	-	(613,315)	364,123
Share of movement in associate reserves:				
- currency translation	(35,896)	-	(35,896)	106,720
- fair value reserve	(60,980)	-	(60,980)	28,594
Total other comprehensive income/(loss) for the period	(1,122,825)	-	(1,122,825)	280,563
Total comprehensive income	1,893,016	417,778	2,310,794	3,417,735
Earnings per Share			4.90	4.48
Key Ratios				
Capital Adequacy Ratio			219%	219%
Solvency Ratio			872%	947%
Claims Ratio			58%	55%
Expense Ratio			35%	36%

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Short-Term Business 31.12.2015 sh'000'	Long-Term Business 31.12.2015 sh'000'	Audited Total 31.12.2015 sh'000'	Audited Total 31.12.2014 sh'000'
SHAREHOLDERS FUNDS				
Share capital	1,749,873	-	1,749,873	1,749,873
Revaluation reserve	4,049	-	4,049	6,965
Fair value reserve	1,034,288	-	1,034,288	1,910,902
Translation reserve	269,107	-	269,107	305,003
Statutory reserve	-	2,994,521	2,994,521	2,576,743
Retained earnings	15,760,396	-	15,760,396	13,441,918
TOTAL SHAREHOLDERS FUNDS	18,817,713	2,994,521	21,812,234	19,991,404
ASSETS				
Property and equipment	66,445	-	66,445	92,647
Intangible assets	123,419	-	123,419	93,606
Mortgage loans	643,290	-	643,290	714,956
Investment properties	6,725,000	1,300,000	8,025,000	7,195,000
Investment in associate	3,436,180	-	3,436,180	2,008,062
Investment in Subsidiary	4,186	-	4,186	-
Employee defined benefit asset	-	-	-	80,437
Unquoted equity instruments	202,231	-	202,231	167,113
Corporate bonds	494,146	-	494,146	419,134
Receivables arising out of reinsurance arrangements	2,651,005	207,321	2,858,326	2,222,961
Due from related party	196,805	-	196,805	-
Premium and loss reserves	233,541	-	233,541	170,786
Other receivables	93,878	-	93,878	103,009
Tax recoverable	47,235	-	47,235	-
Quoted equity instruments	2,553,572	-	2,553,572	3,256,975
Government securities	7,633,477	1,553,046	9,186,523	7,712,401
Inventory property	-	-	-	28,794
Inventory	32,017	-	32,017	-
Deferred acquisition costs	1,183,769	-	1,183,769	1,148,252
Non current assets held for sale	28,098	-	28,098	28,098
Deposits with financial institutions	2,409,186	3,472,423	5,881,609	6,507,244
Cash and bank balances	280,741	1,184	281,925	224,776
TOTAL ASSETS	29,038,221	6,533,974	35,572,195	32,174,251
LIABILITIES				
Long term reinsurance contract liabilities	-	2,179,836	2,179,836	2,097,681
Short term reinsurance contracts liabilities	5,077,277	-	5,077,277	4,518,138
Payables arising out of reinsurance arrangements	300,447	76,251	376,698	451,691
Employee defined benefit liability	81,105	-	81,105	-
Deferred tax liability	(379,248)	1,283,366	904,118	550,519
Other payables	733,535	-	733,535	405,901
Tax Payable	-	-	-	148,040
Unearned premiums	4,407,392	-	4,407,392	4,010,877
TOTAL LIABILITIES	10,220,508	3,539,453	13,759,961	12,182,847
NET ASSETS	18,817,713	2,994,521	21,812,234	19,991,404

The financial statements were approved by the Board of Directors on 29th March 2016 and were signed on its behalf by:

Jadhiah Mwarania David Kemei Felix Okatch

Principal Officer Chairman Director

PERFORMANCE COMMENTARY

FINANCIAL HIGHLIGHTS

- Gross Premiums Written grew by 13% for the twelve months period ended 31st December 2015 from Kshs. 11.6 billion to KShs. 13.1 billion. This growth was achieved due to aggressive marketing efforts carried out during the year.
- Investment Income grew by 17% from KShs. 2.59 billion as at 31st December 2014 to KShs. 3.04 billion. The main drivers for growth were capital gain from equity instruments, Interest from fixed income instruments and rent.
- Net Claims incurred grew by 19% from KShs. 6 billion to KShs. 7.1 billion in line with growth of business.
- Cedant acquisition costs grew by 13% from KShs. 3 billion to KShs. 3.4 billion in line with growth in premium written.
- Overall Operating expenses Increased by 21% from KShs. 1.09 billion to KShs. 1.32 billion.
- Profit before tax increased by 15% from KShs. 3.92 billion to KShs. 4.51 billion.
- Total Assets increased by 12% from KShs. 32.17 billion as at 31st December 2014 to KShs. 35.95 billion in December 2015.
- The investment portfolio increased by 4% from KShs. 25.81 billion in December 2014 to KShs. 26.86 billion
- Shareholders' Funds increased from KShs. 19.99 billion in December 2014 to KShs. 21.93 billion as at December 2015.

DIVIDENDS

The Board of Directors recommend payment of final dividend of Kshs. 0.75 per Share to shareholders.

By Order of the Board

Charles Kariuki

Company Secretary

