



KENYA REINSURANCE CORPORATION LTD

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2020

	Short-Term Business	Long-Term Business	Unaudited Total	Unaudited Total
	30.06.2020	30.06.2020	30.06.2020	30.06.2019
	sh'000'	sh'000'	sh'000'	sh'000'
INCOME				
Gross premiums written	8,164,161	909,655	9,073,816	8,859,809
Less: change in unearned premiums	(157,604)	-	(157,604)	(836,181)
retrocession premiums	(250,688)	(5,349)	(256,037)	(594,381)
NET EARNED PREMIUMS	7,755,869	904,306	8,660,175	7,429,247
Investment income	1,417,786	487,113	1,904,899	1,945,421
Acquisition cost recoveries	20,251	2,779	23,030	15,804
Other income	25,593	-	25,593	30,185
TOTAL INCOME	9,219,499	1,394,198	10,613,697	9,420,657
CLAIMS AND BENEFITS				
Gross claims incurred and Policyholder benefits	(4,670,721)	(555,774)	(5,226,495)	(5,280,607)
Less: Re-insurers share of claims and policy holder benefits	78,015	-	78,015	285,339
NET CLAIMS AND BENEFITS	(4,592,706)	(555,774)	(5,148,480)	(4,995,268)
Cedant acquisition cost	(1,860,318)	(285,688)	(2,146,006)	(2,028,322)
Operating & other expenses	(861,009)	(95,934)	(956,943)	(917,039)
Provision for doubtful debts	(270,993)	-	(270,993)	(100,683)
TOTAL CLAIMS, BENEFITS AND OTHER EXPENSES	(7,585,025)	(937,396)	(8,522,421)	(8,041,312)
PROFIT BEFORE TAX	1,634,474	456,802	2,091,276	1,379,345
INCOME TAX EXPENSE	(408,618)	(114,200)	(522,819)	(303,543)
PROFIT FOR THE YEAR	1,225,855	342,601	1,568,457	1,075,802
OTHER COMPREHENSIVE INCOME				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Reclassification adjustment relating to available-for-sale financial assets disposed in the year	-	-	-	(69,998)
Net gains/ (losses) on revaluation of available-for-sale quoted equity instruments	(421,601)	-	(421,601)	(216,591)
TOTAL OTHER COMPREHENSIVE INCOME	(421,601)	-	(421,601)	(286,589)
TOTAL COMPREHENSIVE INCOME	804,254	342,601	1,146,855	789,213
EARNINGS PER SHARE- basic and diluted			0.56	1.54

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Short-Term Business	Long-Term Business	Unaudited Total	Unaudited Total
	30.06.2020	30.06.2020	30.06.2020	31.12.2019
	sh'000'	sh'000'	sh'000'	sh'000'
EQUITY				
Share capital	6,499,491	500,000	6,999,491	6,999,491
Revaluation reserve	17,530	-	17,530	17,530
Fair value reserve	(456,650)	(56,440)	(513,090)	(91,488)
Translation reserve	288,983	-	288,983	288,983
Statutory reserve	-	6,096,784	6,096,784	5,754,183
Retained earnings	20,207,881	-	20,207,881	18,982,026
TOTAL ASSETS	26,557,235	6,540,344	33,097,579	31,950,725
ASSETS				
Property and equipment	88,479	-	88,479	88,919
Intangible assets	145,891	238,033	383,924	473,804
Mortgage loans	703,175	-	703,175	677,385
Investment properties	10,329,969	1,750,952	12,080,920	12,080,000
Investment in associate	5,169,908	-	5,169,908	5,169,908
Unquoted equity instruments	205,733	-	205,733	205,733
Corporate bonds	75,394	-	75,394	156,450
Reinsurance receivables	4,153,323	214,302	4,367,625	2,625,502
Premium and loss reserves	166,429	-	166,429	281,968
Other receivables	567,522	-	567,522	538,401
Quoted equity instruments	807,713	346,246	1,153,959	1,565,305
Government securities	13,708,013	3,903,101	17,611,115	17,112,941

Inventory	21,106	21,106	22,071
Deferred acquisition costs	1,438,767	1,438,767	1,408,838
Deposits with financial institutions	2,862,788	5,660,292	8,523,080
Cash and bank balances	709,153	15,421	724,574
Income Tax Receivable	64,552	-	584,440
TOTAL ASSETS	41,217,914	12,128,346	53,346,260
LIABILITIES			
Long term reinsurance contract liabilities	-	2,717,134	2,717,134
Short term reinsurance contracts liabilities	6,311,090	-	6,311,090
Reinsurance payables	2,780,521	610,358	3,390,879
Deferred tax liability	(1,218,165)	2,260,510	1,042,345
Other payables	665,779	-	665,779
Unearned premiums	5,993,825	-	5,993,825
Defined benefit liability	127,629	-	127,629
TOTAL LIABILITIES	14,660,679	5,588,002	20,248,681
NET ASSETS	26,557,235	6,540,344	33,097,579

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2020

	Share capital	Revaluation reserve	Fair value reserve	Translation reserve	Statutory reserve	Retained earnings	Total
	sh'000'	sh'000'	sh'000'	sh'000'	sh'000'	sh'000'	sh'000'
At 1 January 2019	1,749,873	15,718	(68,670)	281,568	4,379,937	22,014,607	28,375,033
Profit for the period 31.12.2019	-	-	-	-	1,374,246	2,592,133	3,966,379
Other comprehensive income (loss)/income	-	1,812	(22,818)	7,415	-	(60,119)	(73,710)
Total comprehensive income	-	1,812	(22,818)	7,415	1,374,246	2,532,014	3,892,669
Dividends declared - 2018	-	-	-	-	-	(314,977)	(314,977)
Bonus issues shares from retained earnings	5,249,618	-	-	-	-	(5,249,618)	-
At 31 December 2019	6,999,491	17,530	(91,488)	288,983	5,754,183	18,982,026	31,950,725
At 1 January 2020	6,999,491	17,530	(91,488)	288,983	5,754,183	18,982,026	31,950,725
Profit for the period 30.06.2020	-	-	-	-	342,601	1,225,855	1,568,456
Other comprehensive income (loss)/income	-	-	(421,601)	-	-	-	(421,601)
Total comprehensive income	-	-	(421,601)	-	342,601	1,225,855	1,146,855
Dividends declared - 2019	-	-	-	-	-	-	-
At 30 JUNE 2020	6,999,491	17,530	(513,090)	288,983	6,096,784	20,207,881	33,097,579

CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE PERIOD ENDED 30 JUNE 2020

	Unaudited 30.06.2020	Unaudited 31.12.2019
Net cash generated from operations	843,639	2,283,783
Interest received on corporate bonds	24,126	61,056
Interest received on government securities	986,712	1,892,961
Interest received on staff mortgages and loans	11,916	22,931
Interest received on deposits with financial institutions	242,373	443,677
Interest received on commercial mortgages	12,105	38,825
Tax paid in the year	-	(410,389)
Net cash generated from operating activities	2,120,870	4,332,844
Cash flows used in investing activities		
Purchase of investment property	(920)	(98,558)
Purchase of property and equipment	(15,857)	(30,953)
Purchase of intangible assets	(7,426)	(88,361)
Purchase of government securities	(1,701,762)	(11,347,233)
Proceeds on maturity of government securities	1,333,010	8,739,837
Purchase of quoted equity instruments	(10,255)	(152,911)
Proceeds on sale of quoted equity instruments	-	133,085
Proceeds on redemption of corporate bonds	80,512	305,925
Dividends received on quoted equity instruments	78,177	95,347
Net cash used in investing activities	(244,521)	(2,443,822)
Cash flows used in financing activities		
Dividends paid	-	(314,977)
Net decrease in cash and cash equivalents	1,876,349	1,574,045
Cash and cash equivalents at 1st January	7,371,305	5,797,260
effect of unrealised exchange rate changes	-	-
Cash and cash equivalent at 30th June 2020	9,247,654	7,371,305

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KENYA REINSURANCE CORPORATION LTD

COMPANY STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2020				
	Short-Term Business	Long-Term Business	Unaudited Total	Unaudited Total
	30.06.2020	30.06.2020	30.06.2020	30.06.2019
	sh'000'	sh'000'	sh'000'	sh'000'
INCOME				
Gross premiums written	7,520,132	900,803	8,420,935	8,183,512
Change in unearned premiums	(118,309)	-	(118,309)	(779,726)
retrocession premiums	(236,367)	(5,349)	(241,716)	(449,553)
NET EARNED PREMIUMS	7,165,456	895,454	8,060,910	6,954,233
Investment income	1,403,009	488,585	1,891,594	1,935,670
Acquisition cost recoveries	9,434	2,779	12,213	15,804
Other income	25,593	-	25,593	30,185
TOTAL INCOME	8,603,492	1,386,818	9,990,310	8,935,892
OUTGO				
Claims & Policyholder benefits	(4,479,971)	(552,193)	(5,032,164)	(5,080,757)
Reinsurers' share of claims	78,015	-	78,015	285,339
NET CLAIMS INCURRED	(4,401,956)	(552,193)	(4,954,149)	(4,795,418)
Cedant Acquisition cost	(1,682,840)	(283,542)	(1,966,382)	(1,884,741)
Operating & other expenses	(723,992)	(86,724)	(810,716)	(851,472)
Provision for doubtful debts	(181,544)	-	(181,544)	(132,276)
TOTAL OUTGO	(6,990,332)	(922,459)	(7,912,791)	(7,663,908)
PROFIT BEFORE TAX	1,613,160	464,359	2,077,519	1,271,984
INCOME TAX EXPENSE	(403,290)	(116,090)	(519,380)	(279,837)
PROFIT FOR THE YEAR	1,209,870	348,269	1,558,139	992,148
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss:				
Reclassification adjustment relating to available-for-sale financial assets disposed in the year	-	-	-	(69,998)
Net gains/ (losses) on revaluation of available-for-sale quoted equity instruments	(421,601)	-	(421,601)	(216,561)
TOTAL OTHER COMPREHENSIVE INCOME	(421,601)	-	(421,601)	(286,559)
TOTAL COMPREHENSIVE INCOME	788,269	348,269	1,136,538	705,589
EARNINGS PER SHARE- basic and diluted			0.56	1.42

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020				
	Short-Term Business	Long-Term Business	Unaudited Total	Unaudited Total
	30.06.2020	30.06.2020	30.06.2020	31.12.2019
	sh'000'	sh'000'	sh'000'	sh'000'
EQUITY				
Share capital	6,499,491	500,000	6,999,491	6,999,491
Revaluation reserve	17,530	-	17,530	17,530
Fair value reserve	(456,649)	(56,440)	(513,089)	(91,488)
Translation reserve	289,763	-	289,763	289,763
Statutory reserve	-	6,059,676	6,059,676	5,711,407
Retained earnings	20,221,320	-	20,221,320	19,011,450
	26,571,455	6,503,236	33,074,691	31,938,153
ASSETS				
Property and equipment	62,128	-	62,128	66,794
Intangible assets	145,891	238,033	383,924	473,804
Mortgage loans	687,103	-	687,103	668,075
Investment properties	10,329,969	1,750,952	12,080,920	12,080,000
Investment in associate	5,169,908	-	5,169,908	5,169,908
Investment in Subsidiary	463,408	-	463,408	463,408
Unquoted equity instruments	205,733	-	205,733	205,733
Corporate bonds	75,394	-	75,394	156,450
Reinsurance receivables	3,277,171	208,132	3,485,303	2,076,424
Premium and loss reserves	217,380	-	217,380	158,820
Due from related party	78,856	-	78,856	85,508
Other receivables	559,948	-	559,948	516,969

The unaudited financial statements were approved by the Board of Directors on 06th August 2020 and were signed on its behalf by:

Jadhah Mwarania	Chiboli Shakaba	Anthony Munyao
Principal Officer	Chairman	Director

PERFORMANCE COMMENTARY

FINANCIAL HIGHLIGHTS

Gross written premium increased by 2 % from Kshs 8,860 million to Kshs 9,074 million compared to the same period in FY2019: The higher performance is attributable to the following factors: Fire recorded the highest gross premium of Kshs. 2,591 million in 2020, an increase from 1,517 million in 2019, a 71% growth. Gross premium from Bond grew by 58% from Kshs. 91 million in 2019 to Kshs. 144 million in 2020. Life business grew by 17% from Kshs 776 million in 2019 to reach Kshs. 909 million in 2020. Non-Life business grew by 2% from Kshs. 8,039 million in 2019 to Kshs. 8,164 million in 2020.

* Aggressive fair sourcing of business. Most business lines marginal growth was positive compared to same period in 2019. The marginal growth overall stood at 2%.

Investment income for the period under review stood at Kshs 1,905 million which is 2% lower than prior year (Kshs 1,945 million). This is attributed to the effect of Covid-19 pandemic which has significantly affected the investment environment.

Quoted equity instruments	881,460	272,499	1,153,959	1,565,305
Government securities	13,708,013	3,903,101	17,611,115	16,972,465
Inventory	21,007	-	21,007	21,973
Deferred acquisition costs	1,319,930	-	1,319,930	1,285,548
Deposits with financial institutions	2,188,901	5,660,440	7,849,341	6,238,132
Cash and bank balances	536,125	6,761	542,886	352,968
Income Tax Receivable	47,715	-	47,715	565,720
TOTAL ASSETS	39,978,041	12,039,917	52,015,958	49,124,004
LIABILITIES				
Long term reinsurance contract liabilities	-	2,717,134	2,717,134	2,687,032
Short term reinsurance contracts liabilities	5,812,798	-	5,812,798	5,706,891
Reinsurance payables	2,558,869	559,037	3,117,906	1,564,931
Deferred tax liability	(1,234,837)	2,260,510	1,025,673	1,025,673
Other payables	576,941	-	576,941	628,510
Unearned premiums	5,527,556	-	5,527,556	5,409,247
Defined benefit liability	127,629	-	127,629	127,629
Due to related Party	35,631	-	35,631	35,938
TOTAL LIABILITIES	13,404,587	5,536,681	18,941,268	17,185,851
NET ASSETS	26,571,455	6,503,236	33,074,691	31,938,153

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2020							
	Share capital	Revaluation reserve	Fair value reserve	Translation reserve	Statutory reserve	Retained earnings	Total
	sh'000'	sh'000'	sh'000'	sh'000'	sh'000'	sh'000'	sh'000'
At 1 January 2019	1,749,873	15,718	-68,670	282,348	4,320,953	22,165,652	28,465,874
Profit for the period 31.12.2019	-	-	-	-	1,390,454	2,470,512	3,860,966
Other comprehensive income (loss)/income	-	1,812	-22,818	7,415	-	(60,119)	(73,710)
Total comprehensive income	-	1,812	-22,818	7,415	1,390,454	2,410,393	3,787,256
Dividends declared - 2018	-	-	-	-	-	(314,977)	(314,977)
Bonus issues shares from retained earnings	5,249,618	-	-	-	-	(5,249,618)	-
At 31 December 2019	6,999,491	17,530	(91,488)	289,763	5,711,407	19,011,450	31,938,153
At 1 January 2020	6,999,491	17,530	(91,488)	289,763	5,711,407	19,011,450	31,938,153
Profit for the period 30.06.2020	-	-	-	-	348,269	1,209,870	1,558,139
Other comprehensive income (loss)/income	-	-	(421,601)	-	-	-	(421,601)
Total comprehensive income	-	-	(421,601)	-	348,269	1,209,870	1,136,538
Dividends declared - 2019	-	-	-	-	-	-	-
At 30 JUNE 2020	6,999,491	17,530	(513,089)	289,763	6,059,676	20,221,320	33,074,691

COMPANY STATEMENT OF CASHFLOWS FOR THE PERIOD ENDED 30 JUNE 2020		
	Unaudited 30.06.2020	Unaudited 31.12.2019
Net cash generated from operations	915,453	2,111,107
Interest received on corporate bonds	24,126	61,915
Interest received on government securities	960,993	1,847,583
Interest received on staff mortgages and loans	11,874	22,763
Interest received on deposits with financial institutions	236,013	432,236
Interest received on commercial mortgages	12,105	38,825
Tax paid in the year	-	(393,713)
Net cash generated from operating activities	2,160,564	4,120,716
Cash flows used in investing activities		
Purchase of investment property	(920)	(98,558)
Purchase of property and equipment	(9,762)	(25,554)
Purchase of intangible assets	(7,426)	(88,361)
Purchase of government securities	(1,701,762)	(11,226,222)
Proceeds on maturity of government securities	1,212,000	8,739,837
Purchase of quoted equity instruments	(10,255)	(151,736)
Proceeds on sale of quoted equity instruments	-	133,085
Proceeds on redemption of corporate bonds	80,512	305,925
Dividends received on quoted equity instruments	78,176	98,849
Investment in subsidiary	-	(275,626)
Net cash used in investing activities	(359,437)	(2,588,361)
Cash flows used in financing activities		
Dividends paid	-	(314,977)
Net decrease in cash and cash equivalents	1,801,127	1,217,378
Cash and cash equivalents at 1st January	6,591,100	5,373,721
effect of unrealised exchange rate changes	-	-
Cash and cash equivalent at 30th June 2020	8,392,227	6,591,100

Net claims incurred increased by 3% to stand at Kshs 5,148 million as at 30.06.2020 compared to the same period as at 30.06.2019 of Kshs 4,995 million.

Cedant acquisition costs increased by 6% from Kshs 2,028 million to Kshs 2,146 million, giving Commission's ratio of 25% during the period.

Management expenses for the period ended 30th June 2020 stood at Kshs 957 million an increase of 4% compared to prior year (Kshs 917 million). The profit before taxation for the period ended 30th June 2020 stood at Kshs 2,091 million compared to Kshs 1,379 million for the period ended 30th June 2019 which is an increase of 52%.

Total assets increased from Kshs 50,362 million as at 31st December 2019 to Kshs 53,346 million as at 30th June 2020 which is an increase of 6%.

Shareholders' funds increased from Kshs 31.9 billion as at 31st December 2019 to Kshs 33.1 billion as at 30th June 2020 which is an increase of 3%.

DIVIDENDS

The Board of Directors does not recommend payment of an interim dividend to shareholders.

By Order of the Board
Charles Kariuki
Company Secretary

