



Kenya Reinsurance Corporation Limited Integrated Annual Report 2024

Resilient Risk Solutions for a Sustainable Future



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GROUP INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2024

BOARD OF DIRECTORS

Hon. Catherine Ngima Kimura	- Chairman
Dr. Hillary M. Wachinga	- Group Managing Director
Hon. CPA Još Mbadi Ng'ong'o, EGH	- Cabinet Secretary, The National Treasury & Planning.
David Muthusi	- Re-elected on 25th June 2024
Eric Gumbo	
Thamuda Hassan	
Mr. Robert Waruiru	
James Irungu Kirika	- Re-elected on 25th June 2024
Ms Eunice Nyala	
Dr. Zacharia Nyaega	
Mr. Omar Shallo	

COMPANY SECRETARY

Charles Kariuki
Registration No. R/CPS B/2305
Certified Public Secretary (Kenya)
Reinsurance Plaza, Taifa Road
P.O. Box 30271 – 00100 GPO
Nairobi, Kenya

REGISTERED OFFICE

Reinsurance Plaza
Taifa Road
P.O. Box 30271 – 00100 GPO
Nairobi, Kenya

INDEPENDENT AUDITOR

Auditor General
Office of the Auditor General
P.O. Box 30084 – 00100 GPO
Nairobi, Kenya

ACTUARIES

Actuarial Services (East Africa) Limited
10th Floor Victoria Towers
Kilimanjaro Avenue, Upper hill
P.O. Box 10472 – 00100 GPO
Nairobi, Kenya

PRINCIPAL BANKERS

KCB Bank Kenya Limited
Moi Avenue
P.O. Box 30081 – 00100 GPO
Nairobi, Kenya

Bank of Africa

01 Bp 7539 Abidjan 01
Immeuble Sayegh; 3ème étage
Rue des Jardins en face Nice Cream
Cocody VALON

Citibank Zambia Limited

Citibank House
Stand 4646 Addis Ababa Roundabout
P.O. Box 30037 – 10101, Lusaka Zambia

LEGAL ADVISERS

Ngatia & Associates Advocates
Bishop Gardens Towers, Second floor
First Ngong Avenue,
Nairobi, Kenya.

Kaplan & Stratton Advocates

Williamson House
4th Ngong Avenue
P.O. Box 40111 – 00100
Nairobi, Kenya

SHARE REGISTRARS

Image Registrars Limited
Barclays Plaza, Loita Street, 5th Floor
P.O. Box 9287 – 00100 GPO
Nairobi, Kenya

SUBSIDIARIES

Kenya Reinsurance Corporation Ltd. Côte d'ivoire
OI Bp 7539 Abidjan 01
Immeuble Sayegh, 3eme etage
Rue des Jardins en face de Nice Cream
Cocody VALON

Kenya Reinsurance Corporation Zambia Limited

D.G Office Park, No. 1 Chila Road
Kabulonga, Lusaka
P.O. Box 30578 10101, Zambia

Kenya Reinsurance Corporation Uganda-SMC LIMITED

Lrv 1835 Folio 10, Bandali Rise.
Bugolobi, Kampala
P.O Box 34988
Kampala, Uganda

ABOUT THIS REPORT

Kenya Reinsurance Corporation is delighted to present its integrated report for the period from January 1, 2024, to December 31, 2024. This report aims to provide our stakeholders with comprehensive information, offering a detailed overview of how Kenya Reinsurance Corporation generated value for all its stakeholders during the review period. The report will give our stakeholders a deeper understanding of our operations, highlighting our achievements, opportunities, and challenges faced during the review period as we strive to become Africa's leading reinsurer.

We are pleased to present this report as a demonstration of our commitment to sustainability, transparency, and accountability to our key stakeholders, including investors, clients, regulators, and partners.

The content and level of the disclosures presented in this report are guided by global and local sustainability frameworks, including the Global Reporting Initiative (GRI), the UN Sustainable Development Goals (SDGs), the International Sustainability Reporting Standards (IFRS S1 and S2) and the Nairobi Securities Exchange ESG Disclosure Guidelines. The Company has embarked

on integrating sustainability into its operations and strengthening its sustainability reporting processes. Future reports will demonstrate this progress in accordance with best practices.

As a foundational report, this report has been developed collaboratively by the Company's sustainability team with input from internal stakeholders and has been reviewed and approved by the Company's Board of Directors.



CORPORATE PROFILE

Kenya Reinsurance Corporation Limited (Kenya Re) is the oldest reinsurer in Eastern and Central Africa, established through an Act of Parliament in December 1970 and commencing operations in January 1971.

As a leading reinsurance provider, we play a vital role in offering reinsurance services across multiple lines of business to over 482 companies across Africa.

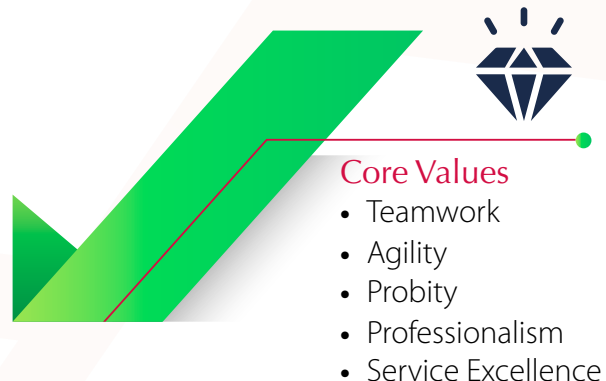
The Government of Kenya owns 60% of the company, while the public, through the Nairobi Securities Exchange, owns 40%. The Company remains committed to delivering world-class reinsurance solutions, continuously improving its services to meet international standards.

It has three fully owned subsidiaries; Kenya Reinsurance Corporation, Cote d'Ivoire, which was incorporated on 19 September 2014, Kenya Reinsurance Corporation Zambia Limited, which was incorporated on 26 November 2015 and Kenya Reinsurance Corporation Uganda-SMC Limited, which was incorporated on 26 August 2019. Kenya Reinsurance Corporation, Cote d'Ivoire, operated as a full subsidiary starting in 2015, the Zambian subsidiary started operating in 2016, while Uganda subsidiary started operations in January 2022. The Company and its subsidiaries are referred to as the "Group".

We have strengthened our position in the global market through strategic initiatives to benchmark our services against international standards. We have earned and maintained a B (Fair) rating from the global rating agency A.M. Best and hold an AA+ rating from Global Credit Rating (GCR), reflecting our strong financial position and credibility in the retrocession market.

At Kenya Reinsurance Corporation, our commitment to sustainability is deeply embedded in our purpose, mission, vision, and core values. As a leading reinsurance provider, we recognize the critical role we play in driving sustainable development, fostering resilience in the insurance sector, and contributing to economic, social, and environmental progress. Guided by our mission to provide world-class reinsurance solutions and our vision to be the reinsurer of choice in Africa and beyond, we are dedicated to responsible business practices that support financial stability, climate resilience, and community well-being.

Who We Are



MESSAGE FROM THE CHAIRMAN OF THE BOARD



Dear Esteemed Shareholders, Stakeholders, and Valued Partners,

On behalf of the Board of Directors, I am pleased to present the performance of Kenya Reinsurance Corporation Limited for the financial year 2024. In my capacity as Chairman, I offer this statement to provide an overarching perspective on the Corporation's financial performance, sustainability progress, and the strategic direction underpinned by evolving global trends and our commitment to long-term value creation.

GLOBAL AND REGIONAL ECONOMIC OVERVIEW

The 2024 economic environment was defined by heightened global uncertainty, persistent inflation, interest rate volatility, and rising geopolitical tensions. These factors significantly influenced the reinsurance sector, requiring Kenya Re to respond proactively to the dual pressures of increased claims costs and market volatility. Asset valuations were tested, while inflation eroded real investment returns. These dynamics demanded prudent risk management and thoughtful investment strategies from the Board to ensure the Corporation's stability and growth.

FINANCIAL PERFORMANCE

Despite a 4% decrease in insurance revenue to KSh 18.85 billion from KSh 19.57 billion in 2023, Kenya Re demonstrated resilient performance. The insurance service result surged by 336% to KSh 2.95 billion from KSh 0.68 billion, buoyed by a 20% reduction in insurance service expenses. Investment income grew 23% to KSh 5.61 billion, up from KSh 4.56 billion, though profit after tax declined by 10.8% to KSh 4.44 billion, primarily due to foreign exchange losses. Overall, total assets rose to KSh 66.8 billion, and shareholders' funds increased by 3% to KSh 49.67 billion.

REINSURANCE MARKET DYNAMICS

The reinsurance industry in 2024 was shaped by pricing pressures, climate-related losses, cyber threats, and evolving customer expectations. Additionally, technological advancements introduced opportunities for smarter underwriting and operational efficiency. These shifts required Kenya Re to continuously adapt through innovation, data-driven decision-making, and enhanced risk evaluation frameworks—all of which were closely guided and overseen by the Board.

STRATEGIC DIRECTION AND SUSTAINABILITY COMMITMENT

In this period of transformation, the Board has steered Kenya Re with a focus on three interlinked strategic objectives:

Resilience and Sustainability – We recognize that long-term success requires embedding sustainability into our business model. Through proactive risk management, diversified operations, and integration of environmental, social, and governance (ESG) principles, we are building a future-ready organization.

Message from the Chairman Continued...

Operational Excellence – By embracing digital transformation, optimizing processes, and improving cost-efficiency, we aim to increase agility and responsiveness while delivering value to clients and partners.

Stakeholder Value Maximization – The Board is dedicated to sustaining strong financial results and maintaining high governance standards, ensuring that Kenya Re continues to meet the expectations of shareholders, customers, employees, and the communities we serve.

The year 2024 marked a foundational shift for the Corporation's sustainability journey. We began laying the groundwork for a more strategic, measurable, and forward-looking ESG framework. While a formal sustainability strategy is currently being developed, we have already made progress in integrating ESG considerations into underwriting and investment decisions, committing to projects that promote environmental conservation, carbon reduction, and positive social impact.

The Board acknowledges that sustainability is not just a responsibility but also a key driver of Kenya Re's long-term resilience. We are taking active steps to institutionalize ESG governance structures, define material sustainability priorities, and enhance disclosures both at the group and subsidiary levels.

GOVERNANCE AND OVERSIGHT

Throughout 2024, the Board has maintained rigorous oversight and ethical leadership in guiding Kenya Re through a complex operational environment. In particular, the evolving regulatory landscape, regional economic shifts, and growing climate-related risks require active and informed governance. Our partnership with the management team has ensured Kenya Re remains compliant, innovative, and strategically positioned to seize emerging opportunities while upholding integrity and transparency.

LOOKING AHEAD

The reinsurance industry continues to face rapid evolution, driven by economic uncertainty, climate change, regulatory expectations, and technological advancements. Kenya Re remains steadfast in adapting to these realities, refining our strategies, and fostering sustainable growth.

We are committed to strengthening ESG integration, enhancing operational resilience, and ensuring that our stakeholders continue to benefit from ethical leadership and sound governance. We invite our investors, partners, employees, and customers to walk with us on this journey toward a more inclusive, resilient, and sustainable future.

APPRECIATION

I extend my heartfelt gratitude to the Government of Kenya, our principal shareholder, for their unwavering support. I also acknowledge the crucial role of our regulators, partners, and customers in enabling our continued success.

To my fellow Board members, thank you for your diligence and insightful leadership. To the management team and staff, your execution of strategic objectives with professionalism and passion has been exceptional.

To all our stakeholders, thank you for your continued trust and support. On behalf of the entire Kenya Re team, I reaffirm our dedication to delivering long-term value and sustaining the Corporation's growth trajectory.

May God bless you all.



Hon. Catherine Kimura
Board Chairman
Kenya Reinsurance Corporation

TAARIFA YA MWENYEKITI WA BODI YA SHIRIKA



Wapendwa Wenyehisa, Wadau na Washirika Wetu,

Kwa niaba ya Wakurugenzi wa Bodi, nina furaha kuwasilisha kwenu matokeo ya kifedha ya Shirika la Kenya Reinsurance Corporation ya mwaka wa 2024. Kama Mwenyekiti wa shirika hili, ninatoa taarifa hii ili kuonyesha mwelekeo wa jumla wa matokeo ya kifedha, maendeleo endelevu, na mwelekeo wa kimkakati wa shirika hili unaotokana na mabadiliko duniani na kujitolea kwetu katika kuboresha huduma zetu.

MUHTASARI WA UCHUMI WA UKANDA NA DUNIA

Mazingira ya kiuchumi katika mwaka wa 2024 yaliathiriwa na ongezeko la misukosuko duniani, mifumuko ya bei isiyokatika, kubadilikabadilika kwa viwango vya riba, na kuongezeka kwa mivutano ya kisiasa duniani. Mambo haya yaliathiri sekta ya bima kuu kwa kiasi kikubwa na kulazimisha Shirika la Kenya Re kukabiliana na shinikizo maradufu; kuongezeka kwa gharama za madai ya fidia na soko kuyumbayumba. Thamani ya rasilimali ilitikiswa, huku mfumuko wa bei ukipunguza faida halisi ya uwekezaji. Mabadiliko haya yalihatiji Bodi hii kusimamia hatari kwa busara na kuweka mikakati ya uwekezaji iliyofikiriwa vizuri ili kuhakikisha uthabiti na ukuaji wa Shirika.

MATOKEO YA KIFEDHA

Licha ya mapato ya bima kupungua kwa 4% hadi KSh 18.85 bilioni kutoka KSh 19.57 bilioni katika mwaka wa 2023, Shirika la Kenya Re lilionyesha ustahimilivu katika matokeo yake. Matokeo ya huduma ya bima yaliongezeka kwa 336% hadi KSh 2.95 bilioni kutoka KSh 0.68 bilioni, yakichochea na punguo la asilimia 20(%) la gharama za huduma ya bima. Mapato ya uwekezaji yalikuwa kwa 23% hadi KSh 5.61 bilioni, kutoka KSh 4.56 bilioni, ingawa faida baada ya ushuru ilipungua kwa 10.8% hadi KSh 4.44 bilioni, hasa kutokana na hasara ya ubadilishanaji wa fedha za kigeni. Kwa jumla, rasilimali zote ziliongezeka na kufikia KSh 66.8 bilioni huku fedha za wenyehisa zikiongezeka kwa 3% hadi KSh 49.67 bilioni.

Resilient Risk Solutions for a Sustainable Future

MABADILIKO KATIKA SOKO LA BIMA KUU

Katika mwaka wa 2024, sekta ya bima kuu iliathiriwa na shinikizo za bei, hasara zinazohusiana na hali ya hewa, hatari za kimtandaoni, na matarajio ya wateja. Aidha, maendeleo ya kiteknolojia yalibuni fursa ya bima za kidijitali na ufanisi katika uendeshaji wa shughuli. Mabadiliko haya yalililazimu shirika la Kenya Re kuendelea kujirekebisha kupitia kwa uvumbuzi, uzingatiaji wa data katika kufanya maamuzi, na kuimarisha mifumo ya kutathmini hatari—yote haya yakitokana mwongozo na usimamizi wa karibu wa Bodi hii.

MWELEKEO WA KIMKAKATI NA JUHUDI ENDELEU

Katika kipindi hiki cha mabadiliko, Bodi hii imeongoza Kenya Re kwa kuzingatia malengo matatu ya kimkakati ambayo yanajalizana:

Ustahimilivu na Uendeleu – Tunatambua kuwa mafanikio ya muda mrefu yanahitaji kujumuisha uthabiti katika muundo wetu wa kibiashara. Kupitia kwa usimamizi wetu makinifu wa hatari, upanuzi wa shughuli, na ujumuishaji wa kanuni za kimazingira, kijamii na uongozi (ESG), tunajenga shirika lililo tayari kwa siku zijazo.

Uendeshaji fanifu – Kwa kukumbatia mabadiliko ya kidijitali, kuimarisha harakati, na kupunguza gharama, tunalenga kuongeza kasi na hatua za haraka huku tukitoa huduma za thamani kwa wateja na washirika wetu.

Taarifa ya Mwenyekiti inaendelea.....

Uzidishaji wa Thamani kwa Wadau – Bodi hii imejitolea kudumisha matokeo thabiti ya kifedha na kuendeleza viwango vya juu vya uongozi, ili kuhakikisha kuwa Kenya Re inaendelea kutimiza matarajio ya wenyehisa, wateja, wafanyakazi wetu na jamii tunazohudumia.

Mwaka wa 2024 ulikuwa na mabadiliko ya kimsingi katika safari ya uthabiti ya Shirika hili. Tulianza kuweka msingi kwa ajili ya mfumo wa kimkakati, unaoweza kupimika, na ESG unaolenga zaidi siku zijazo. Mkakati thabiti ambao ni rasmi unapoendelea kuundwa, tayari tumepiga hatua katika kuunganisha masuala ya ESG kwenye maamuzi ya bima na uwekezaji huku tukijitolea kufanya miradi inayokuza uhifadhi wa mazingira, kupunguza kaboni na kuleta athari zenye mafa katika jamii.

Bodi hii inatambua kwamba uthabiti si jukumu lake tu bali pia ni kichocheo muhimu cha ustahimilivu wa Shirika la Kenya Re. Tunachukua hatua madhubuti ili kuanzisha mfumo wa uongozi wa ESG, kubaini masuala muhimu, na kuimarisha utoaji ripoti katika shirika hili na mashirika yake tanzu.

UONGOZI NA USIMAMIZI

Katika mwaka wa 2024, Bodi hii ilidumisha usimamizi thabiti na uongozi wenye maadili katika kusimamia shirika la Kenya Re kupitia kwa mazingira changamano ya uendeshaji. Mabadiliko katika mazingira ya usimamizi, mabadiliko ya kiuchumi ya ukanda, na ongezeko la hatari zinazohusiana na hali ya hewa ndizo hasa zinazohitaji uongozi madhubuti na wa busara. Ushirikiano wetu na wasimamizi umehakikisha Kenya Re inaendelea kufuata sheria, kuwa bunifu, na kuwa katika nafasi nzuri kimkakati ili kutumia fursa zinazojitokeza huku ikidumisha uadilifu na uwazi.

MUSTAKABALI

Sekta ya bima kuu inaendelea kukabiliwa na mageuzi ya haraka yanayolewa na misukosuko ya kiuchumi, mabadiliko ya hali ya hewa, matarajio ya wadhibiti, na maendeleo ya kiteknolojia. Kenya Re inasalia thabiti katika kukumbatia na kukabiliana na hali hizi, kuboresha mikakati yetu, na kukuza ukuaji endelevu.

Tumejitolea kuimarisha ujumuisha wa ESG, kuimarisha uthabiti wa utendakazi, na kuhakikisha kwamba wadau wetu wanaendelea kunufaika na uongozi adilifu na usimamizi bora. Tunawaalika wawekezaji, washirika, wafanyakazi na wateja wetu kutembea nasi katika safari hii ili kufikia mustakabali ambao ni jumuishi, thabiti na endelevu zaidi.

SHUKRANI

Ninatoa shukrani zangu za dhati kwa Serikali ya Kenya, ambayo ndiyo mwenyehisa wetu mkuu, kwa kuendelea kutuunga mkono. Pia ninatambua jukumu muhimu la wadhibiti, washirika, na wateja wetu katika kutuwezesha kuendelea kufaulu.

Kwa wanachama wenzangu wa Bodi, asante kwa bidii yenu na uongozi wa busara. Kwa usimamizi na wafanyakazi, utekelezaji wenu wa malengo ya kimkakati kwa weledi na kwa dhati umekuwa wa kipekee.

Kwa wadau wetu wote, asante kwa kuendelea kutuamini na kutuunga mkono. Kwa niaba ya kikosi kizima cha Kenya Re, ninathibitisha kujitolea kwetu katika kutoa thamani ya muda mrefu na kudumisha ukuaji wa Shirika hili.

Mungu awabariki.



Mhe. Catherine Kimura
Mwenyekiti wa Bodi
Shirika la Kenya Reinsurance Corporation

MESSAGE FROM THE GROUP MANAGING DIRECTOR



Dear Valued Shareholders and Stakeholders,

I am pleased to present the Kenya Reinsurance Corporation Limited's Annual and Sustainability Report for the year 2024. This integrated report reflects our operational performance, financial health, and progress in embedding Environmental, Social, and Governance (ESG) principles into the core of our strategy. In a year marked by both opportunities and challenges, we remained agile, resilient, and focused on value creation.

GLOBAL AND INDUSTRY OUTLOOK

In 2024, the global economy demonstrated resilience, with emerging markets projected to grow at 4.2% and advanced economies at 1.8%. Inflation declined globally, helping stabilize financial markets. The insurance sector saw total assets rise by 2.7% to \$40 trillion, with liabilities also increasing by 2.4% to \$34 trillion, supported by robust underwriting and investment income. Solvency and liquidity remained stable, driven by premium growth and prudent asset allocation.

FINANCIAL PERFORMANCE

Kindly allow me to present to you report card on the Corporation's performance for the year 2024.

- **Insurance Revenue:** Total insurance revenue decreased by 4% from KSh.19.57 billion in 2023 to KSh.18.85 billion in 2024. This reduction reflects the competitive pressures within the market and our strategic decision to prioritize underwriting profitability.
- **Insurance Service Result:** Despite the revenue decrease, our insurance service result showed a remarkable improvement, increasing by 336% from KSh 0.68 billion in 2023 to KSh 2.95 billion in 2024. This significant turnaround is a direct result of our stringent cost management initiatives.
- **Insurance Service Expenses:** We achieved a 20% reduction in insurance service expenses, from KSh 13.1 billion in 2023 to KSh 10.5 billion in 2024. This demonstrates our commitment to operational efficiency and expense control.
- **Investment Income:** Our investment portfolio performed strongly, with total investment income increasing by 23% from KSh 4.56 billion in 2023 to KSh 5.61 billion in 2024. This growth is attributed to effective investment strategies and asset allocation.

- **Profit After Tax:** Profit after tax decreased by 10.8% from KSh 4.97 billion in 2023 to KSh 4.44 billion in 2024. This was primarily due to net foreign exchange losses, which highlight the impact of external economic factors on our profitability.
- **Assets:** Total assets increased by 1.3% from KSh 65.98 billion in 2023 to KSh 66.8 billion in 2024. This growth reflects the overall stability and strength of our financial position.
- **Shareholders' Funds:** Shareholders' funds also increased by 3% from KSh 48.17 billion in 2023 to KSh 49.67 billion in 2024, indicating enhanced capital adequacy.

STRATEGIC FOCUS AREAS

In a dynamic and evolving Kenyan market, Kenya Re remains steadfast in its commitment to sustainable growth and value creation. Our strategic focus is anchored on four key pillars that will drive our performance and ensure our resilience in the years ahead:

Underwriting Excellence: We are dedicated to strengthening our underwriting capabilities to navigate the unique risk landscape of our business footprints. This involves meticulous risk selection, disciplined pricing, and a strategic diversification of our portfolio to encompass emerging risks such as agricultural, infrastructure, and cyber. By leveraging data-driven insights and fostering a deep understanding of local market dynamics, we aim to build a robust and profitable underwriting portfolio that supports the growth and stability of our clients.

Digital Transformation: We are accelerating our investment in technology to enhance operational efficiency and elevate the customer experience. This includes the implementation of automation solutions, advanced data analytics, Artificial Intelligence (AI) and user-friendly digital platforms. By embracing digital innovation, we will streamline our processes, improve service delivery, and expand our reach, ensuring we remain at the forefront of the evolving reinsurance landscape.

Message from Group Managing Director Continued...

Market Expansion: We are strategically expanding our footprint into new markets and regions, leveraging Kenya's strategic location as a gateway to the world insurance market. This diversification will mitigate concentration risk and unlock new revenue streams, allowing us to capitalize on the growth potential of emerging economies. We are committed to fostering strong partnerships and building a sustainable presence in these key markets.

Talent Management: Our people are our greatest asset. We are dedicated to attracting, developing, and retaining top talent, fostering a culture of excellence, collaboration, and continuous learning. By investing in our employees' professional growth and creating an environment that encourages innovation, we will ensure that Kenya Re remains a leader in the reinsurance industry. Internally, we have invested in culture change management initiatives such as winners' mentality sessions and separate men and ladies' welfare groups to encourage an open culture and spur innovations to making Kenya Re a great workplace.

These strategic pillars are not merely aspirational goals; they are the cornerstones of our commitment to delivering sustainable value to our stakeholders. They are also sub-tenets derived from our 2022-2026 strategic workplan. We are confident that by executing these strategies with diligence and focus, Kenya Re will continue to thrive and contribute to the growth and stability of the Kenyan and regional economies.

Risk Management

Kenya Re has continued to prioritize a robust risk management framework to ensure sustainable growth amidst the dynamic markets it operates in. We recognize that effective risk management is a strategic imperative, not just a regulatory requirement.

By proactively identifying, assessing, and mitigating potential risks, we solidify our position as a trusted and reliable reinsurance partner. Our disciplined approach, tailored to suit global economic requirements, allows us to navigate uncertainties effectively and deliver long-term value to our shareholders. We remain confident in our ability to maintain stability and drive sustainable growth through our robust risk management practices.

SUSTAINABILITY LEADERSHIP AND ESG INTEGRATION

Sustainability is a core pillar of our competitiveness. We aligned our ESG disclosures with the Nairobi Securities Exchange ESG Guidelines, UN Principles for Sustainable Insurance, GRI Standards, and IFRS S1 and S2.

Environmental Stewardship

We supported the green transition through underwriting of renewable energy and EV insurance. Claims paid in 2024 for environmental and natural catastrophes amounted to KSh 108 million. We also installed solar panels at Reinsurance Plaza and adopted digital workflows to lower emissions and paper use. Our tree planting initiative with Lenana School and the National Environmental Trust Fund exemplifies our long-term commitment to conservation and youth engagement.

Social Impact

All 199 employees participated in wellness programs. Our commitment to inclusion earned us recognition at the 2024 DIAR

Awards. We also supported the National Police Service with KSh 13 million in mobility and assistive devices, directly impacting 73 officers.

Governance & Compliance

We enhanced governance by training 75% of staff on AML and 56% on Data Protection compliance. We aligned our cybersecurity strategy with ISO/IEC 27001 standards to secure our data assets.

Collaborative Action

Kenya Re is a signatory to the Nairobi Declaration of Sustainable Insurance. In 2024, we deepened partnerships with civil society and regulators to drive inclusive finance, health resilience, poverty reduction, and climate adaptation.

LOOKING AHEAD

We see sustainability not as an obligation but as an enabler. We are developing a comprehensive ESG strategy that integrates climate risk into enterprise risk management, underwriting, and investment decisions. We will continue to expand our ESG-compliant investment portfolio, increase support for parametric and climate-resilient products, and enhance our reporting transparency in line with international standards.

AWARDS AND RECOGNITION

In 2024, Kenya Re was awarded as Africa's Best Retakaful Sharia Compliant Company at the International Interest-Free Banking and Takaful Forum in Ethiopia. We also excelled in Government of Kenya Performance Contracting indicators, including road safety mainstreaming and resolution of public complaints.

APPRECIATION

I extend my deepest gratitude to our valued customers, whose unwavering support forms the very foundation of Kenya Re's success. Your continued trust and partnership are invaluable. To all our stakeholders, I express my sincere appreciation for your steadfast commitment and belief in our Corporation. We are particularly grateful to our shareholders, especially the Government of Kenya, our largest shareholder, for your continued confidence and investment.

I commend the Board of Directors, the management team, and every member of our dedicated staff for their exceptional contributions towards achieving Kenya Re's corporate objectives. Your dedication, expertise, and collaborative spirit are instrumental in our progress. Above all, I offer my profound thanks to the Almighty God for His abundant blessings, which have guided and sustained us throughout the year.



Dr. Hillary Maina Wachinga,
Group Managing Director
Kenya Reinsurance Corporation

UJUMBE KUTOKA KWA MENEJA MKURUGENZI WA SHIRIKA, DKT. HILLARY MAINA WACHINGA



Wenyehisa na Wadau Wetu Wapendwa,

Nina furaha kuwasilisha kwenu Ripoti ya Kila Mwaka ya Uthabiti wa shirika la Kenya Reinsurance Corporation Limited ya mwaka wa 2024. Ripoti hii jumuishia inaakisi matokeo ya utendakazi, uwezo wetu wa kifedha, na hatua tulizopiga katika kujumisha kanuni za Kimazingira, Kijamii, na Uongozi (ESG) kwenye mkakati wetu. Katika mwaka huo uliokuwa na fursa pamoja na changamoto, tulisalia imara, wastahimilivu, na kulenga kuongeza thamani.

MWELEKEO WA SEKTA NA DUNIA

Katika mwaka wa 2024, uchumi wa dunia ulionyesha uthabiti, huku masoko yanayoibuka yakikadiriwa kukua kwa (asilimia) 4.2% na uchumi wa nchi zilizostawi ukua kwa 1.8%. Mfumuko wa bei ulipungua duniani kote, na kusaidia kuleta utulivu katika masoko ya kifedha. Sekta ya bima ilishuhudia ukuaji katika rasilimali zake kwa 2.7% hadi \$40 trilion, huku gharama pia zikiongezeka kwa 2.4% hadi \$34 trilion, jambo ambalo lilichangiwa na mapato makuu ya bima na uwekezaji. Uwezo wa kulipa madeni ya muda mrefu na ya muda mfupi ulisalia kuwa thabiti, na kuchochewa na ukuaji wa malipo ya bima na utangaji wa rasilimali wenye busara.

MATOKEO YA KIFEDHA

Niruhusuni niwasilishe kwenu ripoti ya matokeo ya Shirika hili ya mwaka wa 2024.

- **Mapato ya Bima:** Mapato ya bima kwa jumla yalipungua kwa 4% kutoka KSh.19.57 bilioni katika mwaka wa 2023 hadi KSh.18.85 bilioni katika mwaka wa 2024. Kupungua huku kunaashiria ushindani katika soko na uamuzi wetu wa kimkakati wa kutoa umuhimu faida inayotokana na bima.
- **Matokeo ya Huduma za Bima:** Licha ya kupungua kwa mapato, matokeo ya huduma yetu ya bima yaliboreka kwa kiasi kikubwa na kuongezeka kwa 336% kutoka KSh 0.68 bilioni katika mwaka wa 2023 hadi KSh 2.95 bilioni katika mwaka wa 2024. Mabadiliko haya muhimu ni matokeo ya moja kwa moja ya juhudi zetu za kudhibiti gharama.
- **Gharama za Huduma ya Bima:** Tulifanikiwa kupunguza gharama za huduma ya bima kwa 20% kutoka KSh 13.1 bilioni katika mwaka wa 2023 hadi KSh 10.5 bilioni katika mwaka wa 2024. Hii inaonyesha kujitolea kwetu kufaulisha shughuli na kudhibiti gharama.
- **Mapato ya Uwekezaji:** Miradi yetu ya uwekezaji ilifanya vizuri, huku mapato ya jumla ya uwekezaji yakiongezeka kwa 23% kutoka KSh 4.56 bilioni katika mwaka wa 2023 hadi KSh 5.61 bilioni katika mwaka wa 2024. Ukuaji huu

ulichochewa na mikakati madhubuti ya uwekezaji na utangaji wa rasilimali.

- **Faida Baada ya Ushuru:** Faida baada ya ushuru ilipungua kwa 10.8% kutoka KSh 4.97 bilioni katika mwaka wa 2023 hadi KSh 4.44 bilioni katika mwaka wa 2024. Hii ilitokana hasa na hasara ya ubadilishanaji wa fedha za kigeni, ambayo inaashiria athari za nje ya nchi kwenye faida yetu.
- **Rasilimali:** Rasilimali kwa jumla ziliongezeka kwa 1.3% kutoka KSh 65.98 bilioni katika mwaka wa 2023 hadi KSh 66.8 bilioni katika mwaka wa 2024. Ukuaji huu unaonyesha uthabiti na uwezo wetu wa kifedha kwa jumla.
- **Hazina ya Wenyehisa:** Hazina ya wenyehisa pia iliongezeka kwa 3% kutoka KSh 48.17 bilioni katika mwaka wa 2023 hadi KSh 49.67 bilioni katika mwaka wa 2024 na kuonyesha kuimarika kwa utoshelevu wa mtaji.

NYANJA ZA KUMAKINIKIA KIMKAKATI

Katika soko la Kenya linalobadilikabadilika, Kenya Re inasalia kuwa imara katika juhudi zake za ukuaji endelevu na uundaji wa thamani. Umakinikaji wetu wa kimkakati umejikita katika nguzo nne muhimu ambazo zitachochea matokeo yetu na kuhakikisha tuko imara katika miaka ijayo:

Ufanisi katika utoaji wa Bima: Tumejitolea kuimarisha uwezo wetu wa kutoa bima ili kukabiliana na hatari maalum katika soko letu la biashara. Hii inajumuisha uteuzi makinifu wa hatari, uwekaji bei kwa nidhamu, na mikakati mbalimbali ya miradi yetu ili kujumuisha hatari zinazoibuka kama vile za kilimo, miundomsingi na za mitandaoni. Kwa kutumia ujuzi unaotokana na data na kukuza uelewa wa kina wa mabadiliko ya soko la humu nchini, tunalenga kuwa na miradi ya bima ambayo ni thabiti na yenye faida inayosaidia ukuaji na uthabiti wa wateja wetu.

Mageuzi ya Kidijitali: Tunaongeza kasi ya uwekezaji katika teknolojia ili kuongeza ufanisi katika utendakazi na kuboresha huduma kwa wateja. Hii inajumuisha utekelezaji wa suluhu za kiotomatiki, uchanganyuzi wa data wa hali ya juu, Akiliunde ya

Ujumbe kutoka kwa Meneja Mkurugenzi wa Shirika unaendelea...

Kiteknolojia (AI) na majukwaa ya kidijitali ambayo ni rahisi kwa watumiaji. Kwa kukumbatia uvumbuzi wa kidijitali, tutarahisisha michakato yetu, tutaboresha utoaji wa huduma, na kupanua upeo wetu ili kuhakikisha tunasalia mstari wa mbele katika kuboresha mazingira ya bima.

Upauzi wa Soko: Tunapanua kimkakati masoko na maeneo mapya, tukitumia Kenya kama mlango wa kuingia kwenye soko la bima duniani. Jambo hili litapunguza hatari ya mkusanyiko katika eneo moja na kuleta njia mpya za mapato hivyo kuturuhusu kunufaika na ukuaji wa sekta za kiuchumi zinazoibuka. Tumejitolea kukuza ushirikiano thabiti na kujenga uwepo imara katika masoko haya muhimu.

Ukuzaji wa Talanta: Watu wetu ndio rasilimali yetu kuu. Tumejitolea kuvutia, kukuza na kudumisha talanta huku tukikuza utamaduni wa ufanisi, ushirikiano, na kuendelea kujifunza. Kwa kuwekeza katika ukuaji wa kitaaluma wa wafanyakazi wetu na kubuni mazingira yanayohimiza uvumbuzi, tutahakikisha kuwa Kenya Re inasalia kuongoza katika sekta ya bima kuu. Ndani ya shirika hili, tumewekeza katika mipango ya kubadilisha usimamizi kama vile vikao vya fikira-bora kwa washindi na vikundi vya maslahi ya wanaume tofauti na vya wanawake ili kukuza utamaduni wa uwazi na kuchochea ubunifu ili kufanya Kenya Re kuwa mahali pazuri pa kufanya kazi.

Nguzo hizi za kimkakati si malengo tu; ni msingi wa kujitolea kwetu kutoa thamani endelevu kwa wadau wetu. Pia ni vipengele vidogo vinavyotokana na mpango-kazi wetu wa kimkakati wa mwaka 2022-2026. Tuna imani kwamba kwa kutekeleza mikakati hii kwa bidii na umakini, Kenya Re itaendelea kustawi na kuchangia katika ukuaji na uthabiti wa uchumi wa Kenya na wakianda.

Udhibiti wa Hatari

Kenya Re imeendelea kuupa umuhimu mfumo madhubuti wa usimamizi wa hatari ili kuhakikisha kuna ukuaji endelevu katika masoko yake yanayobadilikabadilika. Tunatambua kwamba udhibiti thabiti wa hatari ni muhimu kimkakati, wala si hitaji tu la udhibiti.

Kwa kutambua, kutathmini na kupunguza hatari zinazoweza kutokea, tunaimarisha nafasi yetu kama mshirika wa bima wa kuaminika na kutegemewa. Mbinu yetu ya nidhamu, iliyobuniwa ili kukidhi mahitaji ya kiuchumi ya kimataifa, huturuhusu kuangazia misukosuko kwa njia mwafaka na kutoa bima ya muda mrefu kwa wenyehisa wetu. Tunaendelea kuamini uwezo wetu wa kudumisha uthabiti na kuendeleza ukuaji endelevu kupitia kwa mbinu zetu za kudhibiti hatari.

UONGOZI THABITI NA UJUMUISHAJI WA ESG

Uthabiti ni nguzo muhimu ya ushindani wetu. Tulioanisha ripoti zetu za ESG na Miongozo ya ESG ya Soko la Hisa la Nairobi, Kanuni za Umoja wa Mataifa za Bima Endelevu, Viwango vya GRI, na IFRS S1 na S2.

Utunzaji wa Mazingira

Tulichukua hatua ya kulinda mazingira kwa kutoa bima ya nishati jadidifu na bima ya EV. Madai yaliyolipwa katika mwaka wa 2024 kwa majanga ya kimazingira na ya kiasili yalifikia KSh 108 milioni. Pia tuliunganisha sola katika jumba la Reinsurance Plaza na kuanza kutumia mbinu za kidijitali kufanya kazi ili kupunguza utoaji wa hewa chafu na karatasi. Mpango wetu wa upandaji miti kwa ushirikiano na Shule ya Lenana na Hazina ya Kitaifa ya Mazingira ni ishara ya kujitolea kwetu kwa muda mrefu katika kuhifadhi mazingira na kushirikisha vijana.

Athari kwa Jamii

Wafanyakazi wote 199 walishiriki katika mipango ya kuboresha afya. Juhudi zetu za ujumuishaji zilitufanya tutambuliwe katika Tuzo za DIAR za 2024. Pia tulisaidia Huduma ya Kitaifa ya Polisi kwenye usafiri na vifaa vya usaidizi vyenye thamani ya KSh 13 milioni, na kunafaisha moja kwa moja maafisa 73.

Uongozi na Uzingatiaji

Tuliimarisha uongozi kwa kutoa mafunzo kwa 75% ya wafanyakazi wetu kuhusu AML na 56% kuhusu uzingatiaji wa Ulinzi wa Data. Tulioanisha mkakati wetu wa usalama wa mitandaoni na viwango vya ISO/IEC 27001 ili kulinda rasilimali zetu za data.

Hatua ya Ushirikiano

Kenya Re ni mhusika kwenye Azimio la Nairobi la Bima Endelevu. Mnamo 2024, tuliimarisha ushirikiano wetu na mashirika ya kijamii na wadhibiti ili kuchochea ujumuishaji wa kifedha, ustahimilivu kiafya, kupunguza umaskini na kukabiliana na hali ya hewa.

MUSTAKABALI

Hatuchukulii uthabiti kama jukumu tu, bali pia kama kichocheo. Tunabuni mkakati mpana wa ESG ambao unajumuisha hatari ya hali ya hewa katika udhibiti wa hatari za biashara, bima, na maamuzi ya uwekezaji. Tutaendelea kupanua miradi yetu ya uwekezaji ambayo inazingatia ESG, kuongeza usaidizi wa huduma za kukabiliana na hali ya hewa, na kuimarisha uwazi katika kuripoti kwetu kwa kuzingatia viwango vya kimataifa.

TUZO NA KUTAMBULIWA

Katika mwaka wa 2024, Kenya Re ilituzwa kama Kampuni Bora ya Afrika inayozingatia Sheria ya Retakaful katika Kongamano la Kimataifa la Huduma za Benki Bila Riba na Takafu lililofanyika nchini Ethiopia. Pia tulifanya vizuri katika viashirika vya Uadilifu vya Serikali ya Kenya, pamoja na ujumuishaji wa usalama wa barabarani na utatuzi wa malalamishi ya umma.

SHUKRANI

Ninatoa shukrani zangu za dhati kwa wateja wetu wapendwa, ambao usaidizi wao unaunda msingi wa mafanikio ya Kenya Re. Imani na ushirikiano wenu hauna kifani. Kwa wadau wetu wote, ninatoa shukrani zangu za dhati kwa kujitolea kwenu na imani yenu kwa Shirika letu. Tunawashukuru sana wenyehisa wetu, hasa Serikali ya Kenya, aliye mwenyehisa wetu mkuu, kwa kuendelea kutuamini na kuwekeza nasi.

Ninaipongeza Bodi ya Wakurugenzi, usimamizi, na wafanyakazi wetu wote waliojitolea sabili kwa michango yenu katika kufikia malengo ya shirika la Kenya Re. Kujitolea kwenu, ujuzi, na moyo wa ushirikiano ni muhimu katika maendeleo yetu. Zaidi ya yote, ninatoa shukrani zangu za dhati kwa Mwenyezi Mungu kwa baraka zake nyingi, ambazo zimetuongoza na kutulinda mwaka mzima.


Dkt. Hillary Maina Wachinga

Meneja Mkurugenzi

Shirika la Kenya Reinsurance Corporation Limited

OUR LEADERSHIP



HON. CATHERINE KIMURA, 79 CHAIRMAN, INDEPENDENT AND NON-EXECUTIVE DIRECTOR

Hon. Dr. Catherine Kimura joined the Board of the Corporation on 17th June 2022 and was subsequently elected the Chairman of the Board of Directors with effect from 15th July 2022.

Dr. Kimura is a specialist in Public Finance and policy and management with over 37 years' experience. She holds a Bachelor of Arts degree from the University of Nairobi, a Diploma in Tourism and International Relations (University of Paris), and a Certificate in Public Finance (University of Connecticut).

Hon. Kimura has held various positions in the government and public service including Investment Secretary - Ministry of Finance, Member of Parliament - East African Legislative Assembly (EALA) and was the first Chancellor of Multimedia University of Kenya. She has also worked as project Coordinator with the Nairobi City Council Financial Management Oversight Board and held various positions in the Ministries of Finance, Health and Tourism & Wildlife.

She has previously served as a director of KCB Bank Kenya, KTDA, Kenya Sugar Authority, Kenya Sugar Development Fund, Mumias Sugar Company, Busia Sugar Company, KEPHIS among others. She currently serves as a Director of Old Mutual Securities Limited and has represented the Kenyan Government in various international and regional meetings and conferences.



DR. HILLARY MAINA WACHINGA, 45 GROUP MANAGING DIRECTOR

Dr. Hillary Maina Wachinga is the Managing Director of Kenya Reinsurance Corporation Limited.

He is a multiskilled strategic thinker with over 17 years of proven work experience in risk management, compliance and auditing – 16 of which have been at management level. His visionary and well-researched business solutions have maximized realization of corporate goals in entities he has worked for. His previous job of overseeing Risk & Compliance operations at Kenya Re Group gave him deep understanding of different cultures, business and regulatory environments in Africa, Middle East and Asia.

Dr. Wachinga holds a doctorate in Business Administration, Masters in Business Administration and undergraduate BSC degree in Computer Science – all from University of Nairobi. He is also a Certified Public Accountant of Kenya (CPA-K), Certified Information Systems Manager (CISM), Certified in Risk and Information Systems Control (CRISC), Certified Information Systems Auditor (CISA), Certified Enterprise Risk Manager (CERM) and Certified Compliance Analyst (CCA). In addition, he has certificates in insurance proficiency (COP) from College of Insurance, project management from Strathmore University and corporate governance from Centre of Corporate Governance.

Dr. Wachinga's key skills include corporate strategic planning, executive leadership, networking, coaching and mentorship, emotional intelligence skills, communication, budget development and implementation, board reporting, relationship management with key stakeholders and capacity building. He has industry knowledge and experience in various sectors – financial auditing, Banking, Insurance, Reinsurance, Investment, Project Management and Cybersecurity.

Our Leadership Continued...

Dr. Wachinga is a flexible and adaptable corporate leader with demonstrable success in strategic planning and implementation, project management, financial management, auditing and risk management. He has been involved in successful implementation of core business IT systems as well as automation of Internal Audit, Risk Management and Compliance Management functions. He has been involved in board trainings through ICPAK, is a current part-time lecturer at Strathmore Business School, an avid golfer and a poet. He is a member in good standing of ICPAK, ISACA and both Royal Nairobi Golf Club & Nairobi Club.



HON. JOHN MBADI NG'ONG'O,
CABINET SECRETARY, NATIONAL
TREASURY AND ECONOMIC PLANNING
– NON-EXECUTIVE DIRECTOR

Hon. JoŖ Mbadi is the Cabinet Secretary (CS) for The National Treasury and Economic Planning. Before his appointment, Hon. Mbadi had an extensive career in public service, most recently serving as a nominated Member of Parliament (MP) and the Chairperson of the Public Accounts Committee in the National Assembly.

The CS has a rich history in legislative leadership, having served as the elected MP for Suba South Constituency, Suba Constituency, and Gwassu Constituency. His experience extends to roles such as Assistant Minister in the Office of the Prime Minister and Leader of Minority in the National Assembly. Throughout his parliamentary tenure, he was a member of numerous key committees, including the House Business Committee, Liaison Committee, Budget and Appropriations Committee, Selection Committee, Appointments Committee, Public Accounts Committee, Public Investments Committee, Constitutional

Implementation Committee, the Ad Hoc Committee on the Cost of Living, and the Defence and Foreign Relations Committee. Notably, he was also a member of the Legislative Taskforce responsible for drafting the Public Finance Management Act of 2012.

In addition to his political and legislative accomplishments, the CS is a seasoned finance professional with 28 years of experience. He has held the position of Accountant at the University of Nairobi and served as the Chair of Medair East Africa. Hon. Mbadi holds a Bachelor of Commerce degree with a specialization in Accounting from the University of Nairobi and is a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK). His professional affiliations extend to the Architectural Association of Kenya (AAK), the Institute of Quantity Surveyors of Kenya, and the Chartered Institute of Arbitration.

Hon. Mbadi's contributions have been recognized with honours such as the Chief of the Order of the Burning Spear (CBS) and Elder of the Order of the Golden Heart of Kenya (EGH). His skills span planning, budgeting, financial analysis, accounting, economics, and community development, complemented by strong leadership, effective communication, and interpersonal skills. His areas of interest include politics, reading, and soccer.



MR. ERICK ONYANGO GUMBO MBS, 47
– INDEPENDENT AND NON-EXECUTIVE
DIRECTOR

Mr. Gumbo joined the Board of the Corporation on 14th June 2019. Mr. Gumbo is an Advocate of the High Court of Kenya and currently the Managing Partner at G&A Advocates LLP. In addition to his Bachelor of Laws degree, Mr. Gumbo

Our Leadership Continued...

has attended and completed a cross section of Postgraduate courses including a course in Fintech Law and Policy from Duke University, a course in Financial Markets from Yale University, a course in advanced legal drafting from the International Law Institute (ILI) and more recently a course in Privacy law and data protection from the University of Pennsylvania. He is also a member of the Chartered Institute of Arbitrators. In the practice of law, Mr. Gumbo has over the last 21 years successfully represented parties in some of the most contentious public interest court cases in the Supreme Court of Kenya more so after the promulgation of the 2010 Constitution of Kenya. In the Commercial law area of practice, Mr. Gumbo has advised leading private and public sector actors including government agencies in very significant transactions including the buy-back and new issuance Eurobond transactions carried out in 2024 where he represented the Kenyan ministry of Finance and National Planning.



MR. JAMES IRUNGU KIRIKA, 67
INDEPENDENT AND NON-EXECUTIVE
DIRECTOR

Mr. Kirika joined the Board of the Corporation on 30th June 2021. He holds a Master of Business (Finance & Strategy) degree from Fontbonne College, US and a Bachelor of Arts (Economics & Finance) from the University of Nairobi. He is a member of the Chartered Institute of Purchasing & Supplies (MCIPS) UK. As an Operational Excellence(OpEx) Specialist, Mr Kirika has conducted several Lead Trainer/ Consultant assignments with various organizations including University of Nairobi Enterprise Services (UNES) since 2020, Central Bank of Kenya from 2017 –2018 and Kenya Wine Agencies in 2017. Mr Kirika also served in the technical working Team in formulation of draft Public Service Transformation framework incorporating OpEx as a pillar. He also served as Resource Person on OpEx with the National Productivity Centre at the Ministry of Labour and East African affairs, Ministry of Public Service Youth & Gender and Ministry of Devolution & Planning in 2016. Mr Kirika has also been involved in Project management while as Principal Partner with Jik Merc Ltd from 2006 – 2013, Associate Consultant for First Africa Consulting Consortium from 2003-2006. Between 1998-2002, Mr kirika had relocated to the US where between studies, he worked for Meryll Lynch, Standard & Poors. Upon graduation from University of Nairobi, he worked for Kenya Power & Lighting Co Ltd for 13 years and with Research international for an additional 2 years.



MRS. THAMUDA OMAR HASSAN, 71
INDEPENDENT AND NON-EXECUTIVE
DIRECTOR

Mrs. Hassan joined the Board of the Corporation on 14th June 2019. She holds a Bachelor of Arts degree in Economics and Sociology from the University of Nairobi. She started her career in the Central Bank of Kenya in 1976 as a Graduate Trainee and was promoted to the next senior position a year later. She moved up the ranks to be the Branch Manager in Mombasa where she took voluntary early retirement in 1999 after an impeccable and dedicated service of 23 years with the Bank. Mrs. Hassan has attended various courses in management, finance, public procurement, corporate governance and leadership over the years. She also served as a Director at the Retirement Benefits Authority from 2007 to 2015.

Our Leadership Continued...



DAVID MUTHUSI MUTUKU, 51 INDEPENDENT AND NON-EXECUTIVE DIRECTOR

Mr. David Muthusi joined the Board of the Corporation on 30th June 2021. He holds an MBA in Finance and a Bachelor of Commerce degree in Accounting from the University of Nairobi Business school. He is a Certified Public accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). David has over 20 years of experience in Finance and management, spanning various industries in international and multi-cultural environments and has a proven track record of building competent teams, improving performance and managing big ticket investments and projects in several African Countries.

David has worked in 14 Countries in Africa where he has led the financial management, fiduciary services and the audit exercise for investments worth several billion US dollars spread across the economies of those Countries. David Chairs the Group Audit Committee; Zambia Subsidiary Audit Committee and he is a member of the Risk committees for both the Group and the Zambia Subsidiary.



MS. EUNICE NYALA, 61 INDEPENDENT AND NON-EXECUTIVE DIRECTOR

Ms. Nyala joined the Board of the Corporation on 17th June 2022. She is a holder of Master of

Science in Marketing (MSc) from University of Glamorgan, Wales UK and Post-graduate Diploma from Chartered Institute of Marketing, (CIM) UK. She is a certified Executive Coach Practitioner from Academy of Executive Coaching (AoEC), UK being a diploma holder in this field. In addition, she is a Vital Voices Leadership Fellow and a member of Women Corporate Directors Global, the world's largest membership organization of women directors. She is an alumnus of Strathmore University Business School, Women Directors Leadership Summit (WDLS), a corporate governance program in partnership with Cranfield University, UK.

She has 27 years of commercial financial services, leadership experience and executive coaching having worked for multi-national organizations in the corporate sector, with a great track record of 'Firsts' that have remained key milestones in her corporate career. She worked at Absa Bank Kenya Ltd (formerly Barclays Bank Kenya), Barclays Bank Head Office in London, UK and Barclaycard International where she was responsible for several countries in Africa. She later worked for G4S Kenya at executive level as Commercial Director.

Eunice is an adjunct Executive Coach at Strathmore University Business School and a seasoned entrepreneur in niche sectors, with focus on corporate soft skills development. She has been instrumental in the training of ambassadors & diplomats at Foreign Service Academy, Ministry of Foreign Affairs. She previously served as Business Advisor Goldman Sachs 10K Women program at United States International

Our Leadership Continued...

University (USIU) Africa, offering business advisory services to entrepreneurs. Her entrepreneurship skills drawn from Babson College, USA and MCTC Israel.

Commercial financial services, leadership, business development and corporate governance are some of her strong skillset considering her many years of experience on past and active roles particularly on board service both as Chairperson and Non- Executive Director (NED) for global listed private and public companies and Not- For-Profit organizations, being an alumni of corporate governance training. She is a member of Kenya Private Sector Alliance (KEPSA) Foundation where she previously served on the Anti-Corruption Multi Sectorial Steering Committee.



MR. ROBERT K WARUIRU, 47
INDEPENDENT AND NON-EXECUTIVE
DIRECTOR

Mr. Waruiru joined the Board of the Corporation on 17th June 2022. He holds a Bachelor of Laws (LL.B) Degree from the University of Nairobi, Diploma from Kenya School of Law (Dip. KSL) and he is also an Advocate of the High Court of Kenya. Robert is also a Fellow of the Institute of Certified Public Accountants of Kenya (ICPAK). He is a seasoned tax expert with extensive experience in the provision of tax controversy and dispute resolution services, general and specialized tax compliance and optimization reviews, cross-border transaction advisory and international tax advisory services. Robert also chairs ICPAK's Public Finance & Taxation Committee and is a regular facilitator in ICPAK training forums. He is also a Director of Umthelela, a not-for-profit organization that impacts the community by providing interventions in education and health.



DR. ZACHARIA MBOGO AYIENDA NYAEGA, 67
INDEPENDENT AND NON-EXECUTIVE
DIRECTOR

Dr. Nyaega joined the Board of the Corporation on 17th June 2023. He holds a PhD in Leadership and Governance from Northwestern Christian University, a Master of Arts in Public Administration from Marathwada University and a Bachelor of Arts degree in Public Administration from Panjab University. He is currently a part time lecturer at Lukenya University and coordinator of student studies at Nduru/Ndhiwa Information desk. Previously, he was a part time lecturer at Kisii University from 2015 – 2018, member of the Board of Directors of Sony Sugar Company between 2009 - 2012, member of the South Mugirango Constituency Constitutional Review Committee in 2005, Chief Resource Officer at the Ministry of Tourism between 1997 – 2000, Human Resource Officer at the Ministry of Education Science and Technology between 1992 – 1997 and Principal, Mariwa Secondary School from 1979 – 1984.

Our Leadership Continued...



MR. OMAR MAHMUD MOHAMED SHALLO, 40 INDEPENDENT AND NON-EXECUTIVE DIRECTOR

Mr. Shallo joined the Board of the Corporation on 17th June 2023. He holds a Bachelor of Commerce degree in business Administration from the American University in Dubai. He has also attended various seminars and courses in management, leadership and governance. He was a candidate for member of the National Assembly in Mvita Constituency in 2017 and 2022 and is currently a Director with Limitless Trading Limited. Prior to that he was an Assistant Manager, Guest Relations at Jumeirah LLC United Arab Emirates. He has a wealth of experience in campaign management, political analysis, handling media relations and conducting polling and research.



MR. ERIC KORIR, 57 ALTERNATE DIRECTOR TO CS, NATIONAL TREASURY AND ECONOMIC PLANNING

Mr. Eric Korir is the alternate Director to the Cabinet Secretary, National Treasury and Economic Planning. He is a proficient supply chain practitioner with vast experience in both the public and private sector. He is currently the Director of Public Procurement at the National Treasury handling policy, research, legal framework and technical matters in the public-sector procurement for both National and County Governments.

Mr. Korir holds a Bachelor of Arts degree from the University of Nairobi, a Master of Business Administration in Strategic Management from Moi University and a Diploma in Supply Chain Management from the Chartered Institute of Purchasing and Supply (UK). He is a Member of the Chartered Institute of Purchasing and Supply, Kenya Institute of Supply Management and the Institute of Transport and Logistics.

He has various past and active Board service roles as Alternate to Cabinet Secretary, National Treasury & Economic Planning. He is currently sitting on the Board of Public Procurement Regulatory Authority.

MANAGEMENT TEAM



DR. HILLARY MAINA WACHINGA
Group Managing Director



RUTH NGUGI
General Manager, Finance and
Credit Control



NICODEMUS GEKONE
General Manager, Property and
Investments



ALICE MBUTU
Ag. General Manager Reinsurance
Operations



CHARLES KARIUKI
Corporation Secretary



NSUBUGA TADEO
Regional Manager
(Uganda)



SELEMAN TEMBO
Regional Manager
(Southern Africa)



PHARES KABLAN
Regional Manager
(West Africa)



SAMUEL RUUGIA
Manager,
ICT Department



SALLY WAIGUMO
Manager, Human Resources
Department



PETER ROP
Manager, Internal Audit
department



LONGIN NTERERE
Manager,
West Africa



PHILIP SANDA
Manager,
Uganda



JOHNSON IRERI
Manager, Credit Control
Department

MANAGEMENT TEAM



WARUI MUIRURI
Ag. Chief Accountant



ELIZABETH OMONDI
Manager, Local Business
Department



JANE ODIPO
Manager, International Treaty
Department



LUCY KAGWIRIA
Manager, Marketing & Business
Development & Client Training
Coordinator - Kenya Re Academy



SUSAN KANDIE
Ag. Manager, International
Facultative Department



ROSE WAGANDA
Ag. Manager, Claims
Management Department



PAUL AHOMO
Manager, Life Business
Department



JENIFFER MUTINDA
Ag. Manager, Risk and Compliance
Department



JAMES MBURU
Ag. Manager, Investments
Department



LAWRENCE KING'ORI
Manager, Actuarial
Department



GLADYCE MUSYOKI
Manager, Supply Chain
Department



MARY MWENDWA
Ag. Manager, Corporate Affairs and
Client Relationship Management



CONSOLATA KIHARA
Manager, Administration
Department



JOHN RIKA
Manager, Property
Department



JUDY NJUGUNA
Manager, Records and
Archives Department



GLADYS SOME
ISO Management Representative

The background of the slide features a blurred image of stacks of gold coins in the foreground. Behind the coins, there is a faint, out-of-focus image of a classical building with columns. Overlaid on this background are several semi-transparent, geometric shapes in shades of red and blue, creating a modern, financial aesthetic.

2024 HIGHLIGHTS AND PERFORMANCE OVERVIEW

FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

Operational Performance

Insurance revenue decreased from KShs 14.46 billion in 2023 to KShs 14.15 billion in 2024. Insurance service expenses decreased from KShs 13.1 billion in 2023 to KShs 10.5 billion in 2024. The net expenses from reinsurance contracts increased from KShs 680 million in 2023 to KShs 708 million in 2024. The insurance service results thus increased from KShs 677 million profit in 2023 to KShs 2.9 billion profit in 2024. The total investment income increased from KShs 4.56 billion in 2023 to KShs 5.61 billion in 2024. The net insurance finance income decreased from a gain of KShs 926 million in 2023 to a loss of KShs 716 million in 2024.

This resulted in a profit after tax of KShs. 4.4 billion in 2024 down by 11% from KShs.4.97 billion in 2023. Our accomplishments are the outcome of disciplined execution of our five-year strategy which is grounded on the following five pillars: financial performance, business process improvement, business development, risk management and people and culture.

Financial overview

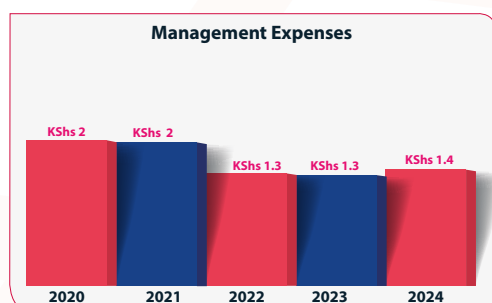
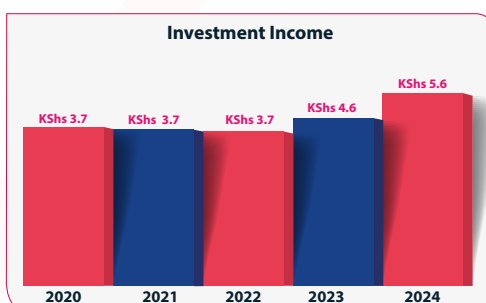
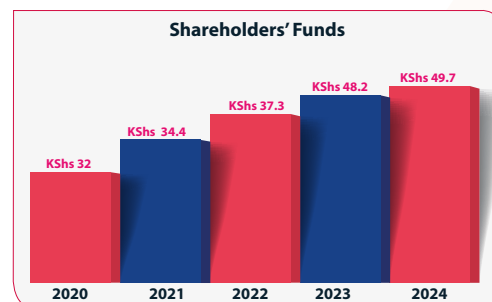
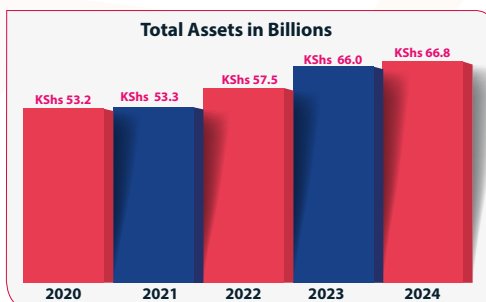
Financial overview of the Group continues to deliver positive results to shareholders and has maintained a good performance despite the challenging business environment experienced during the year.

The Key performance drivers that are responsible for positive financial state of the organization include, aggressive collection of the reinsurance receivables and real time market intelligence which guided our response to market changes and the uptake of investment opportunities.

Key performance indicators

	2019 KShs Millions	2020 KShs Millions	2021 KShs Millions	2022 KShs Millions	2023 KShs Millions	2024 KShs Millions
Total insurance revenue	17,521	18,535	20,296	23,131	19,569	18,849
Investment Income	3,715	3,792	3,658	3,746	4,562	5,614
Total assets	50,361	53,237	53,270	57,452	65,978	66,813
Shareholders' funds	31,951	34,397	37,347	40,993	48,175	49,672
Management Expenses	2,043	1,965	2,096	1,311	1,279	1,365

Summary as below:



Operational Performance Continued...

Kenya Reinsurance Corporation Financial Year 2024 Results



1. Insurance Service Result

Insurance service result grew by 336% from Ksh. 0.68 billion in 2023 to Ksh. 2.95 billion in 2024.



2. Investment Income

Total investment income increased by 23% to Ksh. 5.61 billion in 2024 from Ksh. 4.56 billion in 2023



3. Total Assets

The asset base increased by 1.3% from Ksh. 65.98 billion in 2023 to Ksh. 66.8 billion in 2024



4. Shareholders' Funds

The shareholders funds increased by 3% from Ksh. 48.17 billion in 2023 to Ksh. 49.67 billion in 2024

Sustainability highlights



Economic

- Contribution to economic growth for **54 years**
- **KSh 66.8 billion** in assets



Environmental

- Paid over **Kes 108 million** claims related to natural catastrophes
- Forest Annual Tree Planting event, supporting the rehabilitation of **480 hectares** and the distribution of **300,000** fruit seedlings.
- Planted **12,000** seedlings at Lenana School
- Use of **solar panels** at Kenya Reinsurance plaza reducing electricity costs
- **Electric Vehicle (EV)** reinsurance and renewable energy reinsurance
- **Microinsurance** and agriculture insurance products addressing climate-vulnerable and emerging markets.



Social

- Employees **Wellness** checks, mental health services
- **Winner DIAR Award** as best State Corporation in Diversity and inclusion in 2024
- **Winner Best Retakaful** Sharia Compliant Company in Africa
- **Niko Fiti foundation** issuance of assistive devices to disabled persons



Governance

Sustainable partnerships-

Kenya Reinsurance is a member of Nairobi Declaration on Sustainable insurance



Operational Performance Continued...

In 2024, the Company continued to deepen its integration of sustainability practices across its operations. Our efforts were shaped by the realities of our operating context, the expectations of our stakeholders, and our ambition to lead by example as a public reinsurer. Key milestones across the environmental, social, and governance pillars demonstrate steady progress, operational efficiency, and a growing culture of responsibility.

Our early ESG implementation reflects a pragmatic, issue-driven approach. We have acted across each ESG pillar, environmental, social, and governance, guided by both internal priorities and market developments.

To frame our progress and guide future alignment with recognized local and international sustainability frameworks, below is a summary of our early actions against recognized ESG principles and global trends, providing a structured lens to evaluate our trajectory and areas of strength.

ESG Pillar	ESG Practices at Kenya Re	Key achievements at Kenya Re
Environmental	Claims paid related to Natural Catastrophes	108 million worth of claims paid out relating to environmental and natural catastrophes.
	Shift toward decarbonization and green infrastructure in finance and real estate.	Solar panels installed at Reinsurance Plaza, with plans to extend to other properties; coupled with roll out of LED lighting, sensor-controlled fixtures, and energy-efficient HVAC systems significantly reducing our electricity bills.
	Digitalization and paperless workflows as enablers of resource efficiency	Implemented paperless workflow processes through adoption of the Enterprise Content Management (ECM) system and DocuSign; document scanning and archiving processes.
	ESG-aligned product innovation in response to climate risk	Electric Vehicle (EV) reinsurance and renewable energy underwriting for solar and wind including geothermal projects in various parts of Africa
Social	Financial inclusion and insurance accessibility for underserved markets	Underwriting of microinsurance and agricultural reinsurance products addressing climate- vulnerable and emerging markets.
	Mainstreaming employee wellbeing and inclusive workplace practices	Wellness checks, mental health services, and 21+ leave days; awarded for inclusion at the DIAR Awards.
	Commitment to broader societal well-being	Supports individuals with disabilities through campaigns like 'NIKO FITI'
Governance	Strengthened compliance, ethics, and transparency in public institutions.	98% compliance rate with regulatory requirements in 2024 supported by active Board oversight and internal control systems. Cybersecurity and data governance enhanced through the operation of Security Operations Centre (SOC), continuous ICT risk assessments, and alignment with ISO/IEC 27001 standards. Whistle-blower mechanisms in place.
	Ethical Practices Trainings.	During the year, 75% of staff attended Anti-Money Laundering (AML) training, while 56% underwent Data Protection compliance courses.
	Growing ESG expectations from regulators, investors, and global benchmarks.	Collaboration with fund managers on ESG-screened investments. Signatory to the Nairobi Declaration on Sustainable Insurance (NDSI).
	Sectoral engagement to shape responsible re/insurance practice.	Active participation in industry dialogues by the Insurance Regulatory Authority.

Our sustainability efforts have also been acknowledged through the several awards that we have received such as: the Best Retakaful Sharia Compliant Company in Africa; The Diversity and Inclusion Awards & Recognition (DIAR) Awards on Sustainability and Internal Communications Campaigns, awarded during the Customer Service Week through the Public Relations Society of Kenya, among others.

Our 2024 Sustainability Highlights Continued...

OUR SUSTAINABILITY AMBITIONS

Moving forward, the Company is focused on expanding the depth and impact of its sustainability efforts. The evolving landscape of climate risk, stakeholder expectations, and regulatory developments presents both challenges and opportunities for the reinsurance sector. We recognize that proactive integration of ESG factors is essential not only to risk mitigation, but also to value creation, innovation, and long-term resilience.

One of our key ambitions is to reposition our investment strategy to support low-carbon and socially responsible growth. While our current portfolio is weighted toward stable, low-risk financial institutions, we are actively working with our fund managers to increase allocation to green bonds, ESG-compliant assets, and impact-driven infrastructure projects.

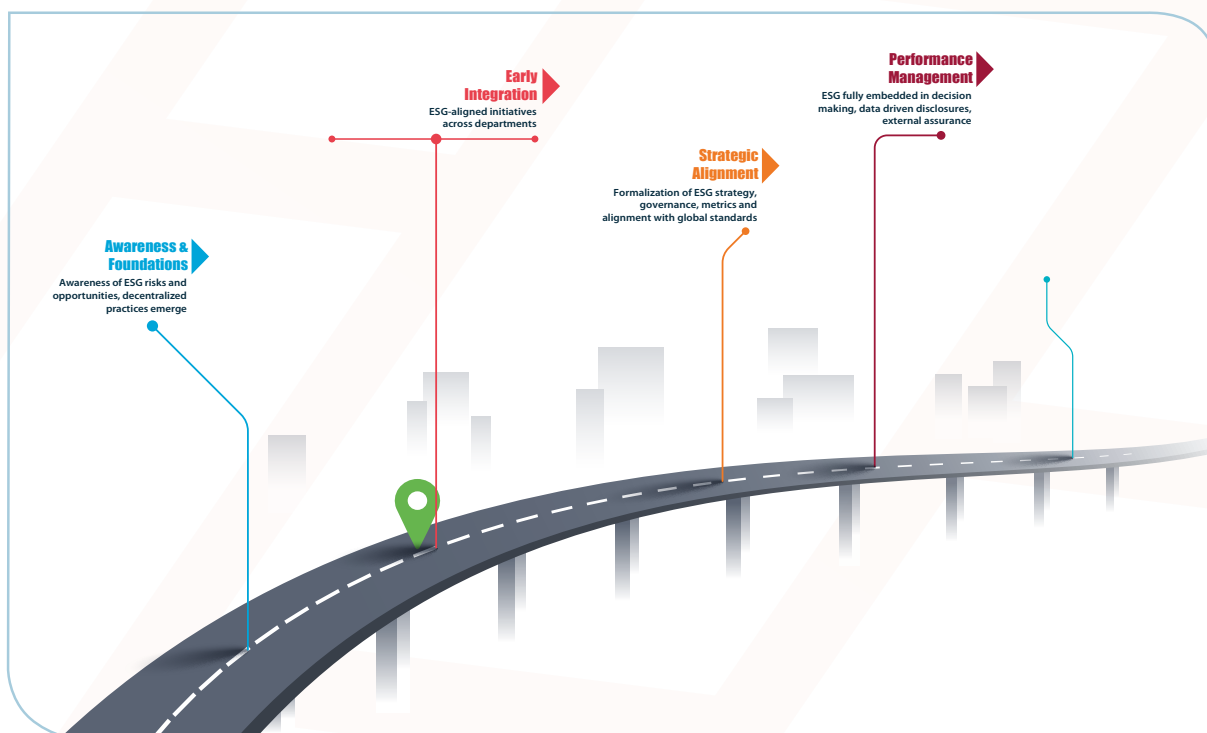
On the product side, we aim to deepen our range of climate-resilient and socially inclusive solutions. Building on our experience in agriculture and microinsurance, we are exploring opportunities to scale renewable energy reinsurance, electric vehicle (EV) cover, and innovative parametric products that respond to weather-related volatility. These solutions are designed to meet the evolving risk landscape while supporting policyholders in adapting to climate impacts.

Operationally, we are committed to expanding our green infrastructure footprint. Following the success of solar

installations at Reinsurance Plaza, we are planning a phased rollout of renewable energy systems and building performance monitoring tools across all our properties. Our digital transformation journey also continues, with plans to enhance data-driven ESG reporting capabilities and reduce our overall environmental footprint through intelligent systems.

In governance, we are prioritising the development of a comprehensive sustainability strategy and integration of ESG considerations into enterprise risk management, actuarial modelling, and investment screening. As we build internal capacity and deepen our partnerships with technical experts, we anticipate future alignment with disclosure frameworks such as the Nairobi Securities Exchange ESG Disclosure Guidelines, IFRS S1 & S2, the GRI Standards, and the United Nations Principles for Sustainable Insurance (UN PSI). This alignment will strengthen transparency, stakeholder trust, and our ability to demonstrate the financial materiality of sustainability risks and opportunities.

We see sustainability as a strategic lever, one that reinforces our competitiveness, supports our public mandate, and enables us to contribute meaningfully to inclusive economic development in the region. Below is our sustainability journey as we envisage it:



Summary of the Company's envisaged sustainability journey.

Our 2024 Sustainability Highlights Continued...

OUR ECONOMIC IMPACT

Kenya Reinsurance Corporation continues to demonstrate financial resilience and stability, ensuring long-term value creation while aligning its operations with sustainability principles. Our commitment to prudent risk management, responsible investments, and operational efficiency not only strengthens our financial performance but also reinforces our role in promoting sustainable economic development.

In 2024, our profit after tax stood at KShs. 4.4 billion while our total insurance revenue was KShs. 18.8 billion. As a responsible corporate entity, the Company is committed to tax transparency and compliance, contributing to national development through sustainable economic practices. Over the past year, we contributed KShs. 1.2 billion in corporate income tax, supporting public infrastructure, education, and social programs that enhance community resilience. We continue to advocate for fair and transparent tax policies that encourage sustainable business growth while fulfilling our obligations as a key contributor to the national economy.

The Company recognizes that financial resilience is closely linked to sustainability. We are therefore integrating ESG considerations into our risk assessment frameworks, ensuring that our underwriting and investment decisions support long-term sustainability. By adopting responsible investment practices, we seek to balance profitability with

environmental and social impact, channelling capital towards initiatives that foster climate resilience, social impact and economic stability. Our focus is to deliver strong financial results while shaping a future where financial stability and sustainability go hand in hand.

OUR SUSTAINABILITY GOVERNANCE AND COMPLIANCE

At Kenya Reinsurance Corporation, we understand the importance of sustainable governance and compliance. Our governance and compliance processes seek to promote efficient processes through policies, anti-corruption frameworks, and regulatory compliance structures. This reinforces the delivery of stakeholder value through principled governance, integrity-driven decision-making, and the consistent application of ethical leadership standards.

Our Corporate Values

Our strategic focus is to ensure the corporation is a leading partner in securing the future by delivering sustainable risk and financial solutions with consistent seamless stability. To achieve this, our sustainability ambitions are deeply intertwined with the principles that shape how we operate, serve and lead guided by the following core values:

Agility

Enables us to respond to the dynamic sustainability landscape with awareness and adaptability. As climate risks intensify and stakeholder expectations evolve, our capacity to make proactive, and evidence-informed decisions is critical.

Teamwork

We know that sustainability cannot succeed in silos, it requires cross-cutting collaboration between the different units within our core business.

Probity

By institutionalizing ethical conduct, accountability and transparency, we foster stakeholder trust and ensure that ESG governance is not only about policies, but about values in action.

Service Excellence

Reinforces our responsibility to design and deliver inclusive, accessible, and sustainable insurance solutions, expanding our service mandate beyond financial returns to include protection from environmental and economic shocks and creating a positive social impact.

Professionalism

Reflects our commitment to continuous learning, high standards, and stakeholder trust, core enablers of effective ESG performance. Investing in training, upskilling, and knowledge sharing ensures that our people are equipped to lead our sustainability transformation with credibility and competence.

Our 2024 Sustainability Highlights Continued...

Our Value Creation to Stakeholders

We operate in an extended universe of stakeholders. We therefore recognize that meaningful stakeholder engagement is fundamental to our strategic success. Through active dialogue and collaboration, we ensure proactive response to stakeholder needs and expectations. Below is how we build shared value with our key stakeholders:

Key Stakeholders	Focus	Value Creation
Customers	Customer retention and Product innovation	Continuous engagement with customers to understand evolving risks and provide tailored reinsurance solutions. Commitment to excellent service and timely claims settlement strengthens relationships and market confidence.
Employees	Talent development, welfare, and inclusion	Investment in training, career growth, and wellness programs enhance motivation, productivity, and retention. A diverse and inclusive workplace culture fosters collaboration and innovation.
Shareholders and Investors	Sustainable growth and value creation	Prioritization of financial transparency, strong governance, and long-term investment strategies ensure sustainable returns, build shareholder confidence, and fortify business resilience.
Government and Regulators	Compliance and policy engagement	Adherence to legal and regulatory requirements, contribute to policy development, ensure timely tax remittances, strengthen industry reputation and national economic stability.
Media	Access to transparent and reliable information about the Company	The media is a valuable partner to our mission of building resilience and showcasing success. We endeavor to provide the media with timely, transparent and reliable information about Kenya Reinsurance Corporation.
Lenders and Business Partners	Strategic partnerships and growth opportunities	Through strategic collaborations with lenders and business partners, Kenya Re expands its market presence and drives innovation. These partnerships enable the company to access new resources, foster long-term growth, and uphold shared values of trust and integrity.
Tenants	High-quality office spaces and sustainable infrastructure	Provision of modernized office spaces with energy-efficient features, tenant satisfaction, cost savings, and enhanced property value. Regular communication and upgrades foster long-term occupancy and partnership.

Policy Commitments

Our policy framework reflects our dedication to transparency, inclusion, environmental responsibility, and prudent risk management, aligning with our broader sustainability goals and the country's national development agenda. Our policy commitments are to uphold fairness, integrity, accountability, and innovation. These policies are guided by national regulatory frameworks, which include the Employment Act, of 2007, the Public Procurement and Asset Disposal Act, of 2015, and directives from oversight bodies such as the Insurance Regulatory Authority and the Public Service Commission.

In line with our strategic goal of becoming a leading partner in securing a sustainable future, we work towards strengthening our institutional frameworks through well-defined policies on investment, whistleblowing, ethics, gender and disability mainstreaming, information technology, procurement, and environmental conservation. These commitments promote

Our 2024 Sustainability Highlights Continued...

operational efficiency, reduce risk exposure, enhance service delivery, and uphold stakeholder trust. The following policy commitments represent the pillars of our sustainability governance and guide the Company's culture, operations, and stakeholder engagement:

Policy	Our Commitment
Investment Policy	We are committed to ensuring that the group sets clear limits on its exposure to equity in both the specific and individual categories. As such, all investment decisions are guided by this policy framework to ensure our stakeholders benefit from low-risk investments and have high-yield returns.
Whistleblowing policy	The Company encourages employees, vendors, and stakeholders to report any unethical and fraudulent behaviour, wrongful conduct, malpractice, and violations of policies within the company. This policy promotes a strong culture of transparency and trust in the organization.
Code of Conduct and Ethics Policy	We have established clear guidelines, procedures, and rules that all employees are to follow in the discharge of our mandate. This ensures adherence to key values of impartiality, integrity, professionalism, and non-discrimination. We have created the Corruption Protection Committee (CPC) that oversees cases of reported violation. This policy is embedded in our corporate culture and serves as a compass for a positive institutional identity at all levels of the organization.
Gender Mainstreaming Policy	This policy brings forth consistent integrity in addressing gender concerns such as equality, representation, fair remuneration, empowerment, participation and performance, health, and work safety, gender-based violence, sexual harassment, tolerance for diversity and respect for social- inclusion. We have established a gender mainstreaming committee that partners with the National Treasury to oversee gender mainstreaming and youth participation.
Procurement Policy	We have shown commitment to improving our procurement processes by complying with the Public Procurement and Assets Disposal Act, of 2015. Equal opportunities are provided in the supply chain, and the process is governed by the public procurement regulatory authority.
Information Technology Policy and Data Privacy	We strictly adhere to data privacy policies and guidelines. As a data management custodian and controller, we determine how data is processed while remaining fully committed to protecting the privacy of our products, services, and all stakeholder information. Robust data protection practices are implemented and maintained throughout all data handling processes.
Records Management Policy	The application of this policy guides our handling of records within the regulatory requirements of document retention and disposal. Paper records deemed obsolete or redundant are securely and sustainably disposed of through shredding and pulping, ensuring environmentally responsible recycling as part of proper waste management practices.
IT Assets Management Policy	This policy governs our e-waste disposal methods and data protection modalities ensuring compliance and reduction of negative environmental impacts.
Human Resource Policy	In an endeavour to ensure the protection and promotion of human rights within the workplace, the Company complies with its the Human Resource Policy, that was ratified by the Public Service Commission (PSC). This policy reinforces our commitment to dignity at work, mental well-being, and the continuity of a productive, motivated workforce.
Underwriting Policies	The application of these policies is intended to support the Company's mission of delivering sustainable risk and financial solutions to its stakeholders. These policies govern the acceptance and management of insurance risks, detailing criteria for evaluating potential clients, setting coverage limits, and implementing reinsurance strategies to maintain balanced risk exposure.
Anti – Corruption Policy	This policy reinforces our commitment to a “zero” tolerance to bribery and corruption, highlighting the internal controls set in place to prevent malicious practices of corruption. Corruption Prevention Committee (CPC): Established in alignment with the Ethics and Anti-Corruption Commission (EACC), it has the mandate to oversee and evaluate reported violations from stakeholders, vendors, and employees. It has also formulated frameworks that combat corruption, identify potential corruption risks, implement preventative measures, and encourage an integrity-based culture.

Our 2024 Sustainability Highlights Continued...

Governance Structure and Composition

Our governance structures are designed to promote responsibility, ensuring accountability and effective oversight across all levels of the organization. The Company adheres to good governance observing high ethical and moral behaviour and acting in the best interest of the organization, and stakeholders.

The Board performs its responsibilities aided by committees that ensure their strategies are achieved and disclose reports of policy good governance and sustainability as achieved. The board is composed of 8 men and 3 women.

Our Board is organized as follows:



Going forward, the Board has committed to strengthen its oversight over ESG risks and opportunities through the development of a comprehensive sustainability policy and strategy and governance structures to oversight implementation of the Company's sustainability initiatives.

Compliance and Risk Management

We are committed to sustaining our compliance processes and procedures within the laid-out frameworks. This is paramount to our responsibility towards operating with integrity, transparency, and accountability to our stakeholders. In 2024, we achieved a compliance rate of 98% on our regulatory standards and ethical guidelines in insurance practices. This success is attributed to strong collaboration with our stakeholders, which enabled the identification of key measures to ensure organizational compliance. Our partnership with institutions such as NEMA has further supported alignment with evolving requirements, particularly within the supply chain, reinforcing best practices in corporate governance and risk management. The achievement of a high compliance rate was made possible through employee training, the establishment of oversight committees, and the execution of both internal and external audits that identified areas for improvement and provided actionable recommendations that have been implemented across the corporation.

Our 2024 Sustainability Highlights Continued...

The establishment of an independent risk and compliance department has been pivotal in identifying, understanding, and managing the risks, which has ensured that the corporation is not exposed to risk. Risk assessment is done quarterly in conjunction with the corporation's risk and compliance department. This therefore ensures that there's prudence in management.

Data Privacy and Information Security

The Company upholds the highest standards of data privacy and cybersecurity, anchored by our ISO/IEC 27001 certification. This framework mandates rigorous protocols, including monthly cybersecurity training for staff, real-time monitoring through a Security Operations Center (SOC), and advanced endpoint protection via Kaspersky security tools. Compliance with Kenya's Data Protection Act (2019) is rigorously enforced, with regular audits conducted by the Office of the Data Protection Commissioner (ODPC) to ensure transparency and accountability. To address potential breaches, the Company maintains anonymous whistleblowing channels and a dedicated policy for reporting anomalies. Additionally, we prioritize digital inclusion, ensuring our online platforms are accessible to persons with disabilities and aligning technological advancements with equitable service delivery.

ESG INTEGRATION INTO BUSINESS

Responsible Underwriting

The application of underwriting policies is intended to support the Company's mission of delivering sustainable risk and financial solutions to its stakeholders. These policies govern the acceptance and management of insurance risks, detailing criteria for evaluating potential clients, setting coverage limits, and implementing reinsurance strategies to maintain balanced risk exposure.

ESG in Investment Decisions

We are committed to strategically leverage ESG principles to differentiate our investment portfolio and drive long-term value. In this regard, we are phasing out high-emission investments, while increasing allocations to green bonds, ESG-compliant funds, and renewable energy projects like the solar panel installations at Reinsurance Plaza. Collaborations with fund managers have introduced ESG screening tools and carbon footprint analysis, enabling data-driven decisions that balance risk-adjusted returns with sustainability outcomes. We believe that our efforts will be complemented by partnerships to help us develop parametric insurance products and catastrophe bonds, intended to mitigate climate risks while delivering competitive financial performance. By prioritizing ESG-aligned investments, we intend to position ourselves as a leader in responsible finance within the reinsurance sector.

Claims Management

We continue to enhance our claims handling processes, ensuring efficiency in payouts and reduced financial strain on affected policyholders. The digitization of our claims handling processes through the Enterprise Content Management (ECM) system has seen the reduction of paper-based workflows, accelerated claims resolution while improving transparency. We remain committed to improving our processes and building customer trust.

Supply Chain Management

We are intentional to evaluate our suppliers in alignment with anti-fraud measures and in compliance with the Procurement and Assets Disposal Act. Progressively, we are committed to enhancing our procurement practices to drive sustainable sourcing and onboarding suppliers that align with our sustainability commitments.

OUR ESG RELATED RISKS MANAGEMENT

Our mission ensures we offer the best risk management solutions that protect long-term value and support future sustainability. With the professionalism of our Risk and Compliance Committee, we provide effective oversight on matters related to risk, ensuring that compliance actions are guided by both local and international best practices, including the use of Sustainable Development Goals (SDGs) tools to support effective risk-management. To effectively achieve the mission, all our departments are working towards identifying and mitigating ESG risks as we continue to build upon frameworks tailored for our business operations. Below is a summary of our ESG-related risks and management strategies:

Our 2024 Sustainability Highlights Continued...

KENYA RE'S ESG RELATED RISK MANAGEMENT			
Department	Mitigation strategies	Impacts	SDG Alignment
Reinsurance Department	Creating adjustments on the underwriting portfolios on climate related risks. Enforcing exclusion to non-compliant agencies can increase risk. Creating socially innovative products.	Minimization of large risks for our stakeholders Solutions are created to meet customer demand. Creating green insurance products such as: Electric Vehicle (EV) Insurance, Renewable Energy Insurance. Positively impacting social outcome by providing products such as: microinsurance, agriculture insurance, medical insurance, last expense cover, credit life insurance.	
Risk Department	Identification of mitigation control initiatives and risk management strategies within the ESG.	Research and Development initiatives on arising risks. Conducting workshops and environmental scans. Conducting ethical business practices.	
Legal Department	Incorporated ESG evaluations with businesses and customers. Using the insurance risk management framework to curate reinsurance treaties, create retro cover arrangements and actuarial functions.	Enhancing contract reviews and due diligence processes to enhance ESG related clauses embedded with customer, cedant, and business agreements. Formulating legal drafts and risk clauses in reinsurance treaties and retrocession contracts. Collaborations with the communication team for legal risks on social media.	
Property Department	Integration of sustainability criteria in procurement specifications, with the involvement of service providers, and climate risk assessment considerations. Providing solutions aligned with green building principles.	Integration of legal frameworks such as Public Procurement and Assets Disposal Act, Environmental Management and Co-ordination Act (EMCA) and country - level building codes within the departments. Incorporating regulatory authorities such as NEMA who minimize potential risk to investments. Installing water-saving fixtures for technologies that monitor and track water use.	
Records & Archives Department	Mitigating risks on physical storage of documents.	Application of comprehensive records preservation and disaster preparedness strategy. Incorporating an Enterprise Document Management System (EDMS), which promotes a paperless environment within the departments. Applying recycling processes for paper waste management.	

Our 2024 Sustainability Highlights Continued...

Human Resource Department	Protecting our employees against workplace adversities and Employee Development.	Incorporating the human resource manual and policies to ensure employees are safety and inclusive. Conducting two (2) compliance, data protection, IFRS and ESG topics training courses in 2024 to ensure compliance among employees. Working with oversight regulatory bodies to ensure adherence of policy, legal and ethical standards within all the departments.	
ICT, Research and Development Department	Leveraging data protection and technology-based innovation and research to reduce risks in financing and improve climate resilience.	Incorporating the latest technologies in data analytics and Artificial Intelligence (AI) for data protection. Partnering with experts, companies and stakeholders for inventions in risk management. Using energy efficient devices and relying on renewable energy.	
Investments department	Improving our investment performance by incorporating strategies towards minimizing the impact of operation in the environment.	Incorporating ESG screening tools and assessment models within investment. Continuous engagement in creating opportunities for sustainability-focused investments. Reducing associations with companies that produce harmful substances in the environment. Investing in green energy to save energy by tracking light usage.	
Supply- Chain Department	Ensuring suppliers and vendors comply with environmental impacts regulations.	Verifying that service providers comply with necessary authorities such as NEMA during onboarding sessions.	
Corporate Affairs Department	Incorporation of strategic partnerships that embody ESG initiatives aligned with the long-term suitability objectives	Participating in tree planting and supporting education through Niko Fiti foundations. Contributing towards CSR activities such as visiting and donating to children's homes and providing assistive devices to Persons Living with Disabilities (PLWD).	 

Our 2024 Sustainability Highlights Continued...

THE ENVIRONMENTAL STEWARDSHIP

Climate Action and Strategy

While we have made efforts to integrate climate risk into our underwriting and investment decisions, we recognize that this is an area of great concern to our stakeholders. As such, we are committed to intentionally integrate ESG considerations into our risk management, underwriting processes and investment decisions. This will involve proactive evaluation of the impact of climate change, regulatory changes, and societal trends on insurance liabilities and premiums, ensuring that our underwriting and investment decisions are aligned with sustainable practices. So far, the company has decided to take a bold step of divesting from high carbon emission companies by selling off its shares, by end of 2025.

We recognize the importance of building a solid foundation and gradually expanding our capabilities in this area over time. Through research, innovation, and collaboration, we are committed to evolving our underwriting and investment practices to better align with sustainability principles and contribute to positive social and environmental outcomes.

Energy Efficiency

At Kenya Re, we promote energy efficiency and renewable energy adoption to minimize our negative environmental impact. Our ICT infrastructure runs on renewable energy, with energy consumption monitored across properties. Solar panel installations at Reinsurance Plaza, Nairobi have enabled us to make significant savings in electricity bills.

Our buildings at Reinsurance Plaza in Nairobi and the Kenya Re Towers have been retrofitted with LED lighting, smart HVAC systems, automated sensors, and modernized lifts to reduce power use. Additional measures, like turning off unused lights and building a culture of responsibility have also enhanced our energy use efficiencies. Going forward, we are committed to ensuring that all our properties embody climate resilient and efficient features.



Solar panels on Kenya Reinsurance Plaza, Nairobi, Kenya.

Water Management

At Kenya Re, we have prioritized responsible water management across our properties, actively monitoring consumption and implementing conservation measures such as water-efficient sensor taps, delay-action taps, and dual-flush toilets enhance efficiency. The company conducts regular audits and risk assessments to track progress and identify improvement areas, ensuring continuous optimization of water usage. Going forward, we endeavor to measure, track and report our water usage in quantifiable metrics that support our commitment on water usage and stewardship.

Waste Management

The Company is committed to responsible waste management and disposal. In this regard, our E-waste is handled as per the Procurement and Assets Disposal Act and the IT Assets Management Policy. Additionally, we have embraced a paperless work environment through the adoption of the Enterprise Document Management System (EDMS) and Enterprise Content Management (ECM) system, digitizing records and automating processes such as underwriting, claims, and policy issuance via DocuSign. Paper records deemed obsolete or redundant are securely and sustainably disposed of through shredding and pulping, ensuring environmentally responsible recycling as part of proper waste management practices.

Tree Growing Initiatives

We remain committed to contribute to national afforestation efforts. In 2024, the Company donated Ksh. 1,000,000/- to the Kaptagat Forest Annual Tree Planting event, supporting the rehabilitation of 480 hectares and the distribution of 300,000 fruit seedlings. Additionally, we planted 12,000 seedlings at Lenana School, participated in tree-planting at Sorget Forest in Kericho, and funded a Ksh. 500,000/- initiatives at Leshau, Ndaragwa Forest in Nyandarua County. Aligned with Kenya's goal of planting 15 billion trees by 2032, these efforts enhance biodiversity, restore forests, and combat climate change.



Kenya Re participating in tree planting initiatives.

Our 2024 Sustainability Highlights Continued...

SOCIAL IMPACT

Human Capital Development

To ensure optimum work- life harmonization, our employees have an annual 30 days leave, a well-balanced work plan that ensures that workload is evenly spread and also that no employee is forced to work outside the regular work schedule of 8am to 5PM. The establishment of a crèche within our premises has further enhanced childcare and mental wellness of our staff with young children.



The crèche to support childcare roles alongside professional work.

Diversity, Equity & Inclusion

In alignment with the global and local sustainable development frameworks on gender equality, disability integration and social inclusion, we have put in place governance structures such as the Gender Mainstreaming Committee to ensure equality in access to opportunities within the organization. The Alcohol Abuse Committee drives knowledge building, preventive and management measures for affected staff. The HIV Committee supports employees that are infected or affected by the virus while the Disability Committee ensures seamless disability integration and mainstreaming of the workplace. This level of commitment to inclusion led to the Company being recognized in the Diversity and Inclusion Awards & Recognition (DIAR), as the Most Inclusive State Corporation in 2024.



Certificate to Kenya Re as best State Corporation in Diversity and Inclusion in 2024.

Employee Well-being

In our quest to ensure that all our staff are protected, nurtured and cherished, the Company ensures comprehensive medical cover, regular well-being checks, and health education sensitization sessions for its staff. Additionally, the Company offers competitive remuneration across the various employment tiers and a supportive and inclusive workspace for persons with disabilities.

The Company has endeavored to comply with the Constitutional guidelines on human rights, embedding the human rights principles in our policy frameworks such as the code of Ethical conduct, Gender Mainstreaming and youth engagement and establishment of the Corruption Prevention Committee and follow up on cases of violation of human rights. The established channels of whistle blowing ensure reporting and follow ups on actual and potential human rights breaches in a manner that upholds stakeholder confidence and confidentiality.



Kenya Re Staff cutting a cake to celebrate their commitment to creating a world free of Gender Based Violence

Health and Safety

We are committed to the safety of our staff and stakeholders. Regular staff training on the areas that stakeholders have highlighted as needing improvement through the regular feedback serves as a key strategy to ensure occupational safety and health. Regular fire drills, provision of onsite firefighting equipment, scheduling of regular wellness checks, provision of a comprehensive medical cover and unlimited access to psychologists to ensure mental wellness, demonstrate our commitment to occupational safety and health.

Our 2024 Sustainability Highlights Continued...



Kenya Re staff undergoing a Training and a Capacity Building Session

Community Engagement

As a responsible corporate citizen, we are committed to creating and amplifying positive impact in the communities in which we operate.

a. Partnership with St Elizabeth Vendramini Disabled children's home, Naromoru

In our quest to alleviate social suffering and impact society by contributing to the wellbeing of persons with disability, we partnered with St. Elizabeth Vendramini Disabled children's home, Naromoru and the KG Mountain Expeditions in June 2024 bringing together 300 participants, 39 who were our staff. As a corporation, we sponsored the children home with Kenya Shillings one million to facilitate pre- and post-operative care and provision of orthopedic rehabilitation services for the children with physical disability.



Kenya Re support at the St Elizabeth Vendramini Disabled children's home.

b. Kenya Re Niko Fiti Foundation

In 2024, we recognized the efforts of our police, who risk their lives to protect citizens, consequently increasing their chances of getting disabled, with many already disabled and with limited rehabilitation services support. The Niko

Fiti Foundation is a social impact initiative of the Kenya Reinsurance Corporation, geared towards inclusivity and integration of persons with disabilities in the society.



Kenya Re support to disability rehabilitation of Kenya Police through provision of assistive devices.

LOOKING AHEAD

The evolving landscape of climate risk and stakeholder expectations presents opportunities for innovation. As a company, we are committed to expanding our investments in infrastructure projects, scaling climate-resilient insurance solutions such as renewable energy coverage and parametric products and increasing allocation to ESG-compliant investments. Operationally, we will continue enhancing data-driven reporting capabilities while reducing our environmental footprint through intelligent systems. We are prioritizing the development of a comprehensive sustainability strategy and integration of ESG considerations into enterprise risk management, investment decisions and underwriting. We are committed to align our sustainability disclosures with global disclosure frameworks to strengthen transparency and stakeholder trust. These efforts will ensure that sustainability remains central to our strategy as we navigate emerging risks and opportunities in the reinsurance sector.

FINANCIAL PERFORMANCE

Kenya Reinsurance Corporation Limited Financial Performance for The Year Ended 31 December 2024

Corporate Governance Statement

Kenya Reinsurance Corporation Limited Report On Corporate Governance for The Year Ended 31 December 2024

Corporate governance is the process and structure by which companies are directed, controlled, and held accountable to achieve long term value to shareholders taking cognisance of the interest of other stakeholders.

The Board of Directors of Kenya Reinsurance Corporation Limited (the "Company") is responsible for the governance of the Company and is accountable to the shareholders and stakeholders in ensuring that the Company complies with the laws and regulations and the highest standards of business ethics and corporate governance. Accordingly, the Board attaches very high importance to the generally accepted corporate governance practices and has embraced the internationally developed principles and code of best practice of good corporate governance and CMA guidelines.

Board of Directors

The roles and functions of the Chairman and the Managing Director are distinct, and their respective responsibilities clearly defined within the Company. The Board comprises of eleven (11) directors ten (10) of whom are non-executive directors including the Chairman. The Board defines the Company's strategies, objectives and values and ensures that procedures and practices are set in place to ensure effective control over strategic, financial, operational and compliance issues. The directors bring a wealth of experience and knowledge to the Board's deliberations. Except for direction and guidance on general policy, the Board delegates authority of its day-to-day business to the Management through the Managing Director. The Board nonetheless is responsible for the stewardship of the Company and assumes responsibilities for effective control over the Company. The Company Secretary attends all meetings of the Board and advises the Board on all corporate governance matters as well as prevailing statutory requirements.

Board Meetings

The Board holds meetings on a regular basis while special meetings are called when it is deemed necessary to do so. The Board held six (6) regular and three (3) special meetings during the year under review. As the Company is a State Corporation, the Inspector General of State Corporations from time to time attends meetings of the Board and Board Committees for oversight and advisory purposes in accordance with the State Corporations Act.

Committees of the Board

The Board has set up the following principal Committees, which meet under well-defined terms of reference set by the Board. This is intended to facilitate efficient decision-making of the Board in discharging its duties and responsibilities.

Audit Committee

The membership of the Audit Committee is comprised as follows:

1. David Muthusi (Chairman)
2. Eric Gumbo
3. Irungu Kirika
4. Thamuda Hassan
5. Dr. Zacharia Nyaega

The committee assists the Board in fulfilling its corporate governance responsibilities and in particular to:

- Review of financial statements before submission to the Board focusing on changes in accounting policies, compliance with International Financial Reporting Standards and legal requirements.
- Strengthen the effectiveness of the internal audit function.
- Maintain oversight on internal control systems.
- Increase the shareholders' confidence in the credibility and standing of the Company.
- Review and make recommendations regarding the Company's budgets, financial plans and risk management.
- Liaise with the external auditors.

The committee held four (4) regular meetings and two (2) special meetings in the year under review.

Risk and Compliance Committee

The membership of the Risk and Compliance Committee is comprised as follows:

1. Irungu Kirika (Chairman)
2. David Muthusi
3. Omar Shallo
4. Robert Waruiru
5. Dr. Hillary Wachinga

The responsibilities of this committee include:

- Provision of general oversight in risk and compliance matters in the Company.
- Ensuring quality, integrity, effectiveness and reliability of the Company's risk management framework.
- Setting out the nature, role, responsibility and authority of the risk management and the compliance function of the Company.
- Defining the scope of risk management work.
- Ensuring that there are adequate risk policies and strategies in place to effectively identify, measure, monitor and appropriately mitigate the various risks which the Company is exposed to from time to time.
- Steering the Company on best practices on management of information and technology.

The committee held four (4) meetings in the year under review.

FINANCIAL PERFORMANCE

Corporate Governance Statement Continued...

Human Resource and Nominations Committee

The membership of the Human Resource and Nominations Committee is comprised as follows:

- 1 Erick Gumbo (Chairman)
- 2 Eric Korir (Alternate to CS, National Treasury)
- 3 Zacharia Nyaega
- 4 Eunice Nyala
- 5 Thamuda Hassan
- 6 Dr. Hillary M. Wachinga

The committee reviews and provides recommendations on issues relating to all human resources matters, including career progression, performance management, training needs, job transfers, staff recruitment, staff placements, promotions, demotions, discipline, and staff welfare. The committee also evaluates the credentials of people nominated to the Board.

The committee held four (4) regular meetings and three (3) special meetings in the year under review.

Finance and Strategy Committee

The membership of the Finance and Strategy Committee is comprised as follows:

1. Robert Waruiru (Chairman)
2. Eric Korir (Alternate to CS, National Treasury)
3. Omar Shallo
4. Eunice Nyala
5. Dr. Hillary M. Wachinga

The committee assists the Board in fulfilling its oversight responsibilities relating to the Company's finance, procurement, investment strategies, reinsurance strategies, policies, projects, and related activities.

The committee held four (4) regular and four (4) special meetings in the year under review.

Risk Management and Internal Controls

The Company has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information. These cover systems for obtaining authority for

all transactions and for ensuring compliance with the laws and regulations that have significant financial implications. In reviewing the effectiveness of the internal control system, the Board takes into account the results of work carried out to audit and review the activities of the Company. The Board also considers the management accounts for each quarter, reports from each Board Committee, annual budgetary proposals, major issues and strategic opportunities for the Company. As an integral strategy in achieving its corporate goals, the Board ensures that an optimal mix between risk and return is maintained. To achieve this goal, a risk management and governance framework has been put in place to assist the Board in understanding business risk issues and key performance indicators affecting the ability of the Company to achieve its objectives both in the short and long term.

Creating Shareholders' Value

In order to assure the shareholders of the Company's commitment to activities that create and enhance shareholder value, the Board signs a performance contract with the Ministry of The National Treasury and Planning of the Government of Kenya as well as sets Corporate Performance strategies with Management and continues to perform an annual evaluation exercise to review and audit its role and success or otherwise to meet the challenges envisaged at the beginning of each year.

Directors' Emoluments and Loans

The aggregate amount of emoluments paid to directors for services rendered during the financial year 2024 are disclosed in the notes to the financial statements under note 10. Non-executive directors are paid sitting allowances for every meeting attended. There were no arrangements for the directors to acquire benefits through the acquisition of the Company's shares. There were no loans advanced to directors during the financial year.



FINANCIAL PERFORMANCE

Corporate Governance Statement Continued...

Directors' interests as at 31 December 2024:

	Number of shares	Shareholding %
The National Treasury of Kenya	3,360,000,000	60.00%
Hon. Catherine Ngima Kimura	28,000	-
Dr. Hillary Maina Wachinga	2,564,400	-
	3,362,592,400	60.00%

Major Shareholders as at 31 December 2024

Cabinet Secretary to The National Treasury of Kenya	3,360,000,000	60.00%
Jubilee Holding Limited	152,690,792	2.73%
Investments & Mortgages Nominees Ltd A/C 028950	131,106,600	2.34%
Standard Chartered Kenya Nominees Ltd A/C Ke000954	90,000,000	1.61%
Kenya Commercial Bank Nominees Limited A/C 915b Kenya Commercial Bank Nominees Limited A/C 915b	55,342,488	0.99%
Kerai, Harji Mavji; Mavji, Ramila Harji	55,000,000	0.98%
Stanbic Nominees Limited R6631578	54,375,544	0.97%
Standard Chartered Nominees Non- Resd. A/C Ke10085	48,000,000	0.86%
Standard Chartered Nominees Resd A/C Ke11443	45,273,238	0.81%
Brandt, Jonathan Lawrence	37,390,800	0.67%
Others	1,570,413,082	28.05%
	5,599,592,544	100.00%

The distribution of the Company's shareholding as at 31 December 2024 is as shown below:

Shares Range	Shareholders	Number of Shares	% Shareholding
1 – 500	27,869	7,033,287	0.13%
501 – 1,000	10,593	7,518,966	0.13%
1,001 – 5,000	41,264	129,259,973	2.31%
5,001 – 10,000	11,857	80,453,022	1.44%
10,001 – 50,000	10,218	188,231,127	3.36%
50,001 – 100,000	1,122	79,475,274	1.42%
100,001 – 500,000	993	203,003,914	3.63%
500,001 - 1,000,000	144	105,265,477	1.88%
1,000,001-2,000,000,000	198	4,799,351,504	85.71%
	104,258	5,599,592,544	100.00%

The distribution of the shareholders based on their nationalities as at 31 December 2024 is as follows:

Nationality	Shareholders	Shares held	% Shareholding
Local Individual Investors	97,543	446,198,235	15.94%
Local Institutional Investors	5,342	2,211,275,932	78.98%
Foreign Investors	454	142,322,105	5.08%
	103,339	2,799,796,272	100.00%

FINANCIAL PERFORMANCE

Corporate Governance Statement Continued...

Directors' interests as at 31 December 2023:

	Number of shares	Shareholding %
The National Treasury of Kenya	1,680,000,000	60.00%
	1,680,400,000	60.00%

Major Shareholders as at 31 December 2023

Cabinet Secretary to The National Treasury of Kenya	1,680,000,000	60.00%
Jubilee Holding Limited	76,345,396	2.73%
Investments & Mortgages Nominees Ltd A/C 028950	65,553,300	2.34%
Ssb Bene Universal Investment Gesellschaft Fd 4942	54,700,000	1.95%
Kestrel Capital Nominee Services Limited A/C 34	50,460,200	1.80%
Standard Chartered Kenya Nominees Ltd A/C Ke000954	45,000,000	1.61%
Kenya Commercial Bank Nominees Limited A/C 915b Kenya Commercial Bank Nominees Limited A/C 915b	27,671,244	0.99%
Kerai, Harji Mavji; Mavji, Ramila Harji	27,500,000	0.98%
Stanbic Nominees Limited R6631578	27,187,772	0.97%
Standard Chartered Nominees Non- Resd. A/C Ke10085	24,000,000	0.86%
Standard Chartered Nominees Resd A/C Ke11443	22,636,619	0.81%
Shah, Mansukhlal Khetshi Dharamshi; Shah, Vijayaben Mansukhlal Khetshi	18,316,300	0.65%
Kestrel Capital Nominee Services Limited A/C 8	14,012,000	0.50%
Brandt, Jonathan Lawrence	12,068,100	0.43%
Standard Chartered Nominees Resd A/C Ke11450	10,737,912	0.38%
Craysell Investments Limited	10,475,500	0.37%
C & P Shoe Industries Ltd	9,638,300	0.34%
Bid Management Consultancy Limited	9,598,600	0.34%
Executive Healthcare Solutions Limited	8,950,000	0.32%
Standard Chartered Kenya Nominees Ltd A/C Ke002749	8,334,080	0.30%
Others	596,610,949	21.33%
	2,799,796,272	100.00%

The distribution of the Company's shareholding as at 31 December 2023 is as shown below:

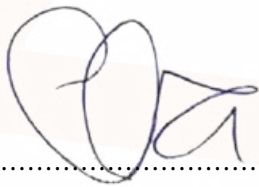
Shares Range	Shareholders	Number of Shares	% Shareholding
1 – 500	37,870	7,194,998	0.26%
501 – 1,000	2,653	2,140,080	0.08%
1,001 – 5,000	50,187	102,212,310	3.65%
5,001 – 10,000	7,165	47,768,843	1.71%
10,001 – 50,000	3,954	80,534,885	2.88%
50,001 – 100,000	544	38,064,540	1.36%
100,001 – 500,000	437	89,489,239	3.20%
500,001 – 1,000,000	76	55,844,356	1.99%
1,000,001 – 2,000,000,000	88	2,376,547,021	84.88%
	102,974	2,799,796,272	100.00%

FINANCIAL PERFORMANCE

Corporate Governance Statement Continued...

The distribution of the shareholders based on their nationalities as at 31 December 2023 is as follows:

Nationality	Shareholders	Shares held	% Shareholding
Local Institutional Investors	97,266	2,244,902,704	80.18%
Local Individual Investors	5,267	449,813,335	16.07%
Foreign Investors	441	105,080,233	3.75%
	102,974	2,799,796,272	100.00%



Dr. Hon. Catherine Ngima Kimura
Director



David Muthusi
Director

27-March 2025



REPORT OF THE CONSULTING ACTUARIES

Kenya Reinsurance Corporation Limited Report of the Consulting Actuaries for The Year Ended 31 December 2024

I have conducted an actuarial valuation of the long-term business of Kenya Reinsurance Corporation Limited (the “Company”) as at 31 December 2024.

The valuation was conducted in accordance with generally accepted actuarial principles and in accordance with the requirements of the Kenyan Insurance Act. Those 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 audited financial statements of the Company.

In my opinion, the long-term business of the Company was financially sound and the actuarial value of the liabilities in respect of all classes of long-term insurance business did not exceed the amount of funds of the long-term business as at 31 December 2024.

Name of Actuary Abed Mureithi

Qualification FIA, FeASK

Signed



27 March 2025

I have conducted an actuarial valuation of the short-term business of Kenya Reinsurance Corporation Limited (the “Company”) as at 31 December 2024.

The valuation was conducted in accordance with generally accepted actuarial principles and in accordance with the requirements of the Kenyan Insurance Act. Those 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 audited financial statements of the Company.

In my opinion, the Short-term business of the Company was financially sound and the actuarial value of the liabilities in respect of all classes of Short-term insurance business did not exceed the amount of funds of the Short-term business as at 31 December 2024.

Name of Actuary Ezekiel Macharia

Qualification FIA, FeASK

Signed



27 March 2025

REPORT OF THE DIRECTORS

Kenya Reinsurance Corporation Limited Report of the Directors for The Year Ended 31 December 2024

1. The directors submit their report together with the audited financial statements for the year ended 31 December 2024.

2. INCORPORATION AND BACKGROUND INFORMATION

The Kenya Reinsurance Corporation Limited (the "Company") is a public limited liability company reconstituted through an Act of Parliament in 1997. It was established through an Act of Parliament in December 1970 and commenced business in January 1971 as Kenya Reinsurance Corporation. The Government of Kenya owns 60% of the company while the public through Nairobi Securities Exchange owns 40%. The address of the registered office is set out on page 1.

It has three fully owned subsidiaries; Kenya Reinsurance Corporation, Cote d'Ivoire, which was incorporated on 19 September 2014, Kenya Reinsurance Corporation Zambia Limited, which was incorporated on 26 November 2015 and Kenya Reinsurance Corporation Uganda-SMC Limited, which was incorporated on 26 August 2019. Kenya Reinsurance Corporation, Cote d'Ivoire, operated as a full subsidiary starting in 2015, the Zambian subsidiary started operating in 2016, while Uganda subsidiary started operations in January 2022. The Company and its subsidiaries are referred to as the "Group".

3. PRINCIPAL ACTIVITIES

The principal activities of the Group are underwriting of all classes of reinsurance business and investment activities.

4. RESULTS

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs '000	Restated KShs '000	KShs '000	Restated KShs '000
Profit before tax	5,648,173	7,034,987	5,743,196	6,248,077
Income tax expense	(1,211,021)	(2,061,860)	(1,205,351)	(1,804,324)
Profit for the year transferred to retained earnings	4,437,152	4,973,127	4,537,845	4,443,753

5. DIVIDENDS

The directors recommend the approval of a first and final dividend of KShs 0.15 (2023: KShs 0.30) per share totalling to KShs 840 million in respect of the year 2024 (2023: KShs 840 million).

6. DIRECTORATE

The directors who held office during the year and to the date of this report are set out on page 1.

7. BUSINESS REVIEW

We delivered on our commitment to continue growing the shareholders' value. The Insurance revenue, investments income, shareholders' funds, and assets base registered growth.

Operational performance

Insurance revenue decreased from KShs 14.46 billion in 2023 to KShs 14.15 billion in 2024. Insurance service expenses decreased from KShs 13.1 billion in 2023 to KShs 10.5 billion in 2024. The net expenses from reinsurance contracts increased from KShs 680 million in 2023 to KShs 708 million in 2024. The insurance service results thus increased from KShs 677 million profit in 2023 to KShs 2.9 billion profit in 2024. The total investment income increased from KShs 4.56 billion in 2023 to KShs 5.61 billion in 2024. The net insurance finance income decreased from a gain of KShs 926 million in 2023 to a loss of KShs 716 million in 2024.

REPORT OF THE DIRECTORS

Report of the Directors Continued...

7. BUSINESS REVIEW (continued)

This resulted in a profit after tax of KShs. 4.4 billion in 2024 down by 11% from KShs. 4.97 billion in 2023. Our accomplishments are the outcome of disciplined execution of our five-year strategy which is grounded on the following five pillars: financial performance, business process improvement, business development, risk management and people and culture.

Financial overview

Financial overview of the Group continues to deliver positive results to shareholders and has maintained a good performance despite the challenging business environment experienced during the year.

The Key performance drivers that are responsible for positive financial state of the organization include, aggressive collection of the reinsurance receivables and real time market intelligence which guided our response to market changes and the uptake of investment opportunities.

Key performance indicators

	2019 KShs Millions	2020 KShs Millions	2021 KShs Millions	2022 KShs Millions	2023 KShs Millions	2024 KShs Millions
Total insurance revenue	17,521	18,535	20,296	23,131	19,569	18,849
Investment Income	3,715	3,792	3,658	3,746	4,562	5,614
Total assets	50,361	53,237	53,270	57,452	65,978	66,813
Shareholders' funds	31,951	34,397	37,347	40,993	48,175	49,672
Management Expenses	2,043	1,965	2,096	1,311	1,279	1,365

Note that the comparative information prior to 2022 are prepared based on IFRS 4 and results for 2023 and 2024 are based on IFRS 17, the information for the five-year period may therefore not be comparable.

Principal risks and uncertainties facing the Corporation.

In the course of its business operations, the Group faces key threats in meeting its business objectives. Among these are market risk exposures from its investment activities which arise due to reduced earnings on deposits with financial institutions due to interest rate capping which was repealed in November 2019, erratic prices of quoted equities and foreign exchange losses from underwriting operations in diverse regions with different currencies.

The Group faces stiff competition both in its local and international markets. There has been increasing cases of domestication of reinsurance business in some key markets, setting up of national reinsurance in countries where there were none, mergers and acquisitions, increasing retention capacity of direct underwriters reducing reinsurance premiums, creation of captive reinsurance companies which are new entrants in Group's target markets, unfavourable changes in legislation in some markets and price undercutting amongst competitors.

Delays in receiving outstanding reinsurance premiums continues to pose credit risk to the Group. This is mainly from outstanding reinsurance recoveries as well as outstanding premium receivables from cedants and brokers.

Underwriting risks mainly relate to the risk that underwriting costs may exceed the premiums generated from the underwriting activity. The Group's insurance service result was a profit of Kshs 3.03 billion in year 2024 compared to a profit of KShs 677 million for year 2023. The Group's insurance and reinsurance combined ratio stood at 84% in year 2024 down from 97% registered in year 2023.

REPORT OF THE DIRECTORS

Report of the Directors Continued...

8. STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

With respect to each director at the time this report was approved:

- a) there is, so far as the person is aware, no relevant audit information of which the company's auditor is unaware; and
- b) the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

9. SECRETARY

The Company's Secretary is Mr Charles Kariuki.

10. TERMS OF APPOINTMENT OF THE AUDITOR

The Auditor General is responsible for the statutory audit of the Company's books of account in accordance with Section 48 of the Public Audit Act, 2015. Section 23 of the Act empowers the Auditor General to nominate other auditors to carry out the audit on their behalf.

Deloitte & Touche LLP were appointed by the Auditor General, to carry out the audit for the year ended 31 December 2024. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration of KSh 15,344,000 (Statutory audit Ksh 13,198,000 (2023 Ksh 12, 577,000) and Tax reviews (Ksh 2,145,00,000 (2023 Ksh 1,986,000)) has been charged to profit or loss.

BY ORDER OF THE BOARD



SECRETARY

Nairobi

27-March
.....2025

DIRECTORS' REMUNERATION REPORT

Kenya Reinsurance Corporation Limited Directors' Remuneration Report for The Year Ended 31 December 2024

The directors' remuneration policy and strategy for Kenya Reinsurance Corporation Limited (the "Company").

The Board establishes and approves formal and transparent remuneration policies to attract and retain both executive and non-executive Board members. These policies clearly stipulate remuneration elements such as directors' fees, honorarium and attendance allowances that are competitive and in line with those of other agencies in the industry.

In accordance with the guidelines provided under the State Corporations Act and by the Salaries and Remuneration Commission as well as shareholder approval granted at the Annual General Meeting; the directors are paid a taxable director's fee at KShs 80,000 for every month served (KShs 960,000 per annum) and a sitting allowance of KShs 20,000 for every meeting attended. The Chairman is also paid a monthly honorarium of KShs 80,000.

The Company does not grant personal loans, guarantees, share options or incentives to its non-executive directors. The Managing Director is entitled to such loans as are available to other employees as per the Corporation's human resource policies.

Contract of service

In accordance with the Capital Markets Authority (CMA) regulations on non-executive directors and the Corporation's Articles of Association, a third of the directors retire every year by rotation and subject themselves to election at every Annual General Meeting by the shareholders.

The Managing Director and Chief Executive Officer (CEO) has a contract of service with the Corporation starting 28th March 2023 ending on 28th March 2028.

Changes to directors' remuneration

During the period, there were no changes in directors' remuneration which is set as per the guidelines provided in the State Corporations Act and by the Salaries and Remuneration Commission.

Statement of voting on the directors' remuneration report at the previous Annual General Meeting

During the Annual General Meeting held on 16th June 2024, the shareholders approved directors' remuneration for the year ended 31 December 2023 by show of hands.

At the Annual General Meeting to be held by 30 June 2025, approval will be sought from shareholders of this Directors' remuneration report for the financial year ended 31 December 2024.

The following tables show the remuneration for the managing Director and CEO and Non-Executive Directors in respect of qualifying services for the year ended 31 December 2024 together with the comparative figures for 2023.

DIRECTORS' REMUNERATION REPORT

Directors' Remuneration Report Continued...

YEAR ENDED 31 DECEMBER 2024

Director	Category	Gross Payments KShs	Director Fees KShs	Allowances KShs	Total KShs
Catherine Kimura	Chairman, Non-Executive	-	1,820,000	1,887,000	3,707,000
Dr. Hillary Wachinga	Group Managing Director	28,757,856	-	1,339,174	30,097,030
Omar Shallo	Non -Executive	-	1,532,046	907,395	2,439,441
David Muthusi	Non -Executive	-	2,240,428	2,429,485	4,669,913
Dr. Zacharia Nyaega	Non -Executive	-	1,674,438	1,459,000	3,133,438
Thamuda Hassan	Non -Executive	-	1,870,000	1,208,500	3,078,500
James Irungu Kirika	Non -Executive	-	2,350,000	1,587,000	3,937,000
Eric Gumbo	Non -Executive	-	2,240,428	2,984,677	5,225,105
Erick Korir	Non -Executive	-	960,000	933,500	1,893,500
Robert Waruiru	Non -Executive	-	2,350,000	1,035,000	3,385,000
Eunice Nyala	Non -Executive	-	2,350,000	1,273,500	3,623,500
Cabinet Secretary - The National Treasury	Non -Executive	-	960,000	-	960,000
TOTAL		28,757,856	20,347,340	17,044,231	66,149,427

YEAR ENDED 31 DECEMBER 2023

Director	Category	Gross payments Kshs	Director fees Kshs	Allowances Kshs	Total Kshs
Catherine Kimura	Chairman, Non-Executive	-	960,000	1,686,000	2,646,000
Dr. Hillary Wachinga	Group Managing Director	18,762,609	-	792,000	19,554,609
Omar Shallo	Non -Executive	-	517,333	580,000	1,097,333
James Kirika	Non -Executive	-	1,920,000	1,560,000	3,480,000
David Muthusi	Non -Executive	-	1,920,000	1,180,000	3,100,000
Zacharia Nyaega	Non -Executive	-	517,333	460,000	977,333
Thamuda Hassan	Non -Executive	-	1,920,000	1,108,000	3,028,000
James Wangombe	Non -Executive	-	-	300,000	300,000
Eric Gumbo	Non -Executive	-	1,920,000	940,000	2,860,000
Erick Korir	Non -Executive	-	960,000	940,000	1,900,000
Robert Waruiru	Non -Executive	-	1,386,667	1,120,000	2,506,667
Eunice Nyala	Non -Executive	-	1,477,333	928,000	2,405,333
Peter Ole Nkuraiya	Non -Executive	-	885,333	880,000	1,765,333
Michael O Monari	Non -Executive	-	885,333	602,000	1,487,333
Cabinet Secretary - The National Treasury	Non -Executive	-	960,000	-	960,000
TOTAL		18,762,609	16,229,333	13,076,000	48,067,942

STATEMENT OF DIRECTORS' RESPONSIBILITY

Kenya Reinsurance Corporation Limited Statement of Directors' Responsibilities for The Year Ended 31 December 2024

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of Kenya Reinsurance Corporation Limited (the "Company") as at the end of the financial year and of its profit and loss for that year. It also requires the directors to ensure that the Company keeps proper accounting records that: (a) show and explain the transactions of the company; (b) disclose, with reasonable accuracy, the financial position of the company; and (c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Kenyan Companies Act, 2015.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

- (i) designing, implementing, and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- (ii) selecting suitable accounting policies and applying them consistently; and
- (iii) making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the Company and its subsidiaries' ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon their ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on 27-March 2025 and signed on its behalf by:



Dr. Hillary M. Wachinga
Principal Officer



Dr. Hon. Catherine Ngima Kimura
Director



David Muthusi
Director

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON KENYA REINSURANCE CORPORATION LIMITED FOR THE YEAR ENDED 31 DECEMBER, 2024

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

The accompanying financial statements of Kenya Reinsurance Corporation Limited set out on pages 20 to 126, which comprise of the consolidated and Company statements of financial position as at 31 December, 2024 and the statements of profit or loss and

other comprehensive income, statements of cash flows and statements of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information, have been audited on my behalf by Deloitte and Touche LLP, auditors appointed under Section 23 of the Public Audit Act, 2015. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all information and explanations which, to the best of my knowledge and belief were necessary for the purpose of the audit were obtained.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Reinsurance Corporation Limited as at 31 December, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Kenya Companies Act, 2015.

Basis for Opinion

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Reinsurance Corporation Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

1. Investment Properties in Dispute

As reported in the previous year, and as disclosed in Note 35 to the financial statements, the Corporation owns properties worth Kshs.936,077,000 which are currently in dispute and are subject to ongoing court cases. The disputed investments have not been disclosed under investment in property but have been disclosed separately in Note 35-property under dispute. These are as indicated below;

(i) Parcel of Land along Ngong Road

The Corporation invested Kshs.350,000,000 in the purchase of a parcel of land measuring approximately 59.87 hectares along Ngong Road. However, the land is the subject of dispute between the Corporation and Kenya Forest Service before the National Land Commission. Although the Corporation has obtained confirmation from the Director of Survey that the Corporation's land is distinct from that of Kenya Forest Service, the matter remains unresolved since the National Land Commission has not adjudicated the matter or provided its verdict. The Corporation has therefore not realized full benefits from the ownership of the land as Management is not in a position to make long-term investment plans

(ii) Parcel of Land along Kiambu Road

The Corporation is the registered owner of a parcel of land measuring approximately 99.5813 hectares along Kiambu Road with a cost value of Kshs.563,077,000. The

Corporation is in an ownership dispute with one of the Directors of the vendor of the land and the case is in Court.

The Corporation is therefore, not realizing the full value for money invested in the property.

(iii) Parcel of Land along Shanzu Mombasa

The Corporation is the registered owner of a parcel of land measuring approximately 17.3 hectares located at Shanzu Mombasa at a cost of Kshs.23,000,000. The Corporation is in an ownership dispute with the Kenya Prisons Service.

In the circumstances, the property is not being utilized to generate income and therefore not realizing the full value for money invested.

2. Investment Property not in Use

As previously reported, and as disclosed in Note 16 to the financial statements, the Corporation owns a parcel of land within the precincts of Jomo Kenyatta International Airport (JKIA) at a cost of Kshs.813,000,000. However, Management has disclosed that it has restricted access to the land due to bureaucracy associated with accessibility of a high security area such as the Jomo Kenyatta International Airport (JKIA).

The Corporation is therefore, not realising the full potential of the investment.

3. Long Outstanding Receivables

The consolidated statement of financial position reflects other receivables balance of Kshs.478,183,000 which as disclosed in Note 26 to the financial statements includes receivable balance of Kshs.300,150,000 from Kenya Urban Roads Authority for which an impairment amount of Kshs.96,907,000 has been made against the balance. As disclosed in Note 26 to the financial statements, the receivable is in respect of compensation of part of land that was compulsorily acquired by the National Land Commission in the financial year 2017 for purpose of a road construction by the Kenya Urban Roads Authority. Management has not provided reasons why the balance has remained outstanding since 2017 and no action is being taken to ensure recovery of the balance.

My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements of the current year. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key Audit Matter	How our Audit Addressed this Key Audit Matter
Determination of provision for claims incurred but not reported The determination of future contractual cash flows in relation to claims incurred but not reported involves a significant estimation process by the Directors. An amount of Kshs.11,679,187,644 (2023-Kshs.12,288,721,000) relating to claims incurred but not reported is included in the insurance contract liabilities amount reported in the consolidated statement of financial position at Kshs.13,713,751,000 (2023-Kshs.14,024,143,000) for Group. An amount of Kshs.10,305,453,511 (2023-Kshs.11,100,410,000) relating to claims incurred but not reported is included in the insurance contract liabilities amount reported in the Company statement of financial position at Kshs.12,034,299,000 (2023-Kshs.12,414,897,000) for Company. The ultimate cost of settling claims is estimated using a range of loss reserving techniques. These techniques assume that the Group's own claims experience is indicative of future claims development patterns and therefore ultimate claims cost. 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. Judgement is applied to assess the extent to which past trends might not apply in the future and future trends are expected to emerge. As a result, I identified insurance contract liabilities as representing a key audit matter due to the significance of the	In responding to this key audit matter, we performed the following procedures: • I evaluated the appropriateness of the relevant controls implemented by Directors over the determination of claims incurred but not reported. • I assessed the competence, capabilities and objectivity of the Company's actuaries. • I challenged the Directors on the suitability of the approach and methodology adopted by the Company's actuaries and evaluated whether these are consistent with the requirements of International Financial Reporting Standards (IFRS) and industry norms. • I involved the Deloitte Actuarial specialists in assisting with the evaluation of the judgements and models adopted by the Directors in the determination of incurred but not reported liability. • I performed further audit procedures to check the data used in the computation of incurred but not reported liability for accuracy. • I assessed the appropriateness of the related disclosures in notes 1, 2 and 28 of the financial statements. Based on my procedures, I noted no material exceptions and consider the directors' key assumptions and methodology applied to be reasonable.

Key Audit Matter	How our Audit Addressed this Key Audit Matter
balance to the financial statements as a whole, combined with the judgement and estimation uncertainty associated with determining the liabilities.	

Other Information

The Directors are responsible for the other information set out on page 1 to 15 which comprise of Report of Directors, Statement of Corporate Governance, Statement of Directors Responsibilities, Report of the Consulting Actuary and Directors Remuneration Report. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on Kenya Reinsurance Corporation financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-compliance with Implementation of E-procurement

Review of procurement procedures revealed that, although the Corporation procured various goods, works, and services during the year, the procurement were not undertaken through e-procurement, contrary to Regulation 49(2) of the Public Procurement and Asset Disposal Regulations, 2020 and Part IV of the Executive Order No. 2 of 2018 which directed all public procuring entities to undertake all procurements through e-procurement.

In the circumstances, Management was in breach of the law.

3. Non-compliance with Public Procurement Reservation Requirement

Review of the Corporation's procurement records including the procurement plan revealed that the Corporation allocated only 19% of its annual procurement budget for purposes of goods, works and services to enterprises owned by youth, women and persons with disabilities. This was contrary to Section 157(5) of the Public Procurement and Asset Disposal Act, 2015 which requires that a procuring entity shall when processing procurement, allocate at least 30% of its annual procurement budget for purposes of goods, services and works from enterprises owned by youth, women and persons with disabilities.

In the circumstances, Management was in breach of the law.

4. Slow Project Implementation

Review of project implementation status revealed the following unsatisfactory matters.

4.1 Proposed Implementation of Electrical Infrastructure Refurbishment Works- Anniversary Towers

The Corporation entered into a contract with a contractor in July, 2023 for Proposed Implementation of the Electrical Infrastructure Refurbishment Works for Anniversary Towers at a contract price of Kshs.84,732,944 for (eighteen)18 months and expected completion date of 31 December, 2024. However, as at 31 December, 2024, the progress was estimated at only 5%, an indication that the project was clearly behind schedule.

In the circumstances, the expected project completion date will not be realized and the Corporation may not realize value for money in the project.

4.2 Proposed Security Systems Installation for Reinsurance Plaza Kisumu

The Corporation entered into a contract with a contractor in November, 2022 for Proposed Security Systems Installation for Reinsurance Plaza Kisumu, at a contract price of USD.1,057,180.37 (approximately Kshs.129,004,011.88) for a duration of (thirty-six) 36 weeks and expected completion date of November, 2023. However, information provided by Management indicated that the contractor abandoned the work during the early stage of implementation. As at 31 December, 2024, the project was stalled at only 5% completion. Management has not provided satisfactory explanations for the unsatisfactory state of affairs on the project.

In the circumstances, the Corporation may not realize the intended benefits from the Security Systems Installation Project at Reinsurance Plaza, Kisumu.

4.3 Proposed Improvements, Refurbishment to Reinsurance Plaza Kisumu

The Corporation entered into a contract with a contractor in November, 2021 for the Proposed Improvement to Internal Common Areas and Reinstatement of Boundary

Wall for Reinsurance Plaza Kisumu at a contract price of Kshs.29,654,802 for a duration of (twenty four) 24 weeks. The initial expected completion date was 31 July, 2022 but was extended to 30 November, 2023. However, the contract was terminated on 3 December, 2023 when the project was about 60% complete. Review of the project status as at 31 December, 2024 indicated that the project had stalled and the works were yet to be re-tendered.

In the circumstances, value for money in respect of the project could not be confirmed.

4.4 Proposed Integrated Security Management System for Anniversary Towers and Kenya Re Towers (Upper Hill)

The Corporation entered into a contract with a contractor in December, 2020 for Proposed Integrated Security Management System for Anniversary and Kenya Re Towers at a contract price of USD 2,642,071.70 (approximately Kshs.294,165,092.60) for a duration of (twenty) 20 weeks and expected initial completion date of 31 July, 2021. Review of the project file indicated that the Contractor had sought and was granted several extensions with the latest extension covering up to 30 June, 2025. As at 31 December, 2024, the progress was estimated at 98% and was yet to be handed over to the Corporation, almost four (4) years after commencement. Management has not provided satisfactory explanations for the significant delay in completion of the project.

In the circumstances, value for money for the Integrated Security Management System project could not be confirmed.

4.5 Proposed Integrated Security Management System for Reinsurance Plaza Nairobi

The Corporation entered into a contract with a contractor in January, 2020 for Proposed Integrated Security Management System for Reinsurance Plaza Nairobi at a contract price of USD1,067,391.71 (approximately Kshs.107,765,788.35) for a duration of thirty-nine (39) weeks and expected completion date of 30 November, 2020. Review of the project file indicated that the Contractor had sought and was granted several extensions, the latest covering up to 28 February, 2025. Although the status as at 31 December, 2024, indicated that the project was substantially complete, there was significant delay of about four (4) years in completion of the project. Management has not provided satisfactory explanation for the significant delay in completion of the project.

In the circumstances, value for money in respect of the project could not be confirmed.

4.6 Proposed Improvement and Refurbishment of Reinsurance Plaza

The Corporation entered into a contract with a contractor in November, 2021 for Proposed Improvement and Refurbishment of Internal and External Common Areas for Reinsurance Plaza Nairobi at a contract price of Kshs.31,706,606 for a duration of twenty-four (24) weeks and expected completion date of 28 July, 2022. Although the status as at 31 December, 2024, indicated that the project was completed and the completion certificate issued on 30 October, 2024, there was a significant delay of

about two years and four months in completion of the project. Further, Management did not provide details of any time extensions from the initial expected completion date of 28 July, 2022.

In the circumstances, value for money in respect of this project could not be confirmed.

5. Staff Earning Below the Statutory Minimum

Review of the Corporation's payroll data for the year under review revealed that two hundred and twenty (220) officers cumulatively earned net salaries below one third of their basic salaries.

This was contrary to Section 19(3) of the Employment Act, 2007 which requires inter alia that the total amount of all deductions which may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan to perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Inadequate Controls over Rental Income

Review of transactions and records on rental income revealed that Management did not conduct reconciliations of the recorded rental income against the lease agreements every quarter. Instead, the reconciliations were only done when a tenant presented an overbilling or underbilling complaint despite the property manual specifying that the reconciliations should be done quarterly for all the property leases held.

In the circumstances, the effectiveness of controls over rental income could not be confirmed.

2. Weaknesses in Information Technology (IT) Controls

The following IT control weaknesses were noted;

- (i) Review of the Oracle EBS system indicates that five (5) leavers had not been deactivated from the system at the time of the audit. Further, two (2) leavers had not been terminated/disabled promptly as they were disabled more than fifteen (15) days after their last day in the entity. This was contrary to the Corporation's policy which requires staff accounts to be terminated as per the last day in office.
- (ii) Review of account access revealed that claims Management Officer had been allocated privileged access to the Oracle EBS application creating improper segregation of duties between business users and IT administrators. Further, a Senior Research Officer had been granted privileged-level access through the group 'Wheel' in the Oracle Linux Operating System. The user had privileges beyond those necessary to perform their assigned roles.
- (iii) Three business users had been assigned inappropriate domain level administration privileges on the Windows server supporting the Active Directory which was inappropriate.
- (iv) Although Oracle recommends changing the password for each vendor-provided account, it was noted that the end date for the accounts AUTOINSTALL and WIZARD had not been configured. Further, eight (8) accounts had their password expiration date not set to a maximum age of thirty (30) days as per Corporation's password policy requirements.
- (v) The password history and failed login attempts for the Linux server supporting the Oracle EBS application had not been defined as per the Corporation's policy which requires a minimum password history of the last twenty four (24) passwords and account lockout after three (3) failed login attempts.
- (vi) Four of the password configurations of the 'DEFAULT' profile in the Oracle 12c and Oracle 19c Databases did not align with the Corporation's policy.
- (vii) Account lockout duration, account lockout threshold, password history, and reset lockout counter do not conform to the standard, policy, or design document for the organization.
- (viii) For the Windows Server supporting SICS, the end user account 'itadmin' had its password set to not expire despite the account being accessed by an end user, which was against the Corporation's policy.
- (ix) Critical patches released by Microsoft/ Oracle were not being installed in a timely manner as per the industry's best standards. Use of operating systems/databases that are not regularly updated with security updates may expose the server to security vulnerabilities. Review of the Corporation's cybersecurity program revealed the absence of a comprehensive, documented cybersecurity strategy. Cybersecurity training records for the period of March, 2024 to May, 2024 revealed significant compliance gaps. A substantial number of employees did not complete the mandatory monthly training assigned to them on the learning platform.

In the circumstances, the effectiveness of IT controls could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Kenya Companies Act, 2015, I report based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have been kept by the Corporation, so far as appears from my examination of those records; and,
- iii. The Corporation's financial statements are in agreement with the accounting records and returns.

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing Corporation'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 Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing Corporation's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities

in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

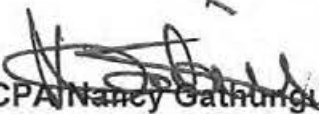
Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs 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 financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 March, 2025

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RIPOTI YA MKAGUZI MKUU WA HESABU ZA KIFEDHA KUHUSU SHIRIKA LA BIMA KUU LA KENYA REINSURANCE CORPORATION LIMITED YA MWAKA ULIOKAMILIKA 31 DESEMBA 2024

UTANGULIZI

Ningependa kuwapa taarifa kuhusu yaliyomo kwenye ripoti yangu iliyogawika katika sehemu tatu:

- A. Ripoti ya Taarifa za Kifedha inayobainisha iwapo taarifa za kifedha zimewasilishwa kwa usahihi kulingana na mwongozo unaofaa wa kuripoti masuala ya kifedha, viwango vya uhasibu, sheria zinazofaa na kanuni zenye athari ya moja kwa moja kwa taarifa hizo za kifedha.
- B. Ripoti kuhusu Uzingatiaji wa sheria na Ufaafu katika Matumizi ya Rasilimali za Umma inayoangazia ufuataji wa sheria zinazostahili, kanuni, sera, notisi za gazeti rasmi la serikali, nyaraka, miongozo na maelekezo na iwapo rasilimali za umma zimetumika kwa njia ya busara, bora, bila ufujaji, yenye uwazi na wajibifu ili kuhakikisha kuwa Serikali inatimiza kanuni ya thamani ya pesa na kwamba pesa kama hizo zinatumika kwa majukumu yaliyokusudiwa.
- C. Ripoti kuhusu Ufanisi wa Vidhibiti vya Ndani, Udhibiti wa Hatari na Uongozi inayoangazia jinsi shirika hili lilivyobuni vidhibiti na viwianishaji vya kuongoza shughuli za ndani. Hii inalingana na ufaafu wa kiambajengo cha uongozi, mazingira ya kudhibiti hatari, na vidhibiti vya ndani vilivyobuniwa na kutekelezwa na waliotwikwa jukumu la uongozi ili kufanikisha uendeshaaji wa shirika kwa utaratibu, ufanisi na ufaafu.

Maoni Yasiyochakachuliwa hutolewa pale Mkaguzi Mkuu wa Hesabu anapoamini kuwa taarifa za kifedha zimewasilishwa kwa usahihi kulingana na mwongozo unaofaa wa kuripoti masuala ya kifedha. Ripoti hii kuhusu Taarifa za Kifedha inafaa kusomwa kwa mwambatano na Ripoti kuhusu Uzingatiaji wa Sheria na Ufaafu katika Utumiaji wa Matumizi ya Rasilimali za Umma, na Ripoti kuhusu Ufanisi wa Vidhibiti vya Ndani, Udhibiti wa Hatari na Uongozi.

Sehemu hizo tatu za ripoti hii zinalenga kushughulikia majukumu ya kiserikali na wajibu wa Mkaguzi Mkuu wa Hesabu za Serikali jinsi ilivyoelezwa katika Kifungu cha 229 cha Katiba, Sheria ya Usimamizi wa Fedha za Umma, 2012 na Sheria ya Ukaguzi wa Hesabu za Umma, 2015. Sehemu hizo tatu za ripoti hii, zikisomwa kwa mwambatano zinaunda ripoti ya Mkaguzi Mkuu wa Hesabu za Kifedha.

RIPOTI KUHUSU TAARIFA ZA KIFEDHA

Maoni

Taarifa andamani za kifedha za shirika la Kenya Reinsurance Corporation Limited zilizo katika ukurasa wa 20 hadi 126, zinazojumuisha taarifa jumuishi na hali ya kifedha ya kampuni hii kufikia tarehe 31 Desemba 2024, na taarifa za faida na hasara na mapato mengine kamilifu, taarifa ya mtiririko wa kifedha na taarifa za mabadiliko ya hisa za mwaka huo uliokamilika, na muhtasari wa sera muhimu za uhasibu pamoja na maelezo mengine ya ufafanuzi, zimekaguliwa kwa niaba yangu na Deloitte and Touche LLP, wakaguzi wa hesabu za kifedha walioteuliwa chini ya Kipengee cha 23 cha Sheria ya Ukaguzi wa Umma, 2015. Wakaguzi hao wameripoti kwangu ipasavyo matokeo ya ukaguzi wao na kwa msingi wa ripoti yao, nimeridhika kwamba habari zote na maelezo yote ambayo, kwa ufahamu wangu wote, ninaamini yalihitajika kwa minajili ya ukaguzi huu, yalipatikana.

Kwa maoni yangu, taarifa hizo za kifedha zinaakisi, katika peo zote zinazoangaziwa, hali ya kifedha ya Kenya Reinsurance Corporation Ltd kufikia tarehe 31 Desemba 2024, na matokeo yake ya kifedha na mtiririko wa pesa kuhusu mwaka huo uliokamilika, kulingana na Viwango vya Kimataifa vya Kuripoti Masuala ya Kifedha (IFRS) na kufuata Sheria ya Kampuni za Kenya, 2015.

Msingi wa Maoni

Ukaguzi huu uliendeshwa kulingana na Viwango vya Kimataifa vya Taasisi Kuu za Ukaguzi wa Kifedha (ISSAIs). Mimi sihusiani na Usimamizi wa Kenya Reinsurance Corporation Limited kulingana na ISSAI 130 kuhusu Maadili ya Kikazi. Nimetimiza majukumu mengine ya kimaadili kulingana na ISSAI na kwa mujibu wa mahitaji mengine ya kimaadili yanayotumika katika kutekeleza ukaguzi wa taarifa za kifedha nchini Kenya. Ninaamini kuwa ushahidi wa ukaguzi niliopata unatosha na unastahili katika kutoa msingi wa maoni yangu.

Msisitizo wa Suala

1. Mali za Uwekezaji Zinazokumbwa na Mzozo

Jinsi ilivyoripotiwa katika mwaka uliotangulia, na kufichuliwa katika Kipengee cha 35 kuhusu taarifa za kifedha, Shirika hili linamiliki mali za thamani ya Kshs.936, 077, 000 ambazo kwa sasa zina mzozo, kwa hivyo zinatajwa katika kesi mahakamani. Uwekezaji huo ulio na mzozo haujatajwa chini ya mali zilizowekezwa bali umetajwa kando katika Kipengee cha 35-Mali zinazokumbwa na mzozo. Mali hizo zimeorodheshwa ifuatavyo;

i) Kipande cha Ardhi kando ya barabara ya Ngong

Shirika hili liliwekeza Ksh350, 000, 000 katika ununuzi wa kipande cha ardhi chenye ukubwa wa takribani hekta 59.87 kando ya barabara ya Ngong. Hata hivyo, kipande hicho kinazozaniwa baina ya Shirika hili na shirika la Huduma ya Misitu Kenya mbele ya Tume ya Kitaifa ya Ardhi. Ingawa Shirika hili limepokea uthibitisho kutoka kwa Mkurugenzi wa Usoroveya kwamba ardhi ya Shirika hili ni tofauti na ile ya Huuma ya Misitu Kenya, suala hilo bado halijatatuliwa kwa sababu Tume ya Kitaifa ya Ardhi haijasikiliza na kutoa uamuzi. Kwa hivyo, Shirika hili halijanufaika kikamilifu na umiliki wa ardhi hiyo kwa sababu Usimamizi wake hauwezi kubuni mipango ya uwekezaji wa muda mrefu.

ii) Kipande cha Ardhi kando ya barabara ya Kiambu

Shirika hili ni mmiliki aliyesajiliwa wa kipande cha ardhi chenye ukubwa wa takribani hekta 99.5813 kilicho kando ya barabara ya Kiambu chenye thamani ya Ksh563, 077, 000. Shirika hili liko katika mzozo wa umiliki dhidi ya mmoja wa Wakurugenzi wa wauzaji wa ardhi hiyo na kesi hiyo iko Kortini.

Kwa hivyo, shirika hili halinufaiki na thamani kamili ya pesa zilizowekezwa katika mali hiyo.

iii) Kipande cha Ardhi eneo la Shanzu, Mombasa

Shirika hili ndilo mmiliki aliyesajiliwa wa kipande cha ardhi chenye ukubwa wa takribani hekta 17.3 kinachopatikana eneo la Shanzu, Mombasa chenye thamani ya Ksh23, 000, 000. Shirika hili liko katika mzozo wa umiliki wa ardhi hiyo dhidi ya shirika la Idara ya Magereza Kenya (Kenya Prison Service).

Kutokana na hilo, mali hiyo haitumiwi kuleta mapato na hivyo basi Shirika halinufaiki kikamilifu na thamani ya pesa zilizowekezwa katika mali hiyo.

2. Mali ya Uwekezaji ambayo Haitumiki.

Jinsi ilivyoripotiwa hapo awali, na ilivyofichuliwa katika Kipengee cha 16 cha taarifa za kifedha, Shirika hili linamiliki kipande cha ardhi ndani ya Uwanja wa Ndege wa Kimataifa wa Jomo Kenyatta (JKIA) chenye thamani ya Ksh 813, 000, 000. Hata hivyo, Uongozi umefichua kuwa ufikiaji wa ardhi hiyo umezuwa kutokana na kanuni inayohusiana na ufikiaji wa maeneo yanayowekewa ulinzi wa hali ya juu kama vile Uwanja wa Kimataifa wa Ndege wa Jomo Kenyatta (JKIA).

Kwa hivyo, shirika hili halipati manufaa kamili ya uwekezaji huo.

3. Malimbikizi ya Muda Mrefu

Taarifa jumuishi ya hali ya kifedha inaonyesha malipo mengine ya Kshs. 478, 183,000 yaliyofichuliwa katika Kipengee cha 26 cha taarifa za kifedha, ambayo yanajumuisha malipo ya Ksh. 300,150,000 kutoka kwa Mamlaka ya Kusimamia Barabara za Mijini nchini Kenya ambapo Ksh. 96,907,000 ziliondolewa. Kama ilivyofichuliwa katika Kipengee cha 26 cha taarifa za kifedha, malipo hayo ni fidia ya kipande cha ardhi ambacho ililazimu kichukuliwe na Tume ya Kitaifa ya Ardhi katika mwaka wa kifedha wa 2017 ili kitumiwe na Mamlaka ya Kusimamia Barabara za Mijini kujenga barabara. Usimamizi haujatoa sababu za malipo hayo kutolipwa tangu mwaka wa 2017 na hakuna hatua ambayo imechukuliwa ili kupokea malipo hayo.

Maoni yangu hayajaathiriwa na masuala haya.

Masuala Makuu ya Ukaguzi wa Kifedha

Masuala makuu ya ukaguzi ni yale ambayo kulingana na uamuzi wangu wa kitaalamu, yana umuhimu mkubwa katika ukaguzi wa taarifa za kifedha za mwaka huu. Masuala haya yalishughulikiwa kikamilifu katika muktadha wa ukaguzi wa taarifa za kifedha kwa jumla, na katika kubuni maoni kuyahusu, wala sitatoa maoni tofauti kuhusu masuala hayo.

Suala Kuu la Ukaguzi	Jinsi Ukaguzi wetu Ulivyoshughulikia Suala hili
Ubainishaji wa kiwango cha pesa za kufidia visa vilivyofanyika lakini bado havijaripotiwa. Ubainishaji wa mtiririko wa pesa za mikataba ya kufidia visa vilivyofanyika lakini bado havijaripotiwa unahusisha hatua muhimu ya ukadiriaji wa Wakuregenzi. Kiasi cha Ksh. 11,679,187,644 (2023- Ksh. 12,288,721,000) za kufidia visa vilivyofanyika lakini bado havijaripotiwa kimejumuishwa katika gharama ya mikataba ya bima iliyotajwa katika taarifa jumishi ya hali ya kifedha ya Shirika hili ya Ksh. 13,713,751,000 (2023 - Ksh. 14,024,143,000). Kiasi cha Ksh. 10,305,453,511 (2023-Ksh. 11,100,410,000) za kufidia visa vilivyofanyika lakini bado havijaripotiwa kimejumuishwa kwa gharama ya mikataba ya bima iliyotajwa katika taarifa ya hali ya kifedha ya Kampuni hii ya (Ksh.12,034,299,000 (2023- Ksh 12,414,897,000). Jumla ya gharama ya kufidia madai ya bima inakadiriwa kwa kutumia mbinu mbalimbali. Mbinu hizi zinaridhia kwamba Kampuni ina tajriba ya kutabiri madai ya siku zijazo na hivyo inajua gharama ya jumla ya kufidia madai hayo. Dhana zilizotumika, vikiwemo viwango vya hasara na ongezeko la gharama za madai katika siku zijazo, zinatokana hasa na historia ya data za madai ambayo makadirio hufanywa kwa kuyazingatia madai ya awali. Uamuzi hutolewa ili kupima kiwango ambacho kutokea kwa madai ya zamani huenda kusiweze kubashiri matukio ya siku zijazo na kwamba madai mapya yanatarajiwa kuibuka. Kutokana na hilo, nilitambua gharama za mikataba ya bima kama jambo linalowakilisha suala kuu la Ukaguzi kutokana na umuhimu wa salio kwenye taarifa za kifedha kwa jumla, pamoja na halitete ya uamuzi na ukadiriaji inayohusiana na upimaji wa gharama hiyo.	Katika kushughulikia suala hili kuu la ukaguzi, tulifuata hatua zifuatazo: • Nilitathmini ufaafu wa vidhibiti husika ambavyo vilitekelezwa na Wakuregenzi katika kubainisha visa vilivyofanyika lakini bado havijaripotiwa. • Nilipima umilisi, uwezo na usawa wa wataalam wa bima wa Kampuni hii. • Niliwauliza Wakuregenzi ufaafu wa mbinu na njia zilizotumiwa na wataalam wa bima wa Kampuni hii na kupima kama zinaendana na mahitaji ya Viwango vya Kimataifa vya Kuripoti Masuala ya Kifedha (IFRS) na maadili ya sekta hii. • Nilihusisha wataalam wa bima wa Shirika la Deloitte katika kutathmini maamuzi na vielelezo vilivyotumiwa na Wakuregenzi ili kupima visa vilivyofanyika lakini bado havijaripotiwa. • Nilifanya hatua za ziada za Ukaguzi ili kuona kama data iliyotumika katika kupima gharama ya visa vilivyofanyika lakini bado havijaripotiwa zilikuwa na usahihi. • Nilipima ufaafu wa ripoti zinazohusiana katika Kipengee cha 1, 2 na 28 vya taarifa za kifedha. Kulingana na hatua zangu, Sikugundua kasoro zozote kwenye taarifa na ninachukulia kwamba dhana kuu za wakurugenzi na mbinu iliyotumika inafaa.

Maelezo Mengine

Ni jukumu la Wakurugenzi kutoa maelezo mengine yaliyo katika ukurasa wa 1 hadi 5 ambayo yanajumuisha, Ripoti ya Wakurugenzi, Taarifa ya Wasimamisi wa Kampuni, Taarifa kuhusu majukumu ya Wakurugenzi, Ripoti ya Mtaalam wa Bima na Ripoti ya Malipo ya Wakurugenzi. Haya maelezo mengine hayajumuishi Taarifa za Fedha na ripoti ya ukaguzi wangu.

Kuhusiana na ukaguzi wangu wa Taarifa za Fedha za Kampuni ya Kenya Reinsurance Corporation, jukumu langu ni kusoma maelezo hayo mengine na, katika kufanya hivyo, ninatathmini ili kubaini iwapo hayaendani kwa kiasi kikubwa na Taarifa za Fedha za Shirika hili au kile nilichopata kufahamu kwenye ukaguzi huu, au vinginevyo kukosekana kwa usahihi. Ikiwa ninatoa pendekezo kulingana na kazi ambayo nimefanya, ninaona kwamba hakuna taarifa kuhusu Maelezo Mengine, ninapaswa kuripoti uhalisia huo.

Maoni yangu kuhusu Taarifa za Fedha za Kampuni hii hayajumuishi maelezo hayo mengine na sioi pendekezo lolote la uhakiki kuzihusu.

RIPOTI KUHUSU UHALALI NA UFAAFU KATIKA MATUMIZI YA RASILIMALI ZA UMMA

Hitimisho

Kama inavyotakikana katika Kifungu cha 229(6) cha Katiba, kulingana na hatua za ukaguzi zilizofanywa, ninathibitisha kwamba, mbali na masuala yaliyofafanuliwa katika sehemu ya Msingi wa Hitimisho kuhusu Uhalali na Ufaafu katika Matumizi ya Rasilimali za Umma ya ripoti yangu, hakuna kitu kilichoteka umakinifu wangu hadi kikanifanya niamini kwamba rasilimali za umma hazijatumika kihalali na kwa njia inayofaa.

Msingi wa Hitimisho

1. Kutozingatia Utekelezaji wa ununuzi wa kielektroniki

Uchanganuzi wa hatua za ununuzi ulifichua kuwa, ingawa Shirika hili lilifanya manunuzi ya bidhaa, kazi, na huduma mbalimbali katika mwaka huu, ununuzi huo haukufanywa kwa njia ya kielektroniki, kinyume na Kanuni ya 49(2) ya Ununuzi wa Umma na Kanuni ya Uuzaji wa Mali, 2020 na Sehemu ya IV ya Amri ya Rais Na. 2 ya mwaka 2018 ambayo inaelekeza mashirika yote ya umma kufanya ununuzi kwa njia ya kielektroniki.

Kwa kufanya hivyo, Usimamizi ulikiuka Sheria.

3. Kutozingatia Mahitaji ya Kuhifadhi Ununuzi wa Umma

Uchanganuzi wa rekodi za ununuzi za Shirika hili, ukiwemo mpango wa ununuzi, ulifichua kuwa Shirika hili lilitenga 19% pekee ya bajeti yake ya kila mwaka kwa ununuzi wa bidhaa, kazi, na huduma kutoka kwa kampuni zinazomilikiwa na vijana, wanawake na walemavu. Hii ni kinyume na Kifungu cha 157 (5) cha Sheria ya Ununuzi na Uuzaji wa Mali ya Umma, 2015 ambayo inasema shirika linalonunua linafaa, wakati wa kutayarisha ununuzi huo, kutenga angalau 30% ya bajeti yake ya kila mwaka ya ununuzi kwa ajili ya bidha, huduma na kazi kutoka kwa kampuni zinazomilikiwa na vijana, wanawake na walemavu.

Kwa kufanya hivyo, Shirika hili lilikiuka sheria.

4. Kutoharakisha Utekelezaji wa Miradi

Uchanganuzi wa hali ya utekelezaji wa miradi ulifichua masuala yafuatayo ambayo hayaridhishi.

4.1 Utekelezaji wa Kazi ya Ukarabati wa Miundomsingi ya Umeme Iliyopendekezwa - Jumba la Anniversary Towers

Shirika hili liliingia kwenye mkataba na mkandarasi mwezi wa Julai 2023 kwa ajili ya Utekelezaji wa Kazi ya Ukarabati wa Miundomsingi ya Umeme Iliyopendekezwa katika jumba la Anniversary Towers kwa kandarasi ya Ksh. 84,732,944 kwa muda wa miezi kumi na minane (18), na kazi hiyo ilitarajiwa kukamilika tarehe 31 Desemba 2024. Hata hivyo, kufikia tarehe 31 Desemba 2024, ilikadiriwa kuwa mradi huo ulikuwa umetekelezwa kwa 5%, ishara kwamba ulikuwa nyuma ya muda uliopangwa.

Kutokana na hilo, mradi huo hautakamilika katika muda uliopangwa na shirika hili halitapata thamani ya pesa kwenye mradi huo.

4.2 Uunganishaji wa Mifumo ya Usalama Uliopendekezwa katika jengo la Reinsurance Plaza Mjini Kisumu

Shirika hili liliingia kwenye mkataba mnamo Novemba 2022 kwa ajili ya Mradi wa Uunganishaji wa Mifumo ya Usalama Uliopendekezwa katika jengo la Reinsurance Plaza jijini Kisumu kwa kandarasi ya USD 1,057,180.37 (takribani Ksh. 129,004,011.88) kwa muda wa wiki thelathini na sita (36) na ulitarajiwa kukamilika Novemba 2023. Hata hivyo, maelezo yaliyotolewa na Usimamazi yalionyesha kwamba mkandarasi huyo alitelekeza mradi huo katika hatua za mwanzo za utekelezaji. Kufikia tarehe 31 Desemba 2024, mradi huo ulikuwa umekwama baada ya kutekelezwa kwa 5%. Usimamizi haujatoa maelezo ya kuridhisha kuhusu hali mbaya ya mradi huo.

Kutokana na hilo, Shirika hili huenda lisipate manufaa yaliyotarajiwa kutoka kwa Mradi huu wa Kuunganisha Mifumo ya Usalama katika jumba la Reinsurance Plaza jijini Kisumu.

4.3 Uboreshaji na Ukarabati Uliopendekezwa katika jumba la Reinsurance Plaza Jijini Kisumu

Shirika hili liliingia kwenye mkataba na mkandarasi mnamo Novemba 2021 kwa ajili ya Uboreshaji Uliopendekezwa wa Maeneo Yanayotumiwa na kila mtu kwenye jumba na Urejeshaji wa uzio wa ukuta katika jumba la Reinsurance Plaza jijini Kisumu kwa kandarasi ya Ksh. 29,654,802 kwa muda wa wiki ishirini na nne (24). Hapo awali, mradi huo ulitarajiwa kukamilika tarehe 31 Julai 2022 lakini tarehe hiyo ilisongeshwa hadi tarehe 30 Novemba 2023. Hata hivyo, kandarasi hiyo ilitupiliwa mbali tarehe 3 Desemba 2023, mradi ukiwa umefikia 60%. Tathmini ya hali ya mradi kufikia tarehe 31 Desemba 2024 ilionyesha kuwa mradi huo ulikuwa umekwama na zabuni ya kazi hiyo haikuwa imetangazwa upya.

Kutokana na hilo, thamani ya pesa kwenye mradi huo haiwezi kuthibitishwa.

4.4 Mfumo Jumuishi wa Kudhibiti Usalama Uliopendekezwa katika majumba ya Anniversary Towers na Kenya Re Towers (Upper Hill)

Shirika hili liliingia kwenye mkataba na mkandarasi mnamo Desemba 2020 kwa ajili ya mradi wa Mfumo Jumuishi wa Kudhibiti Usalama katika majumba ya Anniversary Towers na Kenya Re Towers kwa kandarasi ya USD 2,642,071.70 (takribani Ksh. 294,165,092.60) kwa muda wa wiki ishirini (20) na ulitarajiwa kukamilika tarehe 31 Julai 2021. Tathmini ya maelezo ya hali ya mradi huo ilionyesha kuwa mkandarasi huyo alikuwa ameomba na kuruhusiwa kusongesha muda huo mara kadhaa, mara ya mwisho ikiwa tarehe 30 Juni 2025. Kufikia tarehe 31 Desemba 2024, ilikadiriwa kuwa mradi huo ulikuwa umefikia 98% na bado haukuwa umekabidhiwa shirika hili, karibu miaka manne (4) tangu ulipoanza. Usimamizi haujatoa maelezo ya kuridhisha kuhusu ni kwa nini mradi huo ulichelewa sana kukamilika.

Kutokana na hilo, thamani ya pesa ya mradi wa Mfumo Jumuishi wa Kudhibiti Usalama haiwezi kuthibitishwa.

4.5 Mfumo Jumuishi wa Kudhibiti Usalama Uliopendekezwa katika jengo la Reinsurance Plaza Jijini Nairobi

Shirika hili liliingia kwenye mkataba na mkandarasi mnamo Januari 2020 kwa ajili ya mradi wa Mfumo Jumuishi wa Kudhibiti Usalama katika jumba la Reinsurance Plaza, Nairobi kwa kandarasi ya USD 1,067,391.71 (takribani Ksh. 107,765,788.35) kwa muda wa wiki thelathini na tisa (39) na ulitarajiwa kukamilika tarehe 30 Novemba 2020. Tathmini ya maelezo ya mradi huu ilionyesha kuwa mkandarasi huyo aliomba na kuruhusiwa muda usongeshwe mara kadhaa, mara ya mwisho ikiwa tarehe 28 Februari 2025. Ingawa hali ya mradi huo kufikia tarehe 31 Desemba 2024 ilionyesha kwamba mradi huo ulikuwa karibu kukamilika, mradi huo ulicheleweshwa sana kwa karibu miaka minne (4). Usimamizi haujatoa maelezo ya kuridhisha kuhusu ni kwa nini mradi huo ulichelewa kukamilika.

Kutokana na hilo, thamani ya pesa ya mradi huo haiwezi kuthibitishwa.

4.6 Uboreshaji na Ukarabati Uliopendekezwa wa jumba la Reinsurance Plaza

Shirika hili liliingia kwenye mkataba na mkandarasi mwezi wa Novemba 2021 kwa ajili ya mradi wa Uboreshaji na Ukarabati wa Maeneo yanayotumiwa na kila mtu katika jumba la Reinsurance Plaza kwa kandarasi ya Ksh. 31,706,606 kwa muda wa wiki ishirini na nne (24) na ulitarajiwa kukamilika tarehe 28 Julai 2022. Ingawa hali ya mradi huo kufikia tarehe 31 Desemba 2024 ilionyesha kuwa mradi ulikamilika na cheti cha kukamilika kwake kutolewa tarehe 30 Oktoba, 2024, mradi huo ulichelewa sana kukamilika kwa karibu miaka miwili na miezi minne. Aidha, Usimamizi haukotoa maelezo yoyote ya usongeshaji wa muda kutoka tarehe ambayo ulitarajiwa kukamilika, 28 Julai 2022.

Kutokana na hilo, thamani ya pesa ya mradi huo haiwezi kuthibitishwa.

5. Wafanyakazi Kulipwa Kiwango cha Chini Kisheria

Uchanganuzi wa data ya malipo ya wafanyakazi wa Shirika hili ya mwaka unaochanganuliwa ulifichua kuwa maafisa wote mia mbili na ishirini (220) walipata mishahara baada ya makato ambayo ni chini ya thuluthi moja ya mishahara yao bila kujumuisha marupurupu.

Hii ilikuwa kinyume na Kifungu cha 19(3) cha Sheria ya Ajira, 2007 ambayo inahitaji pamoja na mambo mengine, kwamba jumla ya makato yote yayanaweza kukatwa na mwajiri kutoka kwa mishahara ya wafanyakazi wake wakati wowote ule isipite thuluthi mbili ya mishahara hiyo.

Kulingana na hilo, Usimamizi ulikiuka sheria.

Ukaguzi huu ulifanywa kulingana na kiwango cha ISSAI 3000 na ISSAI 4000. Viwango hivi vinanihitaji nitimize mahitaji ya kimaadili na nipange kutekeleza ukaguzi huu ili nipate hakikisho kuhusu iwapo shughuli, miamala ya kifedha na maelezo yaliyo kwenye taarifa za kifedha yamezingatia maelezo ya mamlaka zote zinazoyaongoza. Ninaamini kwamba ushahidi wa ukaguzi huu ambao nimepata ni wa kutosha na unafaa kutoa msingi wa pendekezo la hitimisho langu.

RIPOTI YA UFAAFU WA MIFUMO YA UELEKEZAJI, UDHIBITI WA HATARI NA UONGOZI

Hitimisho

Kama inavyotakikana katika Kifungu cha 7(1) cha Sheria ya Ukaguzi wa Hesabu za Umma ya mwaka 2015, kulingana na hatua za ukaguzi zilizofanywa, mbali na masuala yaliyofafanuliwa

katika sehemu ya msingi wa hitimisho kuhusu Ufaafu wa Mifumo ya Uelekezaji, Udhibiti wa Hatari na Uongozi ya ripoti yangu, ninathibitisha kwamba, hakuna kitu kilichoteka umakinifu wangu ili kunifanya niamini kwamba mifumo ya uelekezaji, udhibiti wa hatari na uongozi kwa jumla, haikufaulu.

Msingi wa Hitimisho

1. Kukosa Udhibiti wa Kutosha wa Mapato ya Kodi

Uchanganuzi wa miamala na rekodi za mapato ya kodi ulifichua kuwa Usimamizi haukuwianisha mapato ya kodi yaliyorekodiwa na makubaliano ya ukodishaji kila baada ya robo ya mwaka. Badala yake, uwianishaji ulifanywa tu mkodishaji akiwasilisha malalmishi ya kutozwa kiwango cha juu au cha chini licha ya mwongozo wa nyumba kusema kuwa uwianishaji ufanyike kila baada ya robo ya mwaka kwa nyumba zote zilizokodishwa.

Kulingana na hili, ufaafu wa udhibiti wa mapato ya nyumba haukuthibitishwa.

2. Udhaifu kwenye Vidhibiti vya Habari na Teknolojia (IT)

Udhaifu ufuatao wa vidhibiti vya habari na teknolojia ulinakiliwa;

- i. Uchanganuzi wa mfumo wa Oracle EBS unaonyesha kuwa mitambo mitano (5) haikuwa imezimwa katika mfumo huu wakati wa ukaguzi. Aidha, mitambo miwili (2) haikuwa imezimwa mara moja kwa sababu ilizimwa zaidi ya siku kumi na tano (15) baada ya siku yake ya mwisho katika shirika hili. Hili ilikuwa kinyume na sera ya Shirika hili ambayo inataka akaunti za wafanyikazi kuondolewa siku yao ya mwisho ofisini.
- ii. Uchanganuzi wa ufikiaji wa akaunti ulifichua kuwa Afisa Msimamizi wa madai alikuwa amepewa uhuru wa kufikia mfumo wa Oracle EBS na kugawa majukumu watumiaji na wasimamizi wa IT kwa njia isiyofaa. Kadhalika, Afisa Mkuu wa Utafiti alikuwa amepewa uhuru wa kuingia kupitia kwa mfumo spesheli wa " Group Wheel" wa Oracle Linux. Mtumiaji huyo alikuwa na uhuru mkubwa kuliko unahitajika kufanya majukumu yake.
- iii. Watumiaji watatu walikuwa wamepewa uhuru usiofaa wa usimamizi wa mfumo kwenye Windows Server inayosaidia kanzidata ya Active Directory, jambo ambalo halifai.
- iv. Ingawa mfumo wa Oracle unapendekeza nenosiri kubadilishwa kwa kila akaunti ya mtumiaji, ilibainika kuwa tarehe ya mwisho ya USAKINISHAJI WA KIOTOMATIKI na MIONGOZO ya akaunti hazikuwa zimeratibiwa. Pia, tarehe ya kuharibika kwa manenosiri ya akaunti nane (8) haikuwa imeratibiwa kuwa hadi siku thelathini (30) kulingana na mahitaji ya sera ya manenosiri ya Shirika hili.
- v. Historia ya manenosiri na majaribio ya kuingia yaliyofeli katika sava ya Linux inayosaidia mfumo wa Oracle EBS haikuwa imefafanuliwa kulingana na sera ya Shirika ambayo inahitaji historia ya idadi ya chini ya manenosiri yasiyozidi ishirini na nne (24) na akaunti kufungwa baada ya kufeli kwa majaribio matatu ya kuingia.
- vi. Masharti manne ya manenosiri ya akaunti ya 'KIOTOMATIKI' katika kanzidata za Oracle 12c na Oracle 19c hayakuendana na sera ya Shirika hili.
- vii. Muda ya kufungiwa nje ya akaunti, idadi ya kufungiwa nje ya akaunti, historia ya manenosiri, na muda wa kusubiri baada ya kufungiwa nje ya akaunti hauzingatii viwango, sera, au mahitaji ya shirika hili.
- viii. Katika sava za Windows Server zinazoendesha programu ya SICS, nenosiri la akaunti ya mtumiaji 'itadmin' liliratibiwa lisiharibike licha ya akaunti hiyo kutumiwa na mtu, jambo ambalo ni kinyume na sera ya Shirika hili.

- ix. Programu muhimu zilizotolewa na Microsoft/Oracle hazikuwa zinasakinishwa kwa wakati kulingana na viwango bora vya tasnia hii. Utumiaji wa programu za OS/ kanzidata ambazo usasishaji wa kiusalama haufanywi mara kwa mara unaweza kuhatarisha usalama wa sava. Uchanganuzi wa programu ya usalama wa mtandao wa Shirika hili ulifichua ukosekanaji wa mkakati madhubuti, na ulionakiliwa wa usalama wa mtandao. Rekodi za mafunzo ya usalama wa mtandao kati ya mwezi Machi, 2024 hadi Mei, 2024 zilifichua mianya mikubwa katika uzingatiaji. Idadi kubwa ya wafanyakazi hawakukamilisha mafunzo ya lazima ya kila mwezi waliopewa kwenye jukwaa la ujifunzaji.

Kutokana na hili, ufaafu wa vidhibiti vya IT haukuweza kuthibitishwa.

Ukaguzi huo ulifanywa kulingana na Viwango vya ISSAI 2315 na ISSAI 2330. Viwango hivi vinanihitaji nipange na kufanya ukaguzi huu ili nipate hakikisho kuhusu kama michakato na mifumo inayofaa ya uelekezaji, udhibiti wa hatari na uongozi kwa jumla iliendeshwa kwa ufanisi, katika hali zote. Ninaamini kwamba ushahidi wa ukaguzi huu ambao nimepata ni wa kutosha na unafaa kutoa msingi kwa pendekezo la hitimisho langu.

RIPOTI KUHUSU MAHITAJI MENGINE YA KISHERIA NA YA KUDHIBITI

Kama inavyotakiwa na Sheria ya Kampuni za Kenya ya 2015, ninariporti kulingana na ukaguzi wangu kwamba:

- i. Nimepata taarifa na maelezo yote ambayo, ninafahamu na kuamini, yalikuwa muhimu kwa ajili ya ukaguzi huu;
- ii. Kwa maoni yangu, rekodi za kutosha za uhasibu, zimehifadhiwa na shirika hili, kadri inavyoonekana katika tathmini yangu kuhusu rekodi hizo; na,
- iii. Taarifa za Fedha za shirika hili zinawiana na rekodi za uhasibu pamoja na mapato.

Majukumu ya Wasimamizi na Wakurugenzi

Wasimamizi wana jukumu la kutayarisha na kuwasilisha kwa haki taarifa hizi za fedha kulingana na Viwango vya Kimataifa vya Kuripoti Fedha (IFRS) na kudumisha mifumo ya ndani ya udhibiti jinsi Wasimamizi wanavyoamua, hatua ambayo ni muhimu katika kuwezesha utayarishaji wa taarifa sahihi za fedha zisizokuwa na upotoshi wa nyenzo/mali iwe ni kutokana na ulaghali au dosari na kwa tathmini yake kuhusu ufanisi wa udhibiti wa ndani, udhibiti wa hatari na uongozi.

Katika kutayarisha taarifa hizi za fedha, Wasimamizi wana jukumu la kutathmini uwezo wa Shirika hili kuendelea kuhudumu kutokana na rasilimali za kutosha, wakifichua inavyofaa masuala yanayohusiana na rasilimali hizo za kutosha na kutumia msingi wa rasilimali za kutosha katika uhasibu, isipokuwa kama Wasimamizi wanafahamu nia ya kufungwa kwa Kampuni hii au kusitisha shughuli zake.

Wasimamizi pia wana jukumu la kuwasilisha taarifa za fedha kwa Mkaguzi Mkuu kulingana na Sehemu ya 47 ya Sheria ya Ukaguzi wa Hesabu za Umma ya mwaka 2015.

Kando na jukumu la kutayarisha na kuwasilisha taarifa za fedha lililoelezwa hapo juu, Wasimamizi pia wana jukumu la kuhakikisha kwamba shughuli hizi, miamala ya pesa na maelezo ya kifedha yaliyo kwenye taarifa za fedha, zimetii maelekezo ya mamlaka inayosimamia sekta hii na kuhakikisha rasilimali za umma zimetumika kwa njia inayofaa.

Waliotwikwa jukumu la uongozi wa jukumu la kusimamia harakati ya kutoa ripoti ya kifedha ya Shirika hili, kuhakiki ufanisi wa jinsi Usimamizi unavyozingatia utiifu wa sheria husika na kanunu za udhibiti zinazofaa, ukihakikisha zipo harakati na mifumo inayofaa katika kushughulikia majukumu muhimu kuhusiana na uongozi kwa jumla na udhibiti wa hatari, na kuhakikisha kuna mazingira thabiti na faafu ya udhibiti.

Majukumu ya Mkaguzi Mkuu kwa Ukaguzi huu

Jukumu langu ni kufanya ukaguzi wa taarifa za kifedha kulingana na Kifungu cha 229(4) cha Katiba, Kipengee cha 35 cha Sheria ya Ukaguzi wa Hesabu za Umma ya mwaka 2015 na Viwango vya Kimataifa vya Taasisi Kuu za Ukaguzi wa Kifedha (ISSAIs). Viwango hivi vinahitaji kwamba, katika kufanya ukaguzi huu, nipate hakikisho dhahiri kuhusu iwapo taarifa hizi za kifedha kwa jumla hazina makosa, iwe ni kutokana na ulaghai au dosari isiyo ya makusudi, na kutoa ripoti ya mkaguzi ambayo inajumuisha maoni yangu kulingana na masharti ya Sheria ya Ukaguzi wa Umma ya 2015 na kuwasilisha ripoti ya ukaguzi kulingana na Kipengee cha 48 cha Sheria ya Ukaguzi wa Hesabu za Umma ya mwaka 2015. Hakikisho dhahiri ni hakikisho la kiwango cha juu lakini si lazima kila mara ukaguzi uliofanywa kulingana na viwango vya ISSAI ubaini uwepo wa makosa. Makosa yanaweza kuibuka kutokana na ulaghai au dosari na yanachukuliwa kuwa wazi ikiwa, binafsi au kwa jumla, yanatarajiwa kushawishi maamuzi ya kiuchumi ya watumiaji yakichukuliwa kwa msingi wa taarifa hizi za fedha.

Katika kufanya Ukaguzi huu, Kifungu cha 229(6) cha Katiba pia kinanihitaji nitoe hitimisho kuhusu, iwapo katika hali zote shughuli, miamala ya kifedha na maelezo yalitolewa kwenye taarifa za kifedha yanatii mamlaka zinazoyaongoza au la, na kwamba raslimali za umma zilitumika kwa njia inayofaa. Aidha, ninazingatia mazingira ya udhibiti ya shirika hili ili kutoa hakikisho kuhusu ufaafu wa michakato na mifumo ya udhibiti vya ndani, udhibiti wa hatari na uongozi kulingana na Kipengee cha 7 (1)(a) cha Sheria ya Ukaguzi wa Umma, 2015.

Vilevile, ninahitajika kuwasilisha ripoti ya ukaguzi kulingana na Kifungu cha 229 (7) cha Katiba.

Maelezo ya kina ya majukumu yangu katika ukaguzi huu yanapatikana kwenye tovuti ya Ofisi ya Mkaguzi Mkuu wa Hesabu za Kifedha: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. Maelezo haya yanaunda sehemu ya ripoti yangu ya mkaguzi.


FCPA Nancy Gathungu, CBS

MKAGUZI MKUU WA HESABU ZA SERIKALI

Nairobi

Tarehe 28 Machi, 2025



PRIMARY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
	Note	2024 Total KShs '000	2023 Restated* KShs '000
Total insurance revenue	6(a)	18,849,176	19,568,740
Ceding commission	6(b)	(4,697,717)	(5,110,474)
Insurance revenue		14,151,459	14,458,266
Insurance service expenses	9	(10,493,951)	(13,101,772)
Net expenses from reinsurance contracts	6	(708,418)	(679,538)
Insurance service result		2,949,090	676,956
Interest revenue calculated using the effective interest method	7(a)	4,501,757	3,654,035
Impairment loss on financial assets	10	(217,229)	(31,262)
Share of results of associate	17	610,186	399,063
Fair value gains on revaluation of investment properties	16	343,011	216,055
Other investment income	7(b)	1,112,549	908,073
Net foreign exchange (loss)/gain		(1,683,848)	1,437,511
Net investment income		4,666,426	6,583,475
Finance (expenses)/ income from insurance contracts	9(b)	(637,072)	912,032
Finance (expenses)/ income from reinsurance contracts	9(c)	(79,131)	13,910
Net insurance finance (expenses)/ income		(716,203)	925,942
Net insurance and investment result		6,899,313	8,186,373
Other income	8	113,516	127,892
Operating and other expenses	10	(1,364,656)	(1,279,278)
Profit before income tax		5,648,173	7,034,987
Income tax expense	11	(1,211,021)	(2,061,860)
Profit for the year		4,437,152	4,973,127
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Net gains/ (losses) on revaluation of quoted equity instruments instrument's classified as FVTOCI	22	368,583	(112,671)
Net gains on revaluation of unquoted equity instruments	21	235,324	45,947
Share of movement in associate reserves:			
– fair value reserve	17	99,963	(159,750)
Share of (loss)/gain on property revaluation of associate	17	10,603	(7,389)
Remeasurement gain/losses on defined benefit plans, net of tax	30	14,067	77,882
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net gains/ (losses) on revaluation of held at FVTOCI government securities	24	152,225	(119,453)
Foreign exchange differences on translation of foreign operations		(1,013,637)	912,025
Share of movement in associate reserves:			
– currency translation	17	(1,966,666)	2,132,252
Total other comprehensive (loss)/ income		(2,099,538)	2,768,843
Total comprehensive income		2,337,614	7,741,970
Earnings per share - basic and diluted	12	0.79	0.89

*Details of restatement is disclosed in note 37

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2024 Total KShs '000	2023 Restated* KShs '000
Total insurance revenue	6(a)	16,066,157	17,039,132
Ceding commission	6(b)	(3,930,043)	(4,537,380)
Insurance revenue		12,136,114	12,501,752
Insurance service expenses	9	(8,274,347)	(11,973,977)
Net expenses from reinsurance contracts	6	(706,712)	(413,926)
Insurance service result		3,155,055	113,849
Interest revenue calculated using the effective interest method	7(a)	4,164,976	3,378,040
Impairment loss on financial assets	10	(218,120)	(40)
Share of results of associate	17	610,186	399,063
Fair value gains on revaluation of investment properties	16	343,011	216,055
Other investment income	7(b)	1,112,549	908,073
Net foreign exchange (loss)/gain		(1,729,512)	1,268,921
Net investment income		4,283,090	6,170,112
Finance (expenses)/ income from insurance contracts	9(b)	(622,930)	879,725
Finance (expenses)/ income from reinsurance contracts	9(c)	(78,780)	8,818
Net insurance finance (expenses)/ income		(701,710)	888,543
Net insurance and investment result		6,736,435	7,172,504
Other income	8	113,516	127,892
Operating and other expenses	10	(1,106,755)	(1,052,319)
Profit before income tax		5,743,196	6,248,077
Income tax expense	11	(1,205,351)	(1,804,324)
Profit for the year		4,537,845	4,443,753
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Net gains/ (losses) on revaluation of quoted equity instruments instrument's classified as FVTOCI	22	368,583	(112,671)
Net gains/ (losses) on revaluation of unquoted equity instruments	21	235,324	45,947
Share of movement in associate reserves:			
– fair value reserve	17	99,963	(159,750)
Share of gain on property revaluation of associate	17	10,603	(7,389)
Remeasurement gain/losses on defined benefit plans, net of tax	30	14,067	77,882
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net gains/ (losses) on revaluation of government securities at FVTOCI	24	152,225	(119,453)
Share of movement in associate reserves:			
– currency translation	17	(1,966,666)	2,132,252
Total other comprehensive (loss)/ income		(1,085,901)	1,856,818
Total comprehensive income		3,451,944	6,300,571
Earnings per share - basic and diluted	12	0.81	0.79

*Details of restatement is disclosed in note 37.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

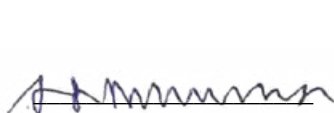
As at 31 December			
	Note	2024 KShs '000	2023 KShs '000
Assets²			
Property and equipment	15	81,784	121,839
Investment properties	16	13,060,800	12,702,500
Deferred tax asset	29	101,507	33,918
Defined benefit asset	30	60,538	44,511
Investment in associate	17	9,161,534	10,407,449
Intangible assets	19	46,280	41,235
Mortgage loans	20	824,558	871,472
Unquoted equity instruments	21	603,113	355,505
Quoted equity instruments	22	1,409,983	1,041,400
Corporate bonds	23	44,820	44,747
Government securities	24(a)	25,240,439	21,049,100
Inventory	25	18,529	17,981
Reinsurance contract assets	28	606,158	731,500
Income tax receivable	11(c)	166,719	61,778
Other receivables	26	478,280	366,592
Deposits with financial institutions	27	14,320,929	16,837,492
Cash and bank balances	33	587,098	1,248,996
Total assets		66,813,069	65,978,015
Equity			
Share capital	13	13,998,982	6,999,491
Revaluation reserve	14	36,911	26,308
Fair value reserve	14	(109,503)	(965,598)
Translation reserve	14	1,495,970	4,476,274
Statutory reserve	14	10,376,154	8,584,946
Retained earnings	14	23,873,946	29,053,364
Total equity		49,672,460	48,174,785
Liabilities			
Insurance contract liabilities	28	13,776,637	14,024,143
Reinsurance contract liabilities	28	1,022,804	2,484
Deferred tax liability	29	1,419,534	2,037,836
Income tax payable	11(c)	-	772,624
Other payables	32	921,634	966,143
Total liabilities		17,140,609	17,803,230
Net assets		49,672,460	48,174,785

The financial statements on pages 20 to 127 were approved and authorized for issue by the board of directors on

27-March 2025 and were signed on its behalf by:


Dr. Hillary M. Wachinga
Principal Officer


Dr. Hon. Catherine Ngima Kimura
Director


David Muthusi
Director

COMPANY STATEMENT OF FINANCIAL POSITION

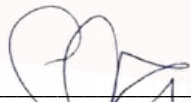
		As at 31 December	
	Note	2024 KShs '000	2023 KShs '000
Assets			
Property and equipment	15	81,784	121,839
Investment properties	16	13,060,800	12,702,500
Deferred tax asset	29	101,507	33,918
Defined benefit asset	30	60,538	44,511
Investment in associate	17	9,161,534	10,407,449
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Mortgage loans	20	824,558	871,472
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Cash and bank balances	33	587,098	1,248,996
Total assets		66,813,069	65,978,015
Equity			
Share capital	13	13,998,982	6,999,491
Revaluation reserve	14	36,911	26,308
Fair value reserve	14	(109,503)	(965,598)
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Total liabilities		17,140,609	17,803,230
Net assets		49,672,460	48,174,785

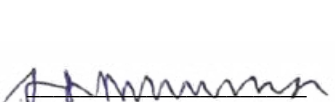
The financial statements on pages 20 to 127 were approved and authorized for issue by the board of directors on

27-March

2025 and were signed on its behalf by:


Dr. Hillary M. Wachinga
Principal Officer


Dr. Hon. Catherine Ngima Kimura
Director


David Muthusi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	Share capital Sh'000'	Revaluation reserve Sh'000'	Fair value reserve Sh'000'	Translation reserve Sh'000'	Statutory reserve Sh'000'	Retained earnings Sh'000'	Total Sh'000'
At 1 January 2023	6,999,491	33,697	(619,671)	1,431,996	8,139,744	25,007,516	40,992,773
Profit for the year	-	-	-	-	445,202	4,527,925	4,973,127
Other comprehensive income (loss)/income	-	(7,389)	(345,927)	3,044,278	-	77,882	2,768,844
Total comprehensive income		(7,389)	(345,927)	3,044,278	445,202	4,605,807	7,741,971
Dividends declared – 2022	-	-	-	-	-	(559,959)	(559,959)
At 31 December 2023	6,999,491	26,308	(965,598)	4,476,274	8,584,946	29,053,364	48,174,785
At 1 January 2024	6,999,491	26,308	(965,598)	4,476,274	8,584,946	29,053,364	48,174,785
Profit for the year	-	-	-	-	1,791,207	2,645,945	4,437,152
Other comprehensive income (loss)/income	-	10,603	856,095	(2,980,303)	-	14,067	(2,099,538)
Total comprehensive income	-	10,603	856,095	(2,980,303)	-	14,067	(2,099,538)
Dividends declared – 2023	-	-	-	-	-	(839,939)	(839,939)
Bonus issue	6,999,491	-	-	-	-	(6,999,491)	-
At 31 December 2024	13,998,982	36,911	(109,503)	1,495,970	10,376,154	23,873,946	49,672,460

COMPANY STATEMENT OF CHANGES IN EQUITY

Note	Share capital Sh'000'	Revaluation reserve Sh'000'	Fair value reserve Sh'000'	Translation reserve Sh'000'	Statutory reserve Sh'000'	Retained earnings Sh'000'	Total Sh'000'
At 1 January 2023	6,999,491	33,697	(619,671)	1,358,080	8,082,586	24,577,852	40,432,035
Profit for the year	-	-	-	-	486,980	3,956,773	4,443,753
Other comprehensive income (loss)/income	-	(7,389)	(345,927)	2,132,252	-	77,882	1,856,818
Total comprehensive income.	-	(7,389)	(345,927)	2,132,252	486,980	4,034,655	6,300,571
Dividends declared – 2022	-	-	-	-	-	(559,959)	(559,959)
At 31 December 2023	6,999,491	26,308	(965,598)	3,490,332	8,569,566	28,052,548	46,172,647
At 1 January 2024	6,999,491	26,308	(965,598)	3,490,332	8,569,566	28,052,548	46,172,647
Profit for the year	-	-	-	-	1,787,953	2,749,892	4,537,845
Other comprehensive income (loss)	-	-	856,095	(1,966,666)	-	14,067	(1,085,901)
Total comprehensive income	-	10,603	856,095	(1,966,666)	-	14,067	(1,085,901)
Dividends declared – 2023	-	10,603	-	-	-	(839,939)	(839,939)
Bonus issue.	6,999,491	-	-	-	-	(6,999,491)	-
At 31 December 2024	13,998,982	36,911	(109,503)	1,523,666	10,357,519	22,977,077	48,784,652

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2024 KShs '000	2023 KShs '000
Cash flows generated from/(used in) operating activities	33(a)	2,538,018	(2,102,134)
Dividends received		146,247	118,146
Interest received		4,501,757	3,654,035
Tax paid in the year	11(c)	(2,760,665)	(1,246,611)
Net cash generated from operating activities		4,425,357	423,436
Cash flows from investing activities			
Purchase of investment property	16	(9,006)	(81,445)
Purchase of property and equipment	15	(5,358)	(49,380)
Purchase of intangible assets	19	(23,145)	(12,938)
Purchase of unquoted equity instruments	21	(12,284)	(1,592)
Net cash used in investing activities		(49,793)	(145,355)
Cash flows from financing activities			
Dividends paid	34	(839,939)	(559,959)
Net cash used in financing activities		(839,939)	(559,959)
Net increase/(decrease) in cash and cash equivalents		3,535,625	(281,878)
Cash and cash equivalents at 1 January		4,288,728	5,232,119
Effects of Movements in exchange rate on cash and cash equivalents		(373,647)	193,791
Cash and cash equivalent at 31 December	33(b)	7,450,706	5,144,032

COMPANY STATEMENT OF CASH FLOWS

		Year ended 31 December	
	Notes	2024 KShs '000	2023 KShs '000
Cash flows generated from/(used in) operating activities	33(a)	(225,051)	(471,653)
Dividends received		146,198	118,146
Interest received		3,851,907	3,378,040
Tax paid in the year	11	(2,479,641)	(986,817)
Net cash generated from operating activities		1,293,413	2,037,716
Cash flows from investing activities:		-	
Purchase of investment property	16	(9,006)	(81,445)
Purchase of property and equipment	15	(3,577)	(6,275)
Purchase of intangible assets	19	(23,145)	(12,938)
Purchase of unquoted equity	21	(12,284)	(1,592)
Net cash used in investing activities		(48,012)	(102,250)
Cash flows from financing activities:			
Dividends paid	34	(839,939)	(559,959)
Net cash used in financing activities		(839,939)	(559,959)
Net increase in cash and cash equivalents		405,462	1,375,507
Cash and cash equivalents at 1 January		3,129,785	1,720,772
Effects of Movements in exchange rate on cash and cash equivalents		(85,932)	33,506
Cash and cash equivalent at 31 December	33(b)	3,449,315	3,129,785

A smiling man with short dark hair and a beard, wearing a dark suit jacket over a light blue shirt, is looking down at a tablet computer he is holding with both hands. The image is overlaid with a complex, semi-transparent red geometric pattern consisting of various triangles and lines. The background is a blurred office setting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Statement of compliance with International Financial Reporting Standards (IFRS)

The consolidated and separate financial statements have been prepared in accordance with IFRS Accounting standards as issued by the International Accounting Standards Board.

For purposes of reporting under the Kenyan Companies Act, 2015, the balance sheet in these financial statements is represented by the statement of financial position and the profit and loss account is represented by the statement of profit or loss and other comprehensive income.

(a) **Basis of preparation**

The consolidated and separate financial statements are prepared on a going concern basis in compliance with IFRS Accounting standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015. The consolidated and separate financial statements have been prepared on a historical cost basis, except for investments in securities carried at fair value and investment properties which have been measured at fair value and actuarially determined liabilities at their present value. The consolidated and separate financial statements are presented in Kenya Shillings (KShs), rounded to the nearest thousand, which is also the functional currency.

The consolidated and separate financial statements comprise the Group's and Company's statements of profit or loss and other comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows, and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in profit or loss. Other comprehensive income comprises items of income and expenses (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by IFRSs. Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in the previous periods. Transactions with the owners of the Group and Company in their capacity as owners are recognised in the statements of changes in equity.

The Group and Company present their statements of financial position broadly in order of liquidity from the least liquid to the most liquid. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the notes.

The preparation of financial statements in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the accounting policies adopted by the Group and Company. Although such estimates and assumptions are based on the directors' best knowledge of the information available, actual results may differ from those estimates. The judgements and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revision is made. The areas involving the judgements of most significance to the financial statements, and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year, are disclosed in note (2).

(b) **Basis of consolidation**

(i) **Subsidiary**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee.

Specifically, the Company controls an investee if, and only if, the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.
-

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

(i) Subsidiary (continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date the control ceases. All inter-company balances, transactions, income and expenses and profits and losses resulting from inter-company transactions are eliminated in full on consolidation. Losses within a subsidiary are attributed to the non-controlling interest even if this results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components' results previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

1. The Group financial statements reflect the result of consolidation of the financial statements of the Company and its wholly owned subsidiaries, Kenya Reinsurance Corporation Limited Côte d'Ivoire, Kenya Reinsurance Corporation Zambia Limited and Kenya Reinsurance Corporation Uganda Limited.
2. 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.

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the group has applied a number of amendments to IFRS Accounting Standards issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

(i) Amendments to IAS 1 - Classification of Liabilities as Current or Non-current.

The group has adopted the amendments to IAS 1, published in January 2020, for the first time in the current year.

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments did not have an impact on the group's and company's statement of financial position, which is presented in order of liquidity.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

(ii) Amendments to IAS 1—Non-current Liabilities with Covenants.

The group has adopted the amendments to IAS 1, published in November 2022, for the first time in the current year.

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period.

This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments did not have an impact on the group's and company's statement of financial position, which is presented in order of liquidity.

(iii) Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements.

The group has adopted amendments to IAS 7 and IFRS 7 titled Supplier Finance Arrangements for the first time in the current year. The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk

The amendment did not have an impact on the group's and company's financial statements.

(iv) Amendments to IFRS 16 - Leases—Lease Liability in a Sale and Leaseback.

The group has adopted amendments to IFRS 16 for the first time in the current year. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

(iv) Amendments to IFRS 16 - Leases—Lease Liability in a Sale and Leaseback (continued).

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15 is a lease liability.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

The amendment did not have an impact on the group's and company's financial statements.

New and revised IFRS Accounting Standards in issue but not yet effective.

At the date of authorisation of these financial statements, the group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

- Amendments to IAS 21 Lack of Exchangeability
- IFRS 18 Presentation and Disclosures in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Amendments to IFRS 9 and IFRS 17: Amendments to the classification and measurement of financial instruments effective 1 Jan 2024.

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the group in future periods, except if indicated below:

(i) Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability.

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency. The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. Examples of an observable exchange rate include:

- a spot exchange rate for a purpose other than that for which an entity assesses exchangeability.
- the first exchange rate at which an entity is able to obtain the other currency for the specified purpose after exchangeability of the currency is restored (first subsequent exchange rate).

An entity using another estimation technique may use any observable exchange rate—including rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations—and adjust that rate, as necessary, to meet the objective as set out above.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

(i) Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability (continued).

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, the entity is required to disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments add a new appendix as an integral part of IAS 21. The appendix includes application guidance on the requirements introduced by the amendments. The amendments also add new Illustrative Examples accompanying IAS 21, which illustrate how an entity might apply some of the requirements in hypothetical situations based on the limited facts presented. In addition, the IASB made consequential amendments to IFRS 1 to align with and refer to the revised IAS 21 for assessing exchangeability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

The directors of the company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.

(ii) IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The adoption of IFRS 18 will impact presentation of the primary statements and notes to the financial statements. The entity is in the process of assessing the impact.

(c) Other income recognition

Acquisition cost recoveries are recognised as income in the period in which they are earned. Interest income is recognised on a time proportion basis that takes into account the effective yield on the principal outstanding. Dividend's receivable is recognised as income in the period in which the right to receive payment is established.

(d) Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(d) Tax (continued)

years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in associates, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(e) Investment properties

Investment properties comprise land and buildings and parts of buildings held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from the changes in fair value of investment properties are included in profit or loss in the period which they arise.

An investment property is derecognised upon disposal or when investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period which the property is derecognised.

(f) Property and equipment

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(f) Property and equipment (continued)

Increases in the carrying amount of land and buildings arising from revaluations are credited to other comprehensive income and accumulated in the revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve. All other decreases are charged to 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.

Property and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation

Depreciation is calculated on the straight-line basis to write off the cost of the property and equipment over their expected useful lives at the following annual rates: -

Computer equipment	25.0%
Motor vehicles	25.0%
Furniture, fittings, and equipment	12.5%

The residual values, useful lives, and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(g) Intangible assets – computer software and licenses

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives, not exceeding a period of three years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(h) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. The Group has only entered into agreements where it acts as lessee in the respective subsidiaries, thus there are lease liabilities or right of use assets in terms of IFRS 16 at the subsidiaries and not company level.

Company as a lessor

Leases in which the company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a systematic basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(i) Inventories

Inventories comprise stationery items and repair materials. Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(j) Revaluation reserve

The revaluation reserve relates to property and equipment of the associate which carries property and equipment at the revalued amount. The revaluation surplus represents the surplus on the revaluation of property and equipment, net of deferred tax. Movements in the revaluation reserve are shown in the statement of changes in equity. The reserve is non-distributable.

(k) Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised.

(l) Translation reserve

The translation reserve relates to cumulative foreign exchange movement on the net investment in ZEP RE Limited an associate company accounted for under the equity method and the foreign denominated subsidiaries.

(m) Statutory reserve

The statutory reserve represents actuarial surpluses from the long-term business whose distribution is subject to restrictions imposed by the Kenyan Insurance Act. The Act restricts the amounts of surpluses of the long-term business available for distribution to shareholders to 30% of the accumulated profits of the long-term business.

(n) Investment in associate

Investment in associate is accounted for using the equity method of accounting in both the separate and consolidated financial statements. The associate is a company in which the Group exercises significant influence but which it does not control. Significant influence is the power to participate in financial and operating policy decisions of the investment, but it is not control or joint control over those policies.

Under the equity method, the investment in associate is carried in the statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the carrying value of the investments. Losses of the associate in excess of the group's interest in the associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(o) Investment in subsidiaries

Investments in subsidiaries are carried in the Company's separate statement of financial position at cost less provisions for impairment losses. Where in the opinion of 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.

(p) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(p) Foreign currency (continued)

(i) Foreign currency transactions(continued)

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the spot exchange rate at the reporting date. Groups of insurance and reinsurance contracts that generate cash flows in a foreign currency, are treated as monetary items.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of foreign operations is recognised in OCI.

The foreign currency gain or loss on debt investments at FVOCI, financial instruments at amortised cost is the difference between the amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the period.

(ii) Foreign operations

Foreign currency differences foreign operations are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of in its entirety, or partially such that the Company loses control of a subsidiary or retains neither joint control nor significant influence after the partial disposal of an interest in a joint venture or associate, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

If the Company disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of part of a joint venture or associate while retaining joint control or significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(q) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Company management committee (being the Company's chief operating decision maker) to make decisions about resources allocated to each operating segment and assess performance, and for which discrete financial information is available.

If the Company changes its basis of segment reporting, then comparative segment information is restated so that it aligns with the segment information reported for the current year.

(r) Insurance and reinsurance contracts classification.

The Group issues insurance contracts in the normal course of business to compensate other entities (primary insurer) for claims arising from one or more insurance contracts issued by those entities. Insurance contracts can also transfer financial risk. The Group issues both life and non-life insurance contracts.

For reporting purposes, insurance contracts refers to insurance contracts issued by the Group to primary insures and reinsurance contracts refers to the reinsurance contracts held by the group. The Group does not issue any direct insurance contracts to primary policyholders. The Group does not issue any contracts with direct participating features.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(s) Insurance and reinsurance contracts accounting treatment

Separating components from insurance contracts

The Group assesses its non-life insurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Group applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Group's products do not include any distinct components that require separation.

(t) Insurance and reinsurance contracts accounting treatment

Level of aggregation

The Group identifies portfolios of insurance contracts issued at a class level. Each portfolio comprises contracts that are subject to similar risks and managed together, and is divided into three groups:

- any group of contracts that are onerous at initial recognition;
- any group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently; and
- any group of remaining contracts in the portfolio.

Contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains the Group's practical ability to set a different price or level of benefits for primary insurer with different characteristics are included in the same group.

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Group assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Group assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Group considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information such as expected combined loss ratio
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

The Group identifies a portfolio of insurance contracts as onerous if the fulfilment cash flows allocated to the portfolio is a net outflow. Portfolio of insurance contracts that are onerous are grouped separately from those that are not onerous.

Insurance contracts issued more than one year apart are included in different portfolios

Recognition

The Group recognises a group of insurance contracts issued from the earliest of the following.

- The beginning of the coverage period of the group of contracts. The coverage period is the period during which the Group provides coverage for insured events in respect of all premiums within the boundary of an insurance contract.
- The date when the first payment from an insurance contract holder in the group becomes due. If there is no contractual due date, then it is considered to be the date when the first payment is received from the primary insurer.
- The date when facts and circumstances indicate that the group to which an insurance contract will belong is onerous.

The Group recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Group delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(t) Insurance and reinsurance contracts accounting treatment (continued)

Recognition (continued)

and

- The date the Group recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Group adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

Contract boundaries

The group includes in the measurement of a group of contracts all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Group can compel the primary insurer to pay premiums or has a substantive obligation to provide insurance services.

A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of the particular primary insurer 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 for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

Insurance Contracts -initial measurement

The Group applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary

Or

- For contracts longer than one year, the Group has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Group has also considered qualitative factors such as the nature of the risk and types of its lines of business.

The Group does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred. Variability in the fulfilment cash flows increases with, for example:

- The extent of future cash flows related to any derivatives embedded in the contracts
- The length of the coverage period of the group of contracts

For a group of contracts that is not onerous at initial recognition, the Group measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition
- Minus any insurance acquisition cash flows at that date,
- Plus, or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Group pays or receives before the group of insurance contracts is recognised.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(t) Insurance and reinsurance contracts accounting treatment (continued)

Insurance Contracts -initial measurement (continued)

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Group performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

Reinsurance contracts held – initial measurement

The Group measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as reinsurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from reinsurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Group calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held. The Group uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Insurance contracts – subsequent measurement

The Group measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus, premiums received in the period
- Minus insurance acquisition cash flows,
- Plus, any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group
- Plus, any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

The Group estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Group, and include an explicit adjustment for non-financial risk (the risk adjustment).

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(t) Insurance and reinsurance contracts accounting treatment (continued)

Reinsurance contracts held – subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held. Where the Group has established a loss-recovery component, the Group subsequently reduces the loss recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. The Group uses a systematic and rational method to allocate:

- (a) Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:
 - to that group; and
 - to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.
- (b) Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

At the end of each reporting period, the Group revises amounts of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the Group assesses the recoverability of the asset for insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Company applies:

- An impairment test at the level of an existing or future group of insurance contracts; and
- An additional impairment test specifically covering the insurance acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

Insurance contracts – modification and derecognition

The Group derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired)
- Or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(t) Insurance and reinsurance contracts accounting treatment (continued)

Presentation

The Group has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities. Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contracts that they relate to.

The Group disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Group does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Group separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Group changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate. For the periods presented, all revenue has been recognised on the basis of the passage of time.

Insurance revenue comprises the total insurance revenue net of the ceding commission (Commissions paid to cedants that are not contingent on claims).

Insurance service expenses

Insurance service expenses arising from a group of insurance contracts issued comprises:

- Claims paid in the period
- Changes in the LIC in the period
- Expenses incurred in the provision of insurance services in the period i.e. expenses attributable to the provision of insurance services and those directly incurred in the provision of insurance services.
- Amortisation of insurance acquisition cash flows in the period
- Changes in loss component of onerous groups of contracts in the period

Loss components

The Group assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Group establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(t) Insurance and reinsurance contracts accounting treatment (continued)

Loss-recovery components

Where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

Net income or expense from reinsurance contracts held

The Group presents the income or expenses from a group of reinsurance contracts, other than insurance finance income or expenses, as a single amount.

(u) Share capital

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity.

Shares are classified as equity when there is no obligation to transfer cash or other assets.

(v) Dividends on ordinary share capital

Dividends on ordinary shares are charged directly to equity in the period in which they are declared and approved by shareholders or paid out (for interim dividends).

(w) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented through profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(x) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than insurance and reinsurance contract assets, investment property, deferred tax assets and employee benefit assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(x) Impairment of non-financial assets (continued)

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units.

Impairment losses are recognised in profit or loss. Impairment losses recognised for a CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(y) Earnings per share

The Group presents basic and diluted EPS data for its ordinary shares. Basic EPS are calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the period. Diluted EPS are determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(z) Other finance costs

Other finance costs comprise:

- interest expenses and exchange differences on financial liabilities measured at amortised cost, including dividends on preference shares classified as financial liabilities and interest on lease liabilities.
- unwinding of the discount on provisions; and
- the ineffective portion of the changes in the fair value of hedging instruments in net investment hedges and costs of hedging reclassified from OCI

(aa) Revenue

Revenues comprise:

- insurance revenue;
- interest revenue calculated using the effective interest method.
- other investment revenue, which includes net gains on financial assets at FVTPL and derivatives that do not form part of qualifying hedging relationships, net gains on derecognition of debt investments at FVOCI (and available-for-sale financial assets in 2023), dividends on equity investments, and lease income and fair value gains from investment and properties

(ab) Financial instruments – Initial recognition and subsequent measurement

Recognition and initial measurement

The Group recognises deposits with financial institutions and loans and borrowings on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for a financial asset or financial liability not measured at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(ab) Financial instruments – Initial recognition and subsequent measurement (continued)

Classification

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

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 on the principal amount outstanding.

(ac) Financial assets and financial liabilities

A financial asset is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above 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 FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group has designated certain debt investments in non-life segments as at FVTPL on initial recognition because they relate to insurance contracts that are measured in a way that incorporates current information and all related insurance finance income and expenses are recognised in profit or loss. The assets would otherwise be measured at FVOCI.

Business model assessment

The Group assesses the objective of the business model in which a financial asset is held for each portfolio of financial assets because this best reflects the way that the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(ac) Financial assets and financial liabilities (continued)

Business model assessment (continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are managed and whose performance is evaluated on a fair value basis, which include underlying items of participating contracts, and financial assets that are held for trading are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Financial assets at amortized cost

This category has financial assets are measured at amortised cost. A financial asset is classified in this category if acquired principally for the purpose for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The Group has designated Held to maturity Government securities at amortised cost, Corporate Bonds, Deposits with financial institutions and Mortgage loans into this category.

Equity instrument designated as at FVTOCI

On initial recognition, the group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

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's has transferred substantially all risks and rewards of ownership.

Measurement

At initial recognition, The Group's measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through other comprehensive income (OCI), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through other comprehensive income are included in the cost of the financial assets.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government, and corporate bonds.

Based on these factors, The Group's classifies its debt instruments into one of the following three measurement categories:

- 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(ac) Financial assets and financial liabilities (continued)

Debt instruments (continued)

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 separate line item in the statement of profit or loss.

- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

Equity instruments

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

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 (NSE, USE). The quoted market price used for financial assets held by The Group's is the current bid price.

Measurement

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.

Impairment

The Group's assesses the expected credit losses associated with its debt instruments carried 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's 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 becoming 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 Company, including:
 - An adverse change in the payment status of issuers or debtors in the Company; or
 - National or local economic conditions that correlate with defaults on the assets in the Company.

IFRS 9 replaced the previous 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' ("ECL") model. The expected credit loss impairment model applies to the following financial instruments that are not measured at FVTPL or FVTOCI:

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(ac) Financial assets and financial liabilities (continued)

Impairment (continued)

- Government securities measured at amortised cost;
- Other receivables.
- Corporate bonds.
- Deposits with financial institutions; and

No impairment loss is recognised on equity investments and ETF offshore investments measured at FVOCI.

Definition of default

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

- the counterparty or borrower is unlikely to pay their credit obligations to The Group's in full, without recourse by The Group's 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 Company. This will be consistent with the rebuttable criteria set out by IFRS 9 and existing practice of the group; or
- In assessing whether the counterparty or borrower is in default, The Group's 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 Company; 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 (SIICR)

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, The Group's 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 Company's historical experience where data is available, expert credit assessment and forward-looking information.

The Group's 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's 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.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(ad) Recognition of interest income

The effective interest rate method

Under IFRS 9, interest income is recorded using the effective interest rate (EIR) method for all financial assets measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on acquisition of the financial asset as well as fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the debt instrument.

If expectations of a fixed rate financial asset's cash flows are revised for reasons other than credit risk, and the changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference to the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset in the statement of financial position with a corresponding increase or decrease in interest income.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

Interest and similar income

Interest income comprises amounts calculated using the effective interest method and other methods. These are disclosed separately on the face of the income statement.

In its Interest income calculated using the effective interest method the Group only includes interest on financial instruments at amortised cost or FVOCI.

Other interest income includes interest on all financial assets measured at FVPL, using the contractual interest rate. The Group calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

(ae) Cash and cash equivalents

Cash and cash equivalents include short term liquid investments which are readily convertible into known amounts of cash, and with original maturities of three months or less from the date of acquisition.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for purposes of the statement of cash flows.

Defined benefit scheme

The Group operates a defined benefit pension scheme (the "Scheme") for its employees. The assets of this scheme are held in a separate trustee administered fund. The scheme is funded by contributions from the employer. Contributions are determined by the rules of the scheme. The cost of providing retirement benefits is assessed using the attained age method by qualified actuaries. The scheme is valued annually. The projected unit credit method has been used to determine the value of the liability.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the Scheme.

Effective 30 September 2010, the Scheme was closed to new entrants.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(af) **Recognition of interest income**

Statutory defined contributions scheme

The Group also contributes to the statutory defined contribution pension scheme, the National Social Security Fund (NSSF). The Company's obligations to retirement benefits schemes are charged to the profit or loss as they fall due.

Other Employee entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave accrued at the end of the reporting period. These are short term in nature and are settled within 12 months.

Non pensionable employees are entitled to a gratuity. The gratuity is recognised when the benefits accrue to the employees. Gratuity payments are specified lump sum payments paid to employees when the contract comes to an end. The final pay-out is based on the contracted period of service. The expense accruals are recognised in profit or loss and the liability recognised in the statement of financial position.

(ag) **Dividends**

Dividends payable to shareholders are charged to equity in the period in which they are declared. Proposed dividends are not accrued until they have been ratified at the Annual General Meeting.

(ah) **Comparatives**

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. The Group disaggregates information to disclose between short term business and long-term business insurance. This disaggregation has been determined based on how the Group is managed.

Insurance and reinsurance contracts

The Group applies the Premium Allocation Approach (PAA) to measure liabilities for remaining coverage for groups of insurance contracts issued and reinsurance contracts held for both non-life and life segments. When measuring liabilities for incurred claims, the Corporation discounts the future cash flows and includes an explicit risk adjustment for non-financial risk.

Onerous groups

For onerous groups of insurance contracts, where the sum of expected future cash outflows and the risk adjustment for non-financial risk exceed the expected future cash inflows, the Group establishes a loss component of the liability for remaining coverage. The loss component is recognised as an expense and is subsequently excluded from determination of insurance revenue.

Liability for incurred claims

The Group estimates the ultimate cost of settling claims incurred at the reporting date and other expected recoveries by reviewing 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 subsidiary and line of business. 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. Judgement is applied to assess the extent to which past trends might not apply in the future and future trends are expected to emerge.

Risk adjustment for non-financial risk

To account for uncertainty resulting from non-financial risk relating to amount and timing of future cash flows, the estimated present value of expected future cash flows was subjected to an explicit risk adjustment for non-financial risk. Risk adjustments factors were determined separately for each line of business.

The risk adjustments for non-financial risk were determined using the following techniques:

- Value at Risk for Life at 75% confidence interval
- Value at Risk for non-life at 75% confidence interval

Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular, for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Discount rates

Estimates of future cash flows are discounted to reflect the time value of money. The discount rates selected are consistent as possible with the overall cash flow characteristics of the groups of insurance contracts. The Corporation determined the discount rate by using the bottom-up approach.

The country specific risk-free yield curves published by Central Banks were used as a starting point. The Corporation factored in the effect of illiquidity premiums on the risk-free yield curves to take account of liquidity differences between the insurance contracts liabilities and the liquidity of instruments used in determining risk-free interest rates. For illiquidity premium (ILP), in the absence of any other rates for any other African country, the European Insurance and Occupational Pensions Authority (EOIPA) ILP recommended rates for South Africa was selected. This was used as a proxy to represent experience in Africa.

Discount rates applied for discounting of future cash flows are listed below:

	1 year		3 years		5 years		10 years	
	2024	2023	2024	2023	2024	2023	2024	2023
Short term and long-term contracts issued								
Kenya Shilling	11.41%	16.2%	13.44%	18.1%	14.14%	17.6%	13.60%	15.9%
Uganda Shilling	15.39%	17.1%	15.85%	15.5%	16.02%	15.7%	16.62%	14.5%
Zambia Kwacha	16.50%	15.5%	11.34%	22.1%	19.09%	22.6%	22.15%	25.7%
Cote D'Ivoire XOF	2.56%	2.6%	4.75%	4.8%	5.77%	5.9%	5.22%	5.4%

Contingent liabilities

The Group is exposed to various contingent liabilities in the normal course of business including a number of legal cases. The Directors evaluate the status of these exposures on a regular basis to assess the probability of the Group incurring related liabilities. However, provisions are only made in the financial statements where, based on the Directors' evaluation, a present obligation has been established. Judgement and assumptions are required in:

- assessing the existence of a present obligation (legal or constructive) as a result of a past event,
- assessing the probability that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Estimating the amount of the obligation to be paid out.

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including insurance risk, liquidity risk, credit risk, and the effects of changes in property and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the identification and management of risks and seeks to minimise potential adverse effects on its financial performance, by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients, and defined criteria for the approval of intermediaries and reinsurers. Investment policies are in place, which help manage liquidity, and seek to maximise return within an acceptable level of interest rate risk.

3.1 Insurance risk

The Group insures most classes of insurance business including accident, engineering, medical liability, motor, fire, aviation, and life (Group and Individual). The bulk of the business written is of a short-term nature.

Insurance risk comprises the following risks:

- Insurance risk: the risk transferred from the cedant to the Group, other than financial risk. Insurance risk arises from the inherent uncertainty about the occurrence, amount, or timing of claims.
- Cedant behaviour risk: the risk that a cedant will cancel a contract (i.e. lapse or persistency risk), increase or reduce premiums, withdraw deposits or annuitize a contract earlier or later than expected.
- 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).

The Group has in place a detailed underwriting manual covering risk acceptance procedures, accumulation control and how to arrange for reinsurance protection. It guides the underwriters in their day-to-day transaction of business, while emphasising prudence and professionalism. The group aims to have a diversified portfolio of business with a sufficiently large population of risks, in order to reduce reliance on one geographical area or class of business.

Mortality, morbidity and longevity risks are mitigated by the use of reinsurance. The Group allows local management to select reinsurers from a list of reinsurers approved by the Group. The aggregation of risk ceded to individual reinsurers is monitored at both country and Group levels.

Policyholder behaviour risk is considered when designing products – e.g. by means of additional charges on the early surrender of contracts in order to recover acquisition cash flows. Persistency is monitored at local entity level and experience is benchmarked against local market information. From time to time, local management may implement specific initiatives to improve retention.

Expense risk is managed at local entity level through the annual budgeting process and regular expense analyses.

The risk under any one insurance contract arises from the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

A key risk, related to pricing and provisioning, that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. 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 based on past experience.

The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. The Group also manages these risks through its underwriting strategy and adequate reinsurance arrangements and proactive claims handling.

Underwriting limits are in place to enforce appropriate risk selection criteria. The Group re-insures to specialist reinsurance companies a proportion of its portfolio or certain types of insurance risk. This serves primarily to:

- reduce the net liability on large individual risks
- obtain greater diversification of insurance risks
- provide protection against large losses

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

3.1 Insurance risk(continued)

The reinsurance arrangements include proportional and non-proportional treaties. The expected effect of such reinsurance arrangements is that the Group should not suffer total net insurance losses of more than set limits per class of business. The group purchases reinsurance as a part of its risk's mitigation programme. Reinsurance ceded is placed on both a proportional and a non-proportional basis. Most of the proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the group to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the group's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Claims are managed through a dedicated claims management team, with formal claims acceptance limits and appropriate training and development of staff to ensure payment of all genuine claims. Claims experience is assessed regularly, and appropriate actuarial reserves are established to reflect up-to-date experience and any anticipated future events.

This includes reserves for claims incurred but not yet reported. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The group's placement of retrocession is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract. There is no single counterparty exposure that exceeds 5% of total reinsurance assets at the reporting date.

The risk exposure is mitigated by diversification across large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines as well as the use of reinsurance arrangements. The group's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims' handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims. Insurance contracts also entitle the group to pursue third parties for payment of some or all costs. The group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the group.

Concentration of reinsurance risk

The Group's concentration of reinsurance risk is determined by class of business. The shared characteristic that identifies each concentration is the insured event and the key indicator is the net earned premium as disclosed in note 6. There were no significant shifts in the portfolio concentration.

Geographical concentration

The following table sets out the carrying amounts of the Group's insurance contracts (net of reinsurance) by country of issue.

	2024 KShs'000	2023 KShs'000
Kenya	12,229,078	11,803,406
Uganda	602,560	362,395
West Africa	969,135	1,030,003
Zambia	392,515	99,323
	14,193,288	13,295,127

The carrying amounts of the Group's non-life insurance contracts (net of reinsurance) are analysed below by type of product.

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Concentration by class of business

2024-Group

	Insurance Contracts		Reinsurance Contracts		Net Carrying Amount
	Liability for Remaining Coverage KShs'000	Liability for Incurred Claims KShs'000	Asset for Remaining Coverage KShs'000	Asset for Incurred Claims KShs'000	
Agriculture	(43,798)	444,672	-	-	400,874
Aviation	(26,310)	104,626	8,401	(792)	85,924
Engineering	(1,378,147)	2,291,959	898,054	(275,080)	1,536,786
Fire Domestic	76,371	103,589	32,453	(482,496)	(270,083)
Fire Industrial	(1,756,245)	4,605,921	235,105	(174,380)	2,910,402
Liability	(118,035)	225,166	-	-	107,131
Marine	(395,441)	1,071,946	117,449	(15,459)	778,495
Medical	(1,315,724)	4,493,880	64,957	(10,715)	3,232,399
Miscellaneous	(565,933)	994,459	106,087	(3,477)	531,138
Motor Commercial	(198,384)	1,621,492	-	-	1,423,108
Motor Private	(185,683)	328,766	-	-	143,083
Personal Accident	(190,442)	440,241	21,720	(2,354)	269,165
Theft	(142,155)	401,334	-	-	259,179
Workmen Compensation	(12,776)	51,516	19,455.61	-	58,195
Total – Short-Term	(6,252,702)	17,179,567	1,503,683	(964,753)	11,465,795
Group Life	304,571	2,484,746	(57,583)	(64,670)	2,667,064
Individual Life	(18,389)	78,842	-	(24)	60,428
Total – Long-Term	286,182	2,563,588	(57,583)	(64,694)	2,727,492
Total	(5,966,520)	19,743,155	1,446,099	(1,029,447)	14,193,288

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Concentration by class of business (continued)

2023-Group

	Insurance Contracts		Reinsurance Contracts		Net Carrying Amount
	Liability for Remaining Coverage	Liability for Incurred Claims	Asset for Remaining Coverage	Asset for Incurred Claims	
	KShs'000	KShs'000	KShs'000	KShs'000	
Agriculture	(553,195)	2,837,753	-	(2,773)	2,281,785
Aviation	(16,165)	84,579	3,003	(297,784)	(226,367)
Engineering	(1,224,977)	2,074,717	39,955	(258,061)	631,634
Fire Domestic	(29,212)	82,398	431	(2,219)	51,398
Fire Industrial	(1,794,096)	4,444,810	26,439	(56,624)	2,620,529
Liability	(105,757)	174,421	-	(84)	68,580
Marine	(473,493)	981,502	28,851	(2,464)	534,396
Medical	(802,225)	3,338,932	17,242	(93,419)	2,460,530
Miscellaneous	(458,688)	972,416	30,015	(56)	543,687
Motor Commercial	(369,089)	2,080,049	-	-	1,710,960
Motor Private	(150,995)	308,800	-	(9,987)	147,818
Personal Accident	(251,062)	386,199	7,300	(9,855)	132,582
Theft	(176,201)	403,824	-	(116)	227,507
Workmen Compensation	(9,594)	11,156	-	(62)	1,500
Total – Short-Term	(6,414,749)	18,181,556	153,236	(733,504)	11,186,539
Group Life	(5,881)	2,158,537	(71,336)	(76,183)	2,005,137
Individual Life	(1,236)	105,916	-	(1,229)	103,451
Total – Long-Term	(7,117)	2,264,453	(71,336)	(77,412)	2,108,588
Total	(6,421,866)	20,446,009	81,900	(810,916)	13,295,127

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Concentration by class of business (continued)

2024-Company

	Insurance Contracts		Reinsurance Contracts		Net Carrying Amount KShs'000
	Liability for Remaining Coverage	Liability for Incurred Claims	Asset for Remaining Coverage	Asset for Incurred Claims	
	KShs'000	KShs'000	KShs'000	KShs'000	
Agriculture	(33,929)	437,960	-	-	404,031
Aviation	(20,817)	92,381	8,401	(792)	79,173
Engineering	(927,745)	1,985,732	892,062	(272,273)	1,677,776
Fire Domestic	(24,702)	103,582	9,138	(482,496)	(394,478)
Fire Industrial	(1,306,709)	3,355,883	187,116	(151,299)	2,084,991
Liability	(57,234)	82,801	-	-	25,567
Marine	(339,594)	973,985	117,449	(15,459)	736,381
Medical	(1,131,313)	3,558,376	-	-	2,427,063
Miscellaneous	(466,882)	827,334	100,729	(3,433)	457,748
Motor Commercial	(196,112)	1,511,523	-	-	1,315,411
Motor Private	(135,603)	257,849	-	-	122,246
Personal Accident	(184,232)	421,192	21,405	(2,354)	256,011
Theft	(126,769)	358,247	-	-	231,478
Workmen Compensation	(12,457)	50,558	-	-	38,101
Total – Short-Term	(4,964,098)	14,017,403	1,336,300	(928,106)	9,461,499
Group Life	304,679	2,509,746	(57,625)	(64,227)	2,692,573
Individual Life	(8,004)	83,034	-	(24)	75,006
Total – Long-Term	296,675	2,592,780	(57,625)	(64,251)	2,767,579
Total	(4,667,423)	16,610,183	1,278,675	(992,357)	12,229,078

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Concentration by class of business (continued)

2023-Company

	Insurance Contracts		Reinsurance Contracts		Net Carrying Amount
	Liability for Remaining Coverage	Liability for Incurred Claims	Asset for Remaining Coverage	Asset for Incurred Claims	
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Agriculture	(551,260)	2,835,854	-	(2,624)	2,281,970
Aviation	(9,770)	61,234	2,780	(297,389)	(243,145)
Engineering	(765,030)	1,855,546	59,654	(258,061)	892,109
Fire Domestic	(27,402)	75,981	431	(533)	48,477
Fire Industrial	(1,329,690)	3,241,707	-	(11,998)	1,900,019
Liability	(51,332)	74,099	-	-	22,767
Marine	(430,567)	801,248	28,851	(2,464)	397,068
Medical	(638,640)	2,503,139	-	-	1,864,499
Miscellaneous	(324,010)	786,150	30,530	-	492,670
Motor Commercial	(315,966)	2,031,116	-	-	1,715,150
Motor Private	(112,759)	222,455	-	(9,976)	99,720
Personal Accident	(245,415)	374,694	7,300	(9,509)	127,070
Theft	(150,851)	298,903	-	(87)	147,965
Workmen Compensation	(8,267)	9,720	-	(52)	1,401
Total – Short-Term	(4,960,959)	15,171,846	129,546	(592,693)	9,747,740
Group Life	(22,989)	2,147,022	(71,363)	(75,752)	1,976,918
Individual Life	(11,695)	91,671	-	(1,228)	78,748
Total – Long-Term	(34,684)	2,238,693	(71,363)	(76,980)	2,055,666
Total	(4,995,643)	17,410,539	58,183	(669,673)	11,803,406

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

3.1.2 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. The gross amount represents impact before expected retrocession recoveries. Net amount represents the expected impact after incorporating expected retrocession recoveries.

2024 GROUP

Life	Profit or Loss		Equity	
	Gross KShs'000	Net KShs'000	Gross KShs'000	Net KShs'000
Ultimate loss ratio (10% increase)	(400,058)	(385,736)	(280,040)	(270,015)
Ultimate loss ratio (10% decrease)	391,208	376,887	273,846	263,821
Inflation rate (1% increase)	(18,448)	(17,975)	(12,914)	(12,583)
Inflation rate (1% decrease)	18,448	17,975	12,914	12,583
Non-Life				
Ultimate loss ratio (10% increase)	(1,260,798)	(1,229,898)	(882,559)	(860,929)
Ultimate loss ratio (10% decrease)	1,243,917	1,211,663	870,742	848,164
Inflation rate (1% increase)	(124,768)	(122,976)	(87,338)	(86,083)
Inflation rate (1% decrease)	124,768	122,976	87,338	86,083

COMPANY

Life	Profit or Loss		Equity	
	Gross KShs'000	Net KShs'000	Gross KShs'000	Net KShs'000
Ultimate loss ratio (10% increase)	(398,085)	(383,835)	(278,660)	(268,684)
Ultimate loss ratio (10% decrease)	389,280	375,029	272,496	262,520
Inflation rate (1% increase)	(18,357)	(17,887)	(12,850)	(12,521)
Inflation rate (1% decrease)	18,357	17,887	12,850	12,521
Non-Life				
Ultimate loss ratio (10% increase)	(1,093,360)	(1,065,562)	(765,352)	(745,894)
Ultimate loss ratio (10% decrease)	1,061,111	1,033,313	742,778	723,319
Inflation rate (1% increase)	(107,562)	(104,783)	(75,294)	(73,348)
Inflation rate (1% decrease)	107,562	104,783	75,294	73,348

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

3.1.2 Sensitivity Analysis (continued)

2023 GROUP

Life	Profit or Loss		Equity	
	Gross KShs '000	Net KShs '000	Gross KShs '000	Net KShs '000
Ultimate loss ratio (10% increase)	(160,152)	(153,944)	(137,138)	(131,822)
Ultimate loss ratio (10% decrease)	159,988	153,785	136,998	(131,687)
Inflation rate (1% increase)	(11,310)	(10,614)	(7,484)	(6,969)
Inflation rate (1% decrease)	(11,310)	10,614	7,484	6,969
Non-Life				
Ultimate loss ratio (10% increase)	(1,463,610)	(1,450,667)	(1,180,525)	(1,170,086)
Ultimate loss ratio (10% decrease)	1,456,532	1,443,652	1,168,324	1,157,993
Inflation rate (1% increase)	(73,149)	(72,524)	(44,257)	(43,667)
Inflation rate (1% decrease)	73,149	72,524	44,257	43,667

COMPANY

Life	Profit or Loss		Equity	
	Gross KShs '000	Net KShs '000	Gross KShs '000	Net KShs '000
Ultimate loss ratio (10% increase)	(158,014)	(151,888)	(135,077)	(129,840)
Ultimate loss ratio (10% decrease)	157,851	151,731	134,937	129,706
Inflation rate (1% increase)	(11,153)	(10,461)	(7,341)	(6,831)
Inflation rate (1% decrease)	11,153	10,461	7,341	6,831
Non-Life				
Ultimate loss ratio (10% increase)	(1,290,847)	(1,279,432)	(1,021,918)	(1,012,881)
Ultimate loss ratio (10% decrease)	1,312,751	1,301,142	1,042,418	1,033,200
Inflation rate (1% increase)	(65,496)	(65,326)	(37,878)	(37,778)
Inflation rate (1% decrease)	65,496	65,326	37,878	37,778

(a) Significant judgements and estimates

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 Corporation'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.

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Claims Development

The table below illustrates how estimates of cumulative claims for the Corporation's non-life segment have developed over time on a gross and net of reinsurance basis. Each table shows how the Corporation's estimates of total claims for each accident year have developed over time and reconciles the cumulative claims to the amount included in the statement of financial position. Balances have been translated at the exchange rates prevailing at the reporting date.

Insurance – Short Term

GROUP-2024

	2018 & Prior KShs'000	2019 KShs'000	2020 KShs'000	2021 KShs'000	2022 KShs'000	2023 KShs'000	2024 KShs'000	Total KShs'000
At the end of accident year	42,753,117	1,859,626	1,280,045	1,564,073	1,600,203	1,667,256	2,127,039	52,851,360
One year later	8,473,681	3,843,157	2,961,613	4,206,417	3,111,612	3,545,039	-	26,141,519
Two years later	4,400,399	3,639,314	1,415,650	1,525,882	1,396,646	-	-	12,377,892
Three years later	2,226,697	2,187,289	329,770	631,755	-	-	-	5,375,511
Four years later	816,858	843,005	281,080	-	-	-	-	1,940,942
Five years later	1,398,143	491,804	-	-	-	-	-	1,889,947
Six years later	525,235	-	-	-	-	-	-	525,235
Current estimate of cumulative claims	58,106,187	13,183,757	6,763,882	8,874,535	7,143,042	7,539,017	6,813,722	108,424,142
Less cumulative payments to date	57,235,726	12,869,135	6,260,627	7,918,423	5,949,131	5,150,791	2,127,039	97,510,871
Pipeline Claims + Claims Payable	-	-	-	-	-	-	6,970,264	6,970,264
ULAE	-	-	-	-	-	-	83,524	83,524
	-	-	-	-	-	-	-	-
Gross undiscounted liability for incurred claims								
Impact of Discounting	-	-	-	-	-	-	(2,487,941)	(2,487,941)
Risk Adjustment	-	-	-	-	-	-	1,700,449	1,700,449
Total liability included in the statement of financial position	870,461	314,623	503,255	956,112	1,193,911	2,388,226	10,952,979	17,179,567

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Claims Development

The table below illustrates how estimates of cumulative claims for the Corporation's non-life segment have developed over time on a gross and net of reinsurance basis. Each table shows how the Corporation's estimates of total claims for each accident year have developed over time and reconciles the cumulative claims to the amount included in the statement of financial position. Balances have been translated at the exchange rates prevailing at the reporting date.

Insurance – Short Term

GROUP-2023

	2017 & Prior KShs'000	2018 KShs'000	2019 KShs'000	2020 KShs'000	2021 KShs'000	2022 KShs'000	2023 KShs'000	Total KShs'000
At the end of accident year	33,832,927	2,023,574	1,872,332	1,294,101	1,594,025	1,689,839	1,714,750	44,021,549
One year later	6,588,316	5,654,407	3,876,861	3,016,097	4,341,035	3,203,882	-	26,680,597
Two years later	2,908,318	2,728,949	3,663,316	1,438,844	1,553,859	-	-	12,293,287
Three years later	1,781,269	1,487,974	2,192,625	333,184	-	-	-	5,795,053
Four years later	854,913	358,692	845,755	-	-	-	-	2,059,360
Five years later	566,029	633,904	-	-	-	-	-	1,199,933
Six years later	817,757	-	-	-	-	-	-	817,757
Current estimate of cumulative claims	47,844,293	13,296,230	13,342,112	7,349,516	9,551,388	7,917,294	4,445,931	103,746,764
Less cumulative payments to date	47,349,530	12,887,499	12,450,889	6,082,227	7,488,920	4,893,721	1,714,750	92,867,536
Pipeline Claims + Claims Payable	-	-	-	-	-	-	-	7,999,502
ULAE	-	-	-	-	-	-	-	35,451
Gross undiscounted liability for incurred claims								-
Impact of Discounting	-	-	-	-	-	-	-	(3,242,246)
Risk Adjustment	-	-	-	-	-	-	-	2,505,473
Total liability included in the statement of financial position	494,763	408,731	891,223	1,267,923	2,062,990	3,026,565	10,029,361	18,181,556

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Insurance – Short Term

COMPANY-2024

	2018 & Prior KShs'000	2019 KShs'000	2020 KShs'000	2021 KShs'000	2022 KShs'000	2023 KShs'000	2024 KShs'000	Total KShs'000
At the end of accident year	41,919,273	1,816,968	1,221,667	1,420,997	1,264,674	1,453,258	1,896,761	50,993,597
One year later	8,153,226	3,726,465	2,750,624	3,732,288	2,617,867	2,803,564	-	23,784,035
Two years later	4,212,762	3,558,610	1,323,800	1,419,006	1,082,122	-	-	11,596,301
Three years later	2,162,029	2,169,043	316,461	582,900	-	-	-	5,230,433
Four years later	792,964	830,151	258,808	-	-	-	-	1,881,922
Five years later	1,341,360	478,322	-	-	-	-	-	1,819,681
Six years later	496,683	-	-	-	-	-	-	496,683
Current estimate of cumulative claims	56,546,637	12,877,363	6,348,246	8,016,936	5,992,241	6,391,173	5,887,120	102,059,716
Less cumulative payments to date	55,720,490	12,584,498	5,863,827	7,154,703	4,964,664	4,256,822	1,896,761	92,441,765
Pipeline Claims + Claims Payable	-	-	-	-	-	-	5,190,694	5,190,694
ULAE	-	-	-	-	-	-	69,249	69,249
Gross undiscounted liability for incurred claims								
Impact of Discounting	-	-	-	-	-	-	-	-
Risk Adjustment	-	-	-	-	-	-	(2,364,512)	(2,364,512)
Total liability for incurred claims included in the statement of financial position	826,147	292,864	484,418	862,232	1,027,577	2,134,351	8,389,813	14,017,403

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Insurance – Short Term

COMPANY-2023

	2017 & Prior KShs'000	2018 KShs'000	2019 KShs'000	2020 KShs'000	2021 KShs'000	2022 KShs'000	2023 KShs'000	Total KShs'000
At the end of accident year	33,276,603	1,937,669	1,816,968	1,221,667	1,420,997	1,264,674	1,453,258	42,391,836
One year later	6,190,866	5,497,736	3,726,465	2,750,624	3,732,288	2,617,867	-	24,515,847
Two years later	2,659,963	2,657,536	3,558,610	1,323,800	1,419,006	-	-	11,618,916
Three years later	1,602,271	1,439,357	2,169,043	316,461	-	-	-	5,527,132
Four years later	789,022	353,461	-	-	-	-	-	1,972,633
Five years later	536,250	619,867	-	-	-	-	-	1,156,117
Six years later	765,220	-	-	-	-	-	-	765,220
Current estimate of cumulative claims	46,300,090	12,896,401	12,961,700	6,814,536	8,447,347	6,555,860	3,685,424	97,661,359
Less cumulative payments to date	45,820,196	12,505,625	12,101,237	5,612,551	6,572,291	3,882,541	1,453,258	87,947,700
Pipeline Claims + Claims Payable	-	-	-	-	-	-	-	6,191,191
ULAE	-	-	-	-	-	-	-	28,858
Gross undiscounted liability for incurred claims								
Impact of Discounting								-
Risk Adjustment								(3,069,767)
Total liability for incurred claims included in the statement of financial position	479,894	390,776	860,463	1,201,985	1,875,055	2,673,319	7,690,353	15,171,846

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Insurance – Long Term

GROUP-2024

	2018 & Prior KShs '000	2019 KShs '000	2020 KShs '000	2021 KShs '000	2022 KShs '000	2023 KShs '000	2024 KShs '000	Total KShs '000
At the end of accident year	2,759,069	453,417	650,135	708,223	545,392	693,235	606,556	6,416,027
One year later	1,269,083	408,610	409,968	909,579	667,445	410,610	-	4,075,295
Two years later	352,025	142,079	81,557	84,355	51,046	-	-	711,061
Three years later	209,710	213,389	61,499	28,694	-	-	-	513,292
Four years later	67,937	188,676	73,377	-	-	-	-	329,990
Five years later	29,082	75,626	-	-	-	-	-	104,708
Six years later	45,584	-	-	-	-	-	-	45,584
Current estimate of cumulative claims	4,722,017	1,443,757	1,211,129	1,542,807	1,033,502	606,171	131,741	10,691,125
Less cumulative payments to date	4,771,435	1,481,796	1,276,536	1,730,850	1,263,883	1,103,846	606,556	12,234,902
Pipeline Claims + Claims Payable	-	-	-	-	-	-	1,068,417	1,068,417
ULAE	-	-	-	-	-	-	8,334	8,334
Gross undiscounted liability for incurred claims								
Impact of Discounting	-	-	-	-	-	-	-	-
Risk Adjustment	-	-	-	-	-	-	(366,462)	(366,462)
Total liability for incurred claims included in the statement of financial position	49,418	38,039	65,407	188,044	230,380	497,674	1,494,626	2,563,588

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Insurance – Long Term

GROUP-2023

	2017 & Prior KShs '000	2018 KShs '000	2019 KShs '000	2020 KShs '000	2021 KShs '000	2022 KShs '000	2023 KShs '000	Total KShs '000
At the end of accident year	1,843,857	-	870	13,438	6,712	13,346	23,329	1,901,551
One year later	609,764	21,214	50,134	53,220	163,337	50,600	-	948,269
Two years later	874,023	676	103,881	16,738	77,223	-	-	1,072,541
Three years later	1,176,500	121,668	75,572	2,403	-	-	-	1,376,143
Four years later	1,077,487	58,518	41,915	-	-	-	-	1,177,921
Five years later	1,420,648	69,630	-	-	-	-	-	1,490,278
Six years later	2,995,396	-	-	-	-	-	-	2,995,396
Current estimate of cumulative claims	10,055,888	340,639	374,935	239,468	583,740	455,774	316,999	12,367,443
Less cumulative payments to date	9,997,674	271,707	272,372	85,798	247,272	63,945	23,329	10,962,098
Pipeline Claims + Claims Payable	-	-	-	-	-	-	-	901,309
ULAE	-	-	-	-	-	-	-	2,743
Gross undiscounted liability for incurred claims								-
Impact of Discounting	-	-	-	-	-	-	-	(280,578)
Risk Adjustment	-	-	-	-	-	-	-	235,634
Total liability for incurred claims included in the statement of financial position	58,214	68,932	102,563	153,670	336,468	383,804	1,160,802	2,264,453

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Insurance – Long Term

COMPANY-2024

	2018 & Prior KShs '000	2019 KShs '000	2020 KShs '000	2021 KShs '000	2022 KShs '000	2023 KShs '000	2024 KShs '000	Total KShs '000
At the end of accident year	2,759,069	453,417	649,994	708,204	544,801	693,235	606,556	6,415,276
One year later	1,264,956	405,223	408,229	908,203	662,171	409,724	-	4,058,506
Two years later	351,481	141,299	81,557	84,355	52,454	-	-	711,146
Three years later	207,201	213,389	61,499	28,694	-	-	-	510,783
Four years later	67,108	188,710	73,377	-	-	-	-	329,195
Five years later	28,941	75,626	-	-	-	-	-	104,567
Six years later	45,348	-	-	-	-	-	-	45,348
Current estimate of cumulative claims	4,713,786	1,439,782	1,209,830	1,544,490	1,032,162	612,646	136,909	10,689,604
Less cumulative payments to date	4,763,118	1,477,664	1,274,656	1,729,456	1,259,426	1,102,960	606,556	12,213,873
Pipeline Claims + Claims Payable							1,116,883	1,116,883
ULAE							7,914	7,914
Gross undiscounted liability for incurred claims								
Impact of Discounting	-	-	-	-	-	-	-	-
Risk Adjustment							(362,078)	(362,078)
Total liability for incurred claims included in the statement of financial position	49,332	37,882	64,826	184,966	227,264	490,314	1,538,196	2,592,780

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Insurance – Long Term

COMPANY-2023

	2017 & Prior KShs '000	2018 KShs '000	2019 KShs '000	2020 KShs '000	2021 KShs '000	2022 KShs '000	2023 KShs '000	Total KShs '000
At the end of accident year	1,843,857	-	870	13,438	6,712	13,346	23,329	1,901,551
One year later	608,060	21,214	50,057	52,199	163,140	46,026	-	940,696
Two years later	871,109	676	103,104	16,039	77,012	-	-	1,067,940
Three years later	1,172,389	119,642	75,572	2,401	-	-	-	1,370,004
Four years later	1,076,042	58,518	41,915	-	-	-	-	1,176,476
Five years later	1,419,647	69,630	-	-	-	-	-	1,489,277
Six years later	2,994,565	-	-	-	-	-	-	2,994,565
Current estimate of cumulative claims	10,043,794	338,420	373,508	236,234	578,222	443,176	313,834	12,327,188
Less cumulative payments to date	9,985,669	269,681	271,518	84,077	246,864	59,372	23,329	10,940,509
Pipeline Claims + Claims Payable	-	-	-	-	-	-	897,013	897,013
ULAE	-	-	-	-	-	-	2,540	2,540
Gross undiscounted liability for incurred claims	-	-	-	-	-	-	-	-
Impact of Discounting	-	-	-	-	-	-	(279,742)	(279,742)
Risk Adjustment	-	-	-	-	-	-	232,203	232,203
Total liability for incurred claims included in the statement of financial position	58,125	68,739	101,990	152,158	331,358	383,804	1,142,519	2,238,693

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

3.2 Financial Risk

The Group is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from insurance liabilities as they fall due. The most important components of this financial risk are market risk (including interest rate risk, equity price risk and currency risk), credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The risk management policies established identify and analyse the risks faced by the Group, set appropriate risk limits and controls, and monitor risks and adherence to limits. These risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. 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.

3.2.1 Liquidity risk

Liquidity risk is current or prospective risk to earnings and capital arising from the Group's failure to meet its maturing obligations when they fall due without incurring unacceptable losses. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

To this end, there is a Board approved policy to effectively manage liquidity at all times to meet claims payable, unexpected outflow/non-receipt of expected inflow of funds as well as ensure adequate diversification of funding sources. The Finance, Investment and Tender Oversight Committee undertakes liquidity management and scenario analysis as per the policy.

Funds are raised mainly from reinsurance premiums and investment income and share capital. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Group continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall Group strategy.

In addition, the Corporation holds a portfolio of liquid assets as part of its liquidity risk management strategy.

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maturity profiles

Maturity profiles of insurance contract liabilities (present value of future cash flows basis)

The following table summarises the maturity profile of portfolios of insurance contracts that are liabilities based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

GROUP

	2024						
	Up to 1 year KShs'000	1–2 years KShs'000	2–3 years KShs'000	3–4 years KShs'000	4–5 years KShs'000	>5 years KShs'000	Total KShs'000
Short term business	11,400,547	2,919,474	1,225,425	711,644	329,059	593,418	17,179,567
Long term business	2,303,436	108,483	32,064	12,740	20,421	86,444	2,563,588
Total	13,703,983	3,027,957	1,257,489	724,384	349,480	679,862	19,743,155

	2023						
	Up to 1 year KShs,000	1–2 years KShs,000	2–3 years KShs,000	3–4 years KShs,000	4–5 years KShs,000	>5 years KShs,000	Total KShs,000
Short term business	11,342,904	3,416,895	1,493,872	835,076	406,608	686,201	18,181,556
Long term business	2,040,580	98,344	25,660	4,867	19,733	75,270	2,264,453
Total	13,383,484	3,515,239	1,519,532	839,943	426,341	761,471	20,446,009

COMPANY

	2024						
	Up to 1 year KShs'000	1–2 years KShs'000	2–3 years KShs'000	3–4 years KShs'000	4–5 years KShs'000	>5 years KShs'000	Total KShs'000
Short term business	8,979,688	2,533,356	1,070,514	630,849	293,725	509,271	14,017,403
Long term business	2,336,564	106,855	31,384	12,384	20,132	85,461	2,592,780
Total	11,316,252	2,640,211	1,101,898	643,233	313,857	594,732	16,610,183

	2023						
	Up to 1 year KShs,000	1–2 years KShs,000	2–3 years KShs,000	3–4 years KShs,000	4–5 years KShs,000	>5 years KShs,000	Total KShs,000
Short term business	9,021,803	3,059,325	1,357,650	745,255	374,789	613,024	15,171,846
Long term business	2,020,561	95,799	24,131	4,105	19,512	74,585	2,238,693
Total	11,042,364	3,155,124	1,381,781	749,360	394,301	687,609	17,410,539

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maturity profiles

Maturity analysis of financial assets and financial liabilities (contractual undiscounted cash flow basis)

The following table summarises the maturity profile of financial assets of the Group and Company based on remaining undiscounted contractual cash flows, including interest receivable:

GROUP

31 December 2024	Total Carrying Amount KShs '000	Total KShs '000	On demand KShs '000	Contractual cash flows		
				0-1 years KShs '000	1-5 years KShs '000	>5 years KShs '000
Financial assets						
Amortised cost:						
- Government securities	23,942,835	33,391,105	-	3,267,070	13,337,792	16,786,243
- Corporate bonds	44,820	56,958	-	5,876	5,876	45,206
Other receivables	478,183	478,183	478,183	-	-	-
Mortgage loans	824,558	824,558	-	24,743	112,446	687,369
Deposits with financial institutions	14,320,929	14,320,929	-	14,320,929	-	-
Cash and cash equivalents	587,098	587,098	587,098	-	-	-
Held at FVTOCI						
- Quoted equities	1,409,983	1,409,983	1,409,983	-	-	-
- Government securities	1,297,604	2,994,136	-	103,212	612,848	2,278,076
- Unquoted equities	603,113	603,113	603,113	-	-	-
Financial liabilities						
Amortised cost:						
Other payables	883,364	883,364	883,367	-	-	-
Total	44,392,487	55,549,427	3,961,741	17,721,830	14,068,962	19,796,894
31 December 2023*						
Restated						
	Total Carrying Amount KShs '000	Total KShs '000	On demand KShs '000	0-1 years KShs '000	1-5 years KShs '000	>5 years KShs '000
Financial assets						
Amortised cost:						
- Government securities	19,893,748	37,358,066	-	700,977	10,843,061	25,814,028
- Corporate bonds	44,747	62,840	-	5,876	11,752	45,212
Other receivables	366,592	366,592	366,592	-	-	-
Mortgage loans	871,472	871,472	-	1,855	124,722	744,895
Deposits with financial institutions	16,837,492	16,837,492	-	16,837,492	-	-
Cash and cash equivalents	1,248,996	1,248,996	1,248,996	-	-	-
Held at FVTOCI						
- Quoted equities	1,041,400	1,041,400	1,041,400	-	-	-
- Government securities	1,155,352	4,757,908	-	166,824	945,092	3,645,992
- Unquoted equities	355,505	355,505	355,505	-	-	-
Financial liabilities						
Amortised cost:						
Other payables	933,630	933,630	933,630	-	-	-
Total	42,748,934	63,833,901	3,946,123	17,713,024	11,924,627	30,250,127

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maturity profiles

COMPANY

	Total Carrying amount KShs '000	Total KShs '000	On demand KShs '000	Contractual cash flows		
				0-1 years KShs '000	1-5 years KShs '000	>5 years KShs '000
31-December 2024						
Financial assets: Amortised cost						
- Government securities	23,112,753	32,213,473	-	2,923,959	13,130,173	16,159,341
- Corporate bonds	44,820	56,958	-	5,876	5,876	45,206
Other receivables	451,103	451,103	451,103	-	-	-
Mortgage loans	815,527	815,527	-	24,743	112,446	678,338
Deposits with financial institutions	10,047,728	10,047,728	-	10,047,728	-	-
Due from related party	144,822	144,822	144,822	-	-	-
Cash and bank balances	173,762	173,762	173,762	-	-	-
Held at FVTOCI						
-Quoted equities	1,409,983	1,409,983	1,409,983	-	-	-
-Government securities	1,297,604	2,994,136	-	103,212	612,848	2,278,076
-Unquoted equities	603,113	603,113	603,113	-	-	-
Financial liabilities: Amortised cost						
Other payables	754,372	754,372	754,372	-	-	-
Due to related party	292,843	292,843	292,843	-	-	-
Total	39,148,430	49,957,820	3,829,998	13,105,518	13,861,343	19,160,961
31-December 2023*						
Restated						
Financial assets: Amortised cost						
- Government securities	19,075,084	35,948,090	-	457,328	10,456,684	25,034,078
- Corporate bonds	44,747	62,840	-	5,876	11,752	45,212
Other receivables	317,329	317,329	317,329	-	-	-
Mortgage loans	855,545	855,545	-	1,855	124,722	728,968
Deposits with financial institutions	12,291,563	12,291,563	-	12,291,563	-	-
Due from related parties	109,913	109,913	109,913	-	-	-
Cash and bank balances	267,110	267,110	267,110	-	-	-
Held at FVTOCI						
-Quoted equities	1,041,400	1,041,400	1,041,400	-	-	-
-Government securities	1,155,352	4,757,908	-	166,824	945,092	3,645,992
-Unquoted equities	355,505	355,505	355,505	-	-	-
Financial liabilities: Amortised cost						
Other payables	769,640	769,640	769,640	-	-	-
Due to related party	337,253	337,253	337,253	-	-	-
Total	36,620,441	57,114,096	3,198,150	12,923,446	11,538,250	29,454,250

* Other receivables, mortgage loans, deposit with financial institutions, due from related parties and cash and bank balances were erroneously presented under a category called loans and receivables in the prior year. These financial instruments are measured at amortised cost under IFRS 9 and have been moved to this category. The category "loans and receivables" have been removed. Financial liabilities measured at amortised cost (which includes other payables and amounts due to related parties), was excluded from the table in the prior year. The corrections were made to indicate the categories of financial instruments as required by IFRS 7. Adjustments has also been made in the comparative numbers to include interest cash flows on government securities and corporate bonds. Previously discounted amounts were disclosed as the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maturity profiles

The table below summarises the expected utilisation or settlement of assets and liabilities:

GROUP

	2024			2023* Restated		
	No more than 12 months KShs'000	More than 12 months KShs'000	Total KShs'000	No more than 12 months KShs'000	More than 12 months KShs'000	Total KShs'000
Financial assets	15,732,585	25,240,440	40,973,025	18,941,284	20,194,304	39,135,588
Cash and cash equivalents	587,098	-	587,098	1,248,996	-	1,248,996
Deposit with financial institutions	14,320,929	-	14,320,929	16,837,492	-	16,837,492
Debt instruments at FVOCI	-	1,297,604	1,297,604	-	1,155,352	1,155,352
Debt instruments at amortised cost	824,558	23,942,836	24,767,394	854,796	19,038,952	19,893,748
Insurance contract assets	483,879	122,279	606,158	582,752	148,748	731,500
Reinsurance held	483,879	122,279	606,158	582,752	148,748	731,500
Insurance contract liabilities	11,949,676	2,849,770	14,799,446	11,769,291	2,257,336	14,026,627
Insurance issued	10,926,867	2,849,770	13,776,637	11,766,807	2,257,336	14,024,143
Reinsurance held	1,022,809	-	1,022,809	2,484	-	2,484
Financial liabilities measured at amortised cost						
Other payables	921,537	-	921,537	966,143	-	966,143

COMPANY

	2024			2023* Restated		
	No more than 12 months KShs'000	More than 12 months KShs'000	Total KShs'000	No more than 12 months KShs'000	More than 12 months KShs'000	Total KShs'000
Financial assets	11,037,017	24,410,357	35,447,374	13,174,124	19,614,985	32,789,109
Cash and cash equivalents	173,762	-	173,762	267,110	-	267,110
Deposit with financial institutions	10,047,728	-	10,047,728	12,291,563	-	12,291,563
Debt instruments at FVOCI	-	1,297,604	1,297,604	-	1,155,352	1,155,352
Debt instruments at amortised cost	815,527	23,112,753	23,928,280	615,451	18,459,633	19,075,084
Insurance contract assets	473,358	121,877	595,235	463,148	148,343	611,491
Reinsurance held	473,358	121,877	595,235	463,148	148,343	611,491
Insurance contract liabilities	9,934,856	2,889,455	12,824,311	10,210,889	2,204,008	12,414,897
Insurance issued	9,053,305	2,889,455	11,942,760	10,210,889	2,204,008	12,414,897
Reinsurance held	881,551	-	881,551	-	-	-
Financial liabilities- measured at amortised cost.						
Other payables	786,602	-	786,602	800,502	-	800,502
Due to related party	292,843	-	292,843	337,253	-	337,253

* IFRS 7 liquidity risk disclosure of all financial liabilities. Other payables and amounts due to related parties were erroneously excluded from the table depicting the current, non-current classification. No changes have been made to the figures of the items included in the table. We have also done an amendment to include category disclosure of financial liabilities at amortised cost which was excluded in prior year.

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

3.2.2 Market risk

Management of market risk

Market risk is the risk that changes in market prices, interest rates and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Overall authority for market risk is vested in the board of directors. The board of directors is responsible for the development of detailed risk management policies and for the day-to-day review of their implementation.

3.2.2.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risk is managed principally through monitoring interest rate gaps. The board of directors is the monitoring body for compliance with these limits and is assisted by risk management in its day-to-day monitoring activities.

The interest earning financial assets that the Group holds include investments in government securities, mortgage loans, corporate bonds, and deposits with financial institutions.

The interest rate risk of the above future cash flows is low primarily because they are at fixed interest rates. A change of 1% in interest rates would have immaterial effects on the future cash flows.

In respect of insurance contract liabilities for incurred claims to which the PAA is applied, the liability would be adjusted using a discount rate updated at each reporting period, therefore, resulting in the balance being sensitive to interest rate movements.

Interest rate sensitivity

The Group has no significant concentration of interest rate risk.

The Group is exposed to interest rate risk through its debt instruments held and in respect of liabilities or assets for incurred claims where cash flows are not expected to be settled within a year from when claims are incurred. The Group's exposure to interest rate risk sensitive insurance and reinsurance contracts and debt instruments are, as follows:

GROUP	2024	2023
	KShs'000	KShs'000
Insurance contract liabilities		
Short term business	(173,288)	(252,376)
Long term business	(29,176)	(22,380)
Reinsurance held		
Short term business	2,576	871
Long term business	759	815
Debt instruments at FVOCI	1,668	1,036
Debt instruments at amortized cost	29,144	10,356

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate sensitivity (continued)

COMPANY

	2024 KShs'000	2023 KShs'000
Insurance contract liabilities		
Short term business	(163,275)	(238,308)
Long term business	(28,276)	(22,294)
Reinsurance held		
Short term business	2,500	566
Long term business	755	813
Debt instruments at FVOCI	1,668	1,036
Debt instruments at amortised cost	27,835	10,356

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables have been changed on an individual basis. It should be noted that movements in these variables are non-linear. The method used for deriving sensitivity information and significant variables has not changed from the previous period.

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate sensitivity (continued)

GROUP		2024		2023	
	Change in Interest rate	Impact on profit before tax KShs'000	Impact on equity KShs'000	Impact on profit before tax KShs'000	Impact on equity KShs'000
Insurance and reinsurance contracts	+100 bps	16,125	11,287	-	50
Debt instruments	+100 bps	30,812	21,568	(284)	(314)
Insurance and reinsurance contracts	- 100 bps	(16,231)	(11,362)	(33)	(52)
Debt instruments	- 100 bps	(30,812)	(21,568)	302	332

COMPANY		2024		2023	
	Change in Interest rate	Impact on profit before tax KShs'000	Impact on equity KShs'000	Impact on profit before tax KShs'000	Impact on equity KShs'000
Insurance and reinsurance contracts	+100 bps	15,166	10,616	-	50
Debt instruments	+100 bps	29,503	20,652	(284)	(314)
Insurance and reinsurance contracts	- 100 bps	(15,269)	(10,688)	(33)	(52)
Debt instruments	- 100 bps	(29,503)	(20,652)	302	332

3.2.2.2 Currency rate risk

The Group writes business from several countries and as a result receives premiums in several currencies. The Group's obligations to, and receivables from the cedants are therefore in these original currencies. The Group is therefore exposed to the exchange rate risk where there is a mismatch between assets and liabilities per currency.

The Group's main operations are concentrated in Kenya and its assets and liabilities are reported in the local currency. It has transactions in foreign currency which are mainly denominated in US Dollars.

Foreign exchange risk also arises from commercial transactions, recognized assets and liabilities in foreign currencies such as deposits with financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

3.2.2.2 Currency rate risk (continued)

	GROUP		COMPANY	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Assets in foreign currencies				
Deposits with financial institutions	7,378,284	8,136,813	3,105,084	3,590,884
Cash and bank	441,008	1,128,208	27,672	146,322
Net foreign currency asset position	7,819,292	9,265,021	3,132,756	3,737,206

The following table demonstrates the sensitivity to a reasonably possible change in USD, with all other variables held constant, of the Group's and the Company's profit before tax and equity (due to changes in the fair value of monetary assets and liabilities)

USD		GROUP		COMPANY	
		Effect on profit before tax KShs'000	Effect on equity KShs'000	Effect on profit before tax KShs'000	Effect on equity KShs'000
2024	Increase in US\$ by 10%	782,132	547,492	313,478	219,435
	Decrease in US\$ by 10%	(782,132)	(547,492)	(313,478)	(219,435)
2023	Increase in US\$ by 10%	926,502	648,551	373,721	261,604
	Decrease in US\$ by 10%	(926,502)	(648,551)	(373,721)	(261,604)

3.2.2.3 Price risk

The Group is exposed to equity securities price risk as a result of its holdings in equity investments which are listed and traded on the Nairobi Securities Exchange, and which are classified as Held at FVTOCI financial assets. Exposure to equity price risks in aggregate is monitored in order to ensure compliance with the relevant regulatory limits for solvency purposes.

The Group has a defined investment policy which sets limits on the Group's exposure to equities both in aggregate terms and by category/share. This policy of diversification is used to manage the Group's price risk arising from its investments in equity securities. The Group's unlisted equities are also subject to price risk however; the Group has carried them at cost less any impairment cost. Refer to note 22.

As at the reporting date, the exposure to listed equity securities at fair value was KShs 1,410 million (2023: KShs 1,041). An increase/decrease of 15% in the value of the listed equity would result in a decrease / increase in profits of KShs 211.5 million (2023: KShs 156 million) and an increase/decrease in equity by KShs 148 million (2023: KShs 109 million).

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

3.2.3 Credit risk

The Group has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Group manages, limits and controls concentration of credit risks periodically against internal and regulatory requirements with respect to individual counterparties or related company of counterparties, industry sectors, business lines, product types, amongst others.

Key areas where the Group is exposed to credit risk are:

- amounts due from reinsurers in respect of claims already paid.
- amounts due from cedants.
- amounts due from reinsurance intermediaries.
- mortgage advances to its customers and staff.
- government and corporate bonds.
- deposits with financial institutions.
- cash and bank balances.

The Group structures the levels of credit risk it accepts by placing credit limits on its exposure to a single counterparty or company of counterparty, and to geographical and industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved quarterly by the board of directors.

The creditworthiness of cedants is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. The Group maintains records of the payment history for significant contract holders with whom they conduct regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Group. There are no offset where counter parties are both debtors and creditors of the group in these financial statements. Management information reported to the board of directors includes details of provisions for impairment on amounts due from cedants and subsequent write-offs.

Investments in government securities are deemed adequately secured by the Government of Kenya with no inherent default risk. The credit risk on the corporate bonds, deposits and balances with financial institutions is considered to be low because the counterparties are companies and banks with high credit ratings. The credit risk on mortgages is managed by ensuring that the mortgage issued is secured by the related property and that the mortgage amount given is below the value of the related property.

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

3.2.3 Credit risk (continued)

The following table details the maximum exposure before consideration of any collateral:

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs '000	KShs '000	KShs '000	KShs '000
Government securities	25,240,439	21,049,100	24,410,357	20,230,436
Corporate bonds	44,820	44,747	44,820	44,747
Deposits with financial institutions	14,320,929	16,837,492	10,047,728	12,291,563
Mortgage loans	824,558	871,472	815,527	855,545
Cash and Bank balances	587,098	1,248,996	173,762	267,110
Other receivables	478,183	366,592	430,914	317,329
Total assets bearing credit risk	41,496,027	40,418,399	35,923,108	34,006,730

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs '000	KShs '000	KShs '000	KShs '000
Mortgage loans are summarized as follows:				
Performing	636,275	679,692	627,244	663,765
Underperforming	230,311	227,648	230,311	227,648
	866,586	907,340	857,555	891,413
Less: provision for impairment (note 20)	(42,028)	(35,868)	(42,028)	(35,868)
Total	824,558	871,472	815,527	855,545

The accounts under the fully performing category are paying their debts as they continue trading. All assets subject to credit risk are performing (stage 1) except for mortgage loans where some loans are underperforming. The default rate is low. Credit control department actively monitors overdue account balances. In addition, the Group settles claims on a net basis i.e. net of any re-insurance receivables due from cedants. An impairment analysis is performed at each reporting date on an individual basis. The debt that is impaired has been fully provided for. The maximum exposure to credit risk at the reporting date is the carrying amount. Refer to note 20 impairment analysis of mortgage loans.

The tables below set out the credit quality analysis of debt investments measured at FVOCI and amortised cost without taking into account collateral or other credit enhancement. Unless specifically indicated, the amounts in the table represent gross carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

3.2.3 Credit risk (continued)

Government Securities	GROUP		COMPANY	
	2024	2023	2024	2023
Credit rating	KShs '000	KShs '000	KShs '000	KShs '000
	Stage 1	Stage 1	Stage 1	Stage 1
A	1,045,332	896,879	1,045,332	896,879
B	-	20,199,241	-	19,380,576
B-	24,418,132	-	23,586,930	-
	25,463,464	21,096,120	24,632,262	20,277,454
ECL Impairment	(223,025)	(47,018)	(221,905)	(47,018)
Amortised Cost				
Measured at FVOCI	25,240,439	21,049,102	24,410,357	20,230,436
Credit rating				
A	-	-	-	-
B	-	1,158,243	-	1,158,243
B-	1,310,468	-	1,310,468	-
	1,310,468	1,158,243	1,310,468	1,158,243
ECL Impairment	(12,864)	(2,891)	(12,864)	(2,891)
Amortised Cost				
Measured at Amortised	1,297,604	1,155,352	1,297,604	1,155,352
Credit rating				
A	1,045,332	896,879	1,045,332	896,879
B	-	19,040,998	-	18,222,332
B-	23,107,665	-	22,276,462	-
	24,152,997	19,937,877	23,321,794	19,119,211
ECL Impairment	(210,162)	(44,129)	(209,041)	(44,127)
Amortised Cost	23,942,835	19,893,748	23,112,753	19,075,084

* The credit quality analysis of debt instruments at FVOCI and amortised cost was included in the current year to comply with IFRS 7. Previously this information was omitted from the financial statements.

* The source of the credit rating is **S&P Global**.

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value of financial assets and liabilities

i. Financial instruments not measured at fair value.

The following fair value disclosures have been made in respect of quoted Government securities and quoted corporate bonds which have been carried at amortised cost. The carrying amounts of the remaining financial instruments i.e., cash and bank, government securities held to maturity, corporate bonds and receivables, approximate their fair values hence no fair value disclosures have been made.

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- **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 are not based on observable market data (unobservable inputs). This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

ii. Fair value hierarchy

The following table shows an analysis of financial and non- financial assets and liabilities recorded at fair value by level of the fair value hierarchy.

	Level 1 KShs '000	Level 2 KShs '000	Level 3 KShs '000	Total KShs '000
GROUP				
At 31 December 2024				
Government securities	1,297,604	-	-	1,297,604
Quoted equity instruments	1,409,983	-	-	1,409,983
Investment properties	-	-	13,060,800	13,060,800
Unquoted equity	-	603,113	-	603,113
At 31 December 2023				
Government securities	1,155,352	-	-	1,155,352
Quoted equity instruments	1,041,400	-	-	1,041,400
Investment properties	-	-	12,702,500	12,702,500
Unquoted equity	-	355,505	-	355,505
COMPANY				
At 31 December 2024				
Government securities	1,297,604	-	-	1,297,604
Quoted equity instruments	1,409,983	-	-	1,409,983
Investment properties	-	-	13,060,800	13,060,800
Unquoted equity	-	603,113	-	603,113
At 31 December 2023				
Government securities	1,155,352	-	-	1,155,352
Quoted equity instruments	1,041,400	-	-	1,041,400
Investment properties	-	-	12,702,500	12,702,500
Unquoted equity	-	355,505	-	355,505

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

ii. Fair value hierarchy (continued).

Management assessed that the fair values of assets and liabilities not measured at market prices and determined that their fair values approximate their carrying amounts.

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy as at 31 December 2024 are as shown below:

Property	Valuation technique	Significant unobservable inputs	Sensitivity
Reinsurance Plaza Nairobi L.R. No. 209/8770	Income Capitalization Method	Capitalisation Rate (8.5% - 9%). Rental Escalation Rate & Frequency (7.5% per annum).	A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa. An increase in the rental escalation rate and its frequency will result in a significant increase in fair value and vice versa.
Reinsurance Plaza Kisumu- Kisumu Municipality/ Block 7/378	Income Capitalization Method	Capitalisation Rate (8.5% - 9%). Rental Escalation Rate & Frequency (5% per annum).	A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa. An increase in the rental escalation rate and its frequency will result in a significant increase in fair value and vice versa.
Anniversary Towers Nairobi -LR No. 209/9744	Income Capitalization Method	Capitalisation Rate (8.5% - 9%). Rental Escalation Rate & Frequency (7.5% per annum).	A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa. An increase in the rental escalation rate and its frequency will result in a significant increase in fair value and vice versa.
Kenya Re Towers Nairobi- LR No. 209/11260	Income Capitalization Method	Capitalisation Rate (8.5%). Rental Escalation Rate & Frequency (7.5% per annum).	A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa. An increase in the rental escalation rate and its frequency will result in a significant increase in fair value and vice versa.
Upper Hill Plot -L.R. No.209/12922	Market Comparable Approach	Market prices of similar vacant land parcels , taking into account the differences in location, land use regulations, and individual factors such as frontage and size, between the various comparables and the subject property. (Weighted Average Adjusted Price per acre 520 - 630M/acre)	A slight increase in market price would result in a significant increase in fair value and vice versa.

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL AND INSURANCE RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

ii. Fair value hierarchy (continued).

Property	Valuation technique	Significant unobservable inputs	Sensitivity
JKIA Plot- LR No. 9042/222	Market Comparable Approach	Market prices of similar land parcels, taking into account the differences in location, accessibility, land use regulations, zoning restrictions, and individual factors such as frontage and size, between the various comparables and the subject property. <i>(Weighted Average Adjusted Price per acre 50-85M/acre)</i>	A slight increase in market price would result in a significant increase in fair value and vice versa.
Mbagathi plot- LR no:209/11976	Market Comparable Approach	Market prices of similar undeveloped land parcels, taking into account the differences in location, land use regulations, and individual factors such as frontage and size, between the various comparables and the subject property. <i>(Weighted Average Adjusted Price per acre 300 - 350M/acre)</i>	A slight increase in market price would result in a significant increase in fair value and vice versa.

The Group has performed an assessment and currently there are no significant interrelationships between significant unobservable inputs and other unobservable inputs used in the fair value measurement. The valuation of investment properties was carried out by Geoffrey Kiprotich Koros - P/No. ISK/CGS/ 202588667 of Legend Valuers Ltd, professional independent valuers as at 31st December 2024.

Unquoted equity

The group invests in private companies which are not quoted in an active market. There has been recent traded prices of the shares of these companies. The group has adopted these recent traded prices in the valuation of the unquoted investment. These have been recognised as level two.

Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Group's strategic planning and budgeting process.

NOTES TO THE FINANCIAL STATEMENTS

4. CAPITAL MANAGEMENT

Capital includes ordinary shares and equity attributable to the shareholders of the Group.

Externally imposed capital requirements are set and regulated by various Insurance Regulatory Authorities in the countries of operations. These requirements are put in place to ensure solvency margins are maintained in the insurance industry. Further objectives are set by the Group to maintain a strong credit rating and healthy capital ratios in order to support its business objectives and maximise shareholders value.

Further, the Company currently has a paid-up capital of KShs 14 billion for the combined composite business, which meets the minimal requirement of KShs 800 million as per the Insurance Act.

The Group's objectives in managing its capital are:

- to match the profile of its assets and liabilities, taking account of the risks inherent in the business.
- to maintain financial strength to support new business growth.
- to satisfy the requirements of its reinsured and rating agencies.
- to retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.
- to allocate capital efficiently to support growth.
- to safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

The Group has a number of sources of capital available to it and seeks to optimize its retention capacity in order to ensure that it can consistently maximize returns to shareholders. The Group considers not only the traditional sources of capital funding but the alternative sources of capital including retrocession, as appropriate, when assessing its deployment and usage of capital.

The Group manages as capital all items that are eligible to be treated as capital. The Group has no borrowings. During the year the Group held the minimum paid up capital required and also met the required solvency margins. The Group's lead regulator, Insurance Regulatory Authority (IRA) monitors capital requirements for the Group as a whole. The Company and its individual subsidiaries are directly supervised by their local regulators.

5. SEGMENTAL REPORTING

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker (CODM) in order to allocate resources to the segments and to assess performance.

Thus, under IFRS 8 the Group's reportable segments are long term business and short-term business. The short-term business segment includes among others motor, marine, aviation, fire, and accident. The long-term business segment includes individual and group life. These segments are the basis on which the CODM allocates resources and assesses performance. Investment and cash management for the Group's own accounts are also reported as part of the above segments. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest and investment income is credited to business segments based on segmental capital employed. The Group's main geographical segment of business is in Kenya.

The management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the corporation's total revenue in 2024 or 2023.

The various products and services that the reporting segments derive their revenues from have been described as follows.

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENTAL REPORTING (continued)

	GROUP		COMPANY	
	2024	2023*	2024	2023*
	KShs'000	KShs'000	KShs'000	KShs'000
Insurance Revenue				
Short term business	15,875,827	16,985,083	13,125,734	14,477,005
Long term business	2,973,349	2,583,657	2,940,423	2,562,127
Ceding commission	(4,697,717)	(5,110,474)	(3,930,043)	(4,537,380)
	14,151,459	14,458,266	12,136,114	12,501,752
Investment income:				
Short term business				
Rental income from investment properties	826,532	676,170	826,532	676,170
Interest on government securities held to maturity	2,110,015	1,525,936	1,979,919	1,427,556
Dividends receivable on quoted equity instruments	123,871	101,244	123,871	101,244
Interest on commercial mortgages	37,739	34,892	37,739	34,892
Interest on deposits with financial institutions- held to maturity	933,140	1,030,575	727,270	832,269
Interest on corporate bonds- held to maturity	5,924	5,876	5,924	5,876
Interest on staff mortgages and loans	25,764	29,902	24,955	28,888
	4,062,985	3,404,596	3,726,210	3,106,895
Long term business				
Rental income from investment properties	139,770	113,757	139,770	113,757
Interest on government securities held to maturity	901,723	870,081	901,723	870,083
Dividends receivable on available-for-sale quoted equity instruments	22,376	16,902	22,376	16,902
Interest on deposits with financial institutions- held to maturity	487,452	156,772	487,446	178,476
	1,551,321	1,157,512	1,551,315	1,179,218
Total investment income	5,614,306	4,562,108	5,277,525	4,286,113

*See note 37(ii) on prior year restatement.

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENTAL REPORTING (continued)

Other disclosures:

GROUP

	Short term business KShs'000	Long term Business KShs'000	Total 2024 KShs'000	Total 2023 KShs'000
Reportable segment profits before tax	4,475,268	1,172,905	5,648,173	7,034,987
Income tax expense	(1,829,323)	618,302	(1,211,021)	(2,061,860)
Reportable segment profits after tax	2,645,945	1,791,207	4,437,152	4,973,127
Reportable segment total assets	52,996,338	13,816,731	66,813,069	65,978,015
Net	52,996,338	13,816,731	66,813,069	65,978,015
Reportable segment total liabilities	14,210,884	2,929,725	17,140,609	17,803,230
Less:				
: Related party balances	-	-	-	-
Net	14,210,884	2,929,725	17,140,609	17,803,230
Fees and commission income	-	-	-	-
Depreciation of property and equipment	(28,323)	(5,305)	(33,628)	(36,074)
Amortisation of intangible assets	(18,100)	-	(18,100)	(25,822)
Property and equipment additions	5,358	-	5,358	72,110
Intangible assets additions	23,144	-	23,144	12,938
Employee costs	887,539	56,651	944,190	1,001,080
Share of associates profit	610,186	-	610,186	399,063

COMPANY

Reportable segment profits before tax	4,573,545	1,169,651	5,743,196	6,248,077
Income tax expense	(1,823,653)	618,302	(1,205,351)	(1,804,324)
Reportable segment profits after tax	2,749,892	1,787,953	4,537,845	4,443,753
Reportable segment total assets	50,361,065	13,746,974	64,108,039	62,145,220
Less:				
: Related party balances	(144,822)	-	(144,822)	(109,913)
: Investment in subsidiaries	(2,761,398)	-	(2,761,398)	(2,761,398)
Reportable segment total assets-Net	47,454,845	13,746,974	61,201,819	59,273,909
Reportable segment total liabilities	12,433,932	2,889,455	15,323,387	15,972,573
Less:				
: Related party balances	(292,843)	-	(292,843)	(337,253)
Net	12,141,089	2,889,455	15,030,544	15,635,320
Depreciation of property and equipment	(16,766)	(3,756)	(20,522)	(23,814)
Amortisation of intangible assets	(18,100)	-	(18,100)	(25,822)
Property and equipment additions	3,577	-	3,577	7,534
Intangible assets additions	23,144	-	23,144	12,938
Employee costs	745,350	47,576	792,925	839,146
Share of associates profit	610,186	-	610,186	399,063

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENTAL REPORTING (continued)

	REVENUE		NON-CURRENT ASSETS	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Geographical Information				
Kenya	14,151,459	14,458,266	13,094,887	12,753,533
West Africa	728,505	929,257	10,694	16,622
Zambia	877,774	915,770	309	1,118
Uganda	1,172,909	684,581	36,694	53,065
Total	16,934,478	16,987,875	13,142,584	12,824,339

* The geographical information was included in the current year to comply with IFRS 8.33. Previously this information was omitted from the financial statements.

6. INSURANCE REVENUE AND NET EXPENSES FROM REINSURANCE CONTRACTS

The Group is organised into two main divisions, short term business and long-term business. Long term business relates to the underwriting of risks relating to death of an insured person. Short business relates to all other categories of short-term insurance business written by the Group, analysed into several sub-classes of business based on the nature of the assumed risks.

6 (a) Total insurance revenue

The total insurance revenue of the Group can be analysed between the main classes of business as shown below:

NOTES TO THE FINANCIAL STATEMENTS

6. INSURANCE REVENUE AND NET EXPENSES FROM REINSURANCE CONTRACTS (continued)

6 (a) Total insurance revenue (continued)

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs'000	KShs'000	KShs'000	KShs'000
Long-term business				
Group life	2,843,820	2,504,279	2,833,302	2,502,115
Ordinary life	129,529	79,378	107,121	60,012
Total	2,973,349	2,583,657	2,940,423	2,562,127
Short-term business				
Agriculture	(793,333)	(279,132)	(805,956)	(281,763)
Aviation	94,442	100,206	86,256	77,811
Engineering	2,299,719	1,894,694	1,878,347	1,751,288
Fire Domestic	2,073,005	92,059	1,527,846	83,156
Fire Industrial	3,129,556	5,981,436	2,738,678	4,763,807
Liability	281,296	265,557	182,078	173,859
Marine	853,065	1,125,686	710,495	951,014
Medical	4,328,603	3,723,705	3,506,464	3,375,309
Miscellaneous	3,010,947	2,021,001	2,778,171	1,798,364
Motor Commercial	504,996	796,990	426,806	643,332
Motor Private	24,138	118,876	35,765	87,027
Personal Accident	(9,308)	954,361	(26,368)	930,219
Theft	7,441	149,510	20,659	86,046
Workmen Compensation	71,260	40,134	66,493	37,536
Total	15,875,827	16,985,083	13,125,734	14,477,005
Total	18,849,176	19,568,740	16,066,157	17,039,132

NOTES TO THE FINANCIAL STATEMENTS

6. INSURANCE REVENUE AND NET EXPENSES FROM REINSURANCE CONTRACTS (continued)

6 (b) Ceding commission*

The ceding commission of the Group and company can be analysed between the main classes of business as shown below:

	GROUP		COMPANY	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Group life	3,918,939	4,469,877	3,161,434	3,903,677
Ordinary life	778,778	640,597	768,609	633,703
Total	4,697,717	5,110,474	3,930,043	4,537,380

*See note 37(ii) on prior year restatement.

Net expenses from reinsurance contracts

Short Term

	GROUP		COMPANY	
	2024 KShs'000	2023 KShs'000	2024 KShs'000	2023 KShs'000
Allocation of reinsurance premiums	(1,635,344)	(1,085,053)	(1,520,064)	(896,838)
Recoveries of incurred claims and other insurance service expenses	552,984	760,214	404,021	603,406
Adjustments to assets for incurred claims	280,465	(281,871)	327,445	(66,708)
Amortization of insurance acquisition cash flows	220,832	181,951	195,935	194,788
Effect of changes in non-performance risk of reinsurers	1,692	(3,591)	(542)	(1,081)
Total	(579,371)	(428,350)	(593,205)	(166,433)

Long Term

Allocation of reinsurance premiums	(157,799)	(279,749)	(133,587)	(279,710)
Recoveries of incurred claims and other insurance service expenses	12,317	30,099	12,317	30,099
Adjustments to assets for incurred claims	(12,320)	(29,906)	(12,525)	(26,245)
Amortization of insurance acquisition cash flows	29,434	30,311	20,963	222,838
Effect of changes in non-performance risk of reinsurers	(679)	(1,943)	(675)	(1,932)
Total	(129,047)	(251,188)	(113,507)	(54,950)
Grand Total	(708,041)	(679,538)	(706,712)	(413,926)

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT INCOME

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs'000	KShs'000	KShs'000	KShs'000
(a) Interest Income – Calculated using effective interest method				
Interest on Government securities.	3,011,738	2,396,017	2,881,642	2,297,639
Interest on corporate bonds	5,924	5,876	5,924	5,876
Interest on deposits with financial institutions	1,420,586	1,187,348	1,214,716	1,010,745
Interest on commercial mortgages	37,739	34,892	37,739	34,892
Interest on staff mortgages and loans	25,770	29,902	24,955	28,888
	4,501,757	3,654,035	4,164,976	3,378,040
(b) Other Investment Income				
Rental income from investment properties	966,302	789,927	966,302	789,927
Dividends receivable on quoted equity instruments at FVTOCI	146,247	118,146	146,247	118,146
	1,112,549	908,073	1,112,549	908,073
Total investment income	5,614,306	4,562,108	5,277,525	4,286,113

8. OTHER INCOME

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs'000	KShs'000	KShs'000	KShs'000
COMESA Yellow Card income	62,226	77,629	62,226	77,629
HQ Management Support Income	46,713	48,244	46,713	48,244
Miscellaneous income	4,577	2,019	4,577	2,019
	113,516	127,892	113,516	127,892

NOTES TO THE FINANCIAL STATEMENTS

9. INSURANCE SERVICE EXPENSES AND NET FINANCE EXPENSES FROM INSURANCE CONTRACTS

(a) Insurance service expense

Short Term

	GROUP		COMPANY	
	2024	2023*	2024	2023*
	KShs'000	KShs'000	KShs'000	KShs'000
Claims and benefits	9,775,017	9,759,678	8,130,717	8,575,059
Changes to Liability for Incurred Claims	(1,818,558)	(208,903)	(2,315,242)	(61,955)
Losses on onerous insurance contracts	(45,801)	19,869	(42,472)	12,111
Amortization of insurance acquisition cashflows	768,578	1,299,898	694,547	1,232,162
Total	8,679,237	10,870,542	6,467,551	9,757,377

Long Term

Claims and benefits	1,507,969	1,969,703	1,507,939	1,963,533
Changes to Liability for Incurred Claims	292,042	126,286	284,197	117,683
Losses on onerous insurance contracts	(18,657)	97,712	(18,658)	97,880
Amortization of insurance acquisition cashflows	33,360	37,529	33,318	37,504
Total	1,814,714	2,231,230	1,806,796	2,216,600
Grand total	10,493,951	13,101,772	8,274,347	11,973,977

*See note 37(ii) on prior year restatement.

NOTES TO THE FINANCIAL STATEMENTS

9. INSURANCE SERVICE EXPENSES AND NET FINANCE EXPENSES FROM INSURANCE CONTRACTS (continued)

(b) Net finance income/(expenses) from insurance contracts

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs'000	KShs'000	KShs'000	KShs'000
Long-term business				
Group life	86,594	118,837	82,835	118,588
Ordinary life	(229)	3,605	(509)	3,605
Total	86,365	122,442	82,326	122,193
Short-term business				
Agriculture	(516,465)	206,247	(516,619)	206,195
Aviation	(1,801)	2,044	(1,724)	1,852
Engineering	(68,337)	115,589	(67,408)	119,548
Fire Domestic	4,422	8,365	4,631	8,203
Fire Industrial	131,007	215,239	139,237	192,368
Liability	21,898	(3,783)	23,810	(319)
Marine	(15,589)	26,903	(14,553)	28,512
Medical	(53,555)	90,785	(53,845)	77,244
Miscellaneous	2,066	(12,964)	3,604	(10,459)
Motor Commercial	(198,029)	44,097	(199,478)	45,672
Motor Private	(6,370)	65,244	(1,408)	57,701
Personal Accident	(16,375)	9,274	(16,524)	9,478
Theft	(14,079)	21,777	(12,984)	20,739
Workmen Compensation	7,770	773	8,005	798
Total	(723,437)	789,590	(705,256)	757,532
Total	(637,072)	912,032	(622,930)	879,725

NOTES TO THE FINANCIAL STATEMENTS

9. INSURANCE SERVICE EXPENSES AND NET FINANCE EXPENSES FROM INSURANCE CONTRACTS (continued)

(c) Net finance (expense)/income from reinsurance contracts

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs'000	KShs'000	KShs'000	KShs'000
Long-term business				
Group life	234	(2,069)	318	(2,182)
Ordinary life	154	86	154	86
Total	388	(1,983)	472	(2,096)
Short-term business				
Agriculture	572	(562)	566	(556)
Aviation	(51)	(2)	(62)	8.00
Engineering	(30,429)	6,607	(30,242)	6,607
Fire Domestic	234	(151)	142	(56)
Fire Industrial	(48,499)	5,043	(47,652)	5,551
Liability	9	39	-	-
Marine	(2,369)	1,366	(2,369)	(370)
Medical	634	3,820	-	-
Miscellaneous	(986)	6	(988)	-
Motor Commercial	-	-	-	-
Motor Private	56	(39)	54	(38)
Personal Accident	1,268	(235)	1,258	(226)
Theft	19	(9)	17	(15)
Workmen Compensation	25	11	24	9
Total	(79,519)	15,894	(79,252)	10,914
Total	(79,131)	13,910	(78,780)	8,818

NOTES TO THE FINANCIAL STATEMENTS

10. OPERATING AND OTHER EXPENSES

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs '000	KShs '000	KShs '000	KShs '000
Staff costs	944,190	1,001,080	792,925	839,146
Depreciation (note 15)	33,627	30,446	20,522	23,814
Amortisation (note 19)	18,100	44,973	18,100	29,366
Auditors' remuneration	49,174	40,874	18,576	17,132
Directors' – emoluments	49,147	51,857	14,718	9,600
Directors' – fees	20,577	11,074	9,600	11,074
Directors' – training	10,363	6,748	1,196	2,182
Rent provisions	22,629	(9,929)	22,629	(9,929)
Annual General Meeting expenses	16,254	15,267	16,254	15,267
Investment property direct operating expenses	213,098	181,841	213,098	181,841
Travel and accommodation	100,840	181,588	68,175	123,521
Advertisement	12,315	15,693	11,962	8,907
Professional and consultancy fees	112,943	135,874	104,562	132,113
Rent and rates	10,090	9,865	10,090	9,865
Hardware and software maintenance	92,157	143,619	92,035	143,533
Donations, sponsorship and CSR activities	6,768	35,445	6,750	35,427
Utilities	-	338	-	-
Bank charges	19,359	15,401	12,394	6,805
Impairment of receivables	-	40,665	-	40,665
Taxation expenses in subsidiaries	9,561	-	-	-
Provision for un-reconciled inventory	3,571	(284)	3,571	(284)
Other expenses*	416,304	180,339	307,683	155,987
Attributed expenses	(796,411)	(853,496)	(638,085)	(723,713)
	1,364,656	1,279,278	1,106,755	1,052,319
**Impairment of losses on financial assets	217,229	31,362	218,120	40
Operating expenses	1,581,885	1,310,639	1,324,875	1,098,624
Staff costs consist:				
Salaries and wages	580,432	632,141	488,765	477,450
Retirement benefit costs (note 30)	(1,960)	31,591	(1,960)	31,591
Medical expenses	58,693	56,821	50,649	51,228
Leave allowance	41,423	39,343	36,452	35,871
National social security benefit costs	7,782	2,080	4,248	1,934
Gratuity accrual	11,478	26,922	-	3,109
Bonus	120,289	113,717	108,496	106,072
Housing levy	5,857	3,432	5,857	3,432
Staff welfare expenses	35,710	58,170	27,081	56,972
Training and recruitment	33,401	36,363	31,702	34,680
Leave pay provision	3,732	500	1,720	392
Pension contributions to defined contribution scheme	47,353	-	39,915	36,415
	944,190	1,001,080	792,925	839,146

Other expenses*- Included here are Corporate and other sundry expenses rating fees and legal expenses.

** Impairment of losses on financial assets relates to ECL on government securities, corporate bonds, cash at bank and deposit with financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

11. TAXATION

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs '000	KShs '000	KShs '000	KShs '000
(a) Income tax expense				
Current tax on the taxable profit for the year	1,912,908	1,648,328	1,823,653	1,457,733
	1,912,908	1,648,328	1,823,653	1,457,733
Deferred tax (credit)/ charge (note 29)	(618,302)	346,591	(618,302)	346,591
Tax credit (note 29)	(83,585)	66,941		
	1,211,021	2,061,860	1,205,351	1,804,324

The Group's current tax charge is computed in accordance with income tax rules applicable to composite insurance and reinsurance companies. A reconciliation of the tax charge is shown below:

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs '000	KShs '000	KShs '000	KShs '000
b) Profit before tax	5,648,173	7,034,987	5,743,196	6,248,077
Tax calculated at the statutory income tax rate of 30% (2023: 30%)	1,694,452	2,110,496	1,722,959	1,860,520
Tax effects of non-taxable income	(755,900)	(546,348)	(790,077)	(441,020)
Tax effect of non-deductible expenses	272,469	497,712	272,469	384,824
	1,211,021	2,061,860	1,205,351	1,804,324
Attributable to:				
Long term business	(618,302)	346,593	(618,302)	346,593
Short term business	1,829,323	1,715,267	1,823,653	1,457,731
	1,211,021	2,061,860	1,205,351	1,804,324

NOTES TO THE FINANCIAL STATEMENTS

11. TAXATION (continued)

(c) Income tax payable

At 1 January-	772,624	370,907	382,085	(88,831)
Charge for the year	1,912,908	1,648,328	1,823,653	1,457,733
Paid in the year	(2,655,723)	(1,246,611)	(2,479,641)	(986,817)
Translation differences	(29,809)	-	-	-
	-	772,624	(273,902)	382,085

Income tax recoverable

At 1 January	61,778	88,831
Paid in the year	104,941	-
Prior year under provision	-	(27,053)
	166,719	61,778

*Non taxable income include life business profit (taxed separately, share of profit from associate and revaluation gain on offshore bonds.

*Non deductible expenses include expenses disallowed as per income tax act.

NOTES TO THE FINANCIAL STATEMENTS

12. EARNINGS PER SHARE (EPS)

Earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue during the year.

	GROUP		COMPANY	
	2024	Restated* 2023	2024	Restated* 2023
	KShs '000	KShs '000	KShs '000	KShs '000
Profit attributable to shareholders	4,437,152	4,973,127	4,537,845	4,443,753
Weighted average number of ordinary shares in issue*	5,599,592	5,599,592	5,599,592	5,599,592
Basic and diluted earnings per share	0.79	0.89	0.81	0.79
Weighted average number of ordinary shares				
Issued ordinary shares at 1 January	2,799,796	2,799,796	2,799,796	2,799,796
Effect of bonus issue in August 2024	2,799,796	-	2,799,796	-
Weighted average number of shares during the year	5,599,592	2,799,796	5,599,592	2,799,796

*Because the bonus issue was without consideration, it is treated as if it had occurred before the beginning of 2023, the earliest period presented. Therefore, the earnings per share figure has been adjusted retrospectively to enable fair presentation.

There were no potentially dilutive shares outstanding at 31 December 2024 and 2023. The diluted earnings per share is therefore the same as the basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

13. SHARE CAPITAL

		2024 KShs '000	2023 KShs '000
(i) Authorized: share capital 6,400,000,000 Ordinary shares of KShs 2.50 each (2023 -3,200,000,000 ordinary shares of KShs 2.50 each)		16,000,000	8,000,000
	Number of shares		
(ii) Issued and fully paid	5,599,592,544	13,998,982	6,999,491
Reconciliation of share capital	No shares in '000	KShs '000	
As at 1 January 2024	2,799,796	6,999,491	
Additions through bonus issue in 2024	2,799,796	6,999,491	
Total	5,599,592	13,998,982	

The board approved of authorised share capital from Kshs. 8 billion to Kshs. 16 billion and issue of bonus issue to corporation's shareholders at the rate of one share for every share held. The bonus issue was approved by the board on 28th March 2024 and approved by the annual general meeting on 25th June 2024 and started trading in Nairobi Securities Exchange on 26th August 2024.

14. RESERVES

Retained earnings

The retained earnings balance represents the amounts available for distribution to the shareholders of the Group, except for cumulative fair value gains on the Group's investment properties amounting to KShs 8,407,276,087.00 (2023: KShs 7,848,209,473) whose distribution is subject to restrictions imposed by legislation and cumulative statutory reserves of KShs 9,351,062,000 (2023: KShs 8,584,946,000).

Revaluation reserve

The revaluation reserve relates to property and equipment of the foreign associate which carries property and equipment at the revalued amount. Although the groups policy is to measure property and equipment at cost, the revaluation reserve of the foreign associate is immaterial for group purposes and has thus not been adjusted to reflect the cost model. The reserve is non-distributable.

The revaluation surplus represents the surplus on the revaluation of property and equipment, net of deferred tax. Movements in the revaluation reserve are shown in the statement of changes in equity.

Fair value reserve

The fair value reserve include cumulative changes in the fair value of financial instruments at fair value through OCI until the investment is derecognised. Movements in the fair value reserve are shown in the statement of changes in equity.

Translation reserve

The translation reserve relates to cumulative foreign exchange movement on the net investment in ZEP RE, an associate company accounted for under the equity method and cumulative foreign exchange movement on the subsidiaries. Movements in the translation reserve are shown in the statement of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

15. PROPERTY AND EQUIPMENT

GROUP	Motor Vehicles KShs'000	Computers KShs'000	Furniture and equipment KShs'000	Total KShs'000
31 December 2024				
COST				
At 1 January 2024	58,790	248,606	203,509	510,905
Additions	-	4,912	446	5,358
Effect of movements in exchange rates	(7,551)	(3,827)	(11,241)	(22,618)
At 31 December 2024	51,239	249,691	192,714	493,645
ACCUMULATED DEPRECIATION				
At 1 January 2024	56,032	205,142	127,892	389,066
Charge for the year	2,368	20,313	10,946	33,627
Effect of movements in exchange rates	(7,161)	(2,897)	(773)	(10,832)
At 31 December 2024	51,239	222,557	138,066	411,861
CARRYING VALUE				
At 31 December 2024	-	29,169	52,615	81,784

NOTES TO THE FINANCIAL STATEMENTS

15. PROPERTY AND EQUIPMENT (continued)

GROUP	Motor Vehicles KShs'000	Computers KShs'000	Furniture and equipment KShs'000	Total KShs'000
31-December-2023				
COST				
At 1 January 2023	52,813	242,088	146,645	441,546
Additions	-	3,961	45,419	49,380
Effect of movements in exchange rates	5,977	2,557	11,445	19,979
At 31 December 2023	58,790	248,606	203,509	510,905
ACCUMULATED DEPRECIATION				
At 1 January 2023	48,211	182,353	119,173	349,737
Charge for the year	2,694	21,058	6,694	30,446
Effect of movements in exchange rates	5,126	1,731	2,026	8,883
At 31 December 2023	56,031	205,142	127,893	389,066
CARRYING VALUE				
At 31 December 2023	2,759	43,464	75,616	121,839

COMPANY

31 December 2024

COST				
At 1 January 2024	22,803	233,704	119,705	376,212
Additions	-	3,316	261	3,577
At 31 December 2024	22,803	237,020	119,966	379,789
ACCUMULATED DEPRECIATION				
At 1 January 2024	22,803	192,656	109,720	325,179
Charge for the year	-	17,886	2,636	20,522
31 December 2024	22,803	210,543	112,357	345,702
CARRYING VALUE				
At 31 December 2024	-	26,477	7,610	34,087

COMPANY

31 December 2023

COST				
At 1 January 2023	22,803	229,744	117,390	369,937
Additions	-	3,960	2,315	6,275
At 31 December 2023	22,803	233,704	119,705	376,212
ACCUMULATED DEPRECIATION				
At 1 January 2023	22,803	174,068	106,486	303,357
Charge for the year	-	18,588	3,234	21,822
31 December 2023	22,803	192,656	109,720	325,179
CARRYING VALUE				
At 31 December 2023	-	39,013	12,020	51,033

NOTES TO THE FINANCIAL STATEMENTS

16. INVESTMENT PROPERTIES – GROUP AND COMPANY

	Reinsurance Plaza Nairobi L.R. No. 209/8770	Reinsurance Plaza Kisumu- Kisumu Municipality/ Block 7/378	Anniversary Towers Nairobi -LR No. 209/9744	Kenya Re Towers Nairobi- LR No. 209/11260	Upper Hill Plot -L.R. No.209/12922	JKIA Plot- LR No. 9042/222	Mbagathi plot- L.R no:209/11976	Total
2024	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
At 1 January	3,134,000	1,054,000	3,245,000	1,829,500	985,000	780,000	1,675,000	12,702,500
Additions	7,225	4,752	-	3,302	10,337	-	-	9,006
Fair value gains/losses	108,775	23,548	83,100	56,598	3,990	33,000	34,000	349,294
At 31 December 2024	3,250,000	1,082,300	3,328,100	1,889,400	989,000	813,000	1,709,000	13,060,800
2023	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
At 1 January	3,087,000	999,500	3,207,000	1,756,000	980,000	760,000	1,615,500	12,405,000
Additions	15,366	10,872	37,157	18,049	-	-	-	81,445
Fair value gains	31,634	43,628	843	55,451	5,000	20,000	59,500	216,055
At 31 December 2023	3,134,000	1,054,000	3,245,000	1,829,500	985,000	780,000	1,675,000	12,702,500

- The revalued properties consist of office properties situated in Nairobi and Kisumu held to earn rentals and/or capital appreciation and land acquired for development of office buildings and housing projects for rental and/or capital appreciation.
- The valuation of investment properties was carried out by Geoffrey Kiprotich Koros - P/No. ISK/CGS/ 202588667 of LegendValuers Ltd, professional independent valuers as at 31 December 2024.
- Fair value of the properties was determined using the open market basis and depreciated cost replacement method. Open market basis means that valuations performed by the valuer are based on active market prices, adjusted for differences in the nature, location, or condition of the specific property.
- Valuations are performed on an annual basis and the fair value gains and losses are recorded within the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

16. INVESTMENT PROPERTIES – GROUP AND COMPANY (continued)

*The Company is the registered owner of Land LR No. 9042/222 within the precinct of Jomo Kenyatta International Airport (JKIA) valued at Kshs. 813,000,000 as at 31 December 2024. However, the company has restricted access to the land as imposed by Kenya Airport Authority (KAA) mainly due to security reasons. The Company is entitled to transact with the land as it owns the title documents. The company only requires the approval of The National Treasury if they decide to sell the property. To develop the property, the Company requires the approval of the Kenya Airports Authority.

Future minimum rentals receivable under non-cancellable operating leases

The Group has entered into operating leases on its investment property portfolio consisting of certain office buildings. These leases have terms of 6 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The lease does not have an option to purchase the property at the expiry of the lease period.

The total actual rents recognised as income during the year is KShs 966 million (2023: KShs 776 million). Future minimum rentals receivable under non-cancellable operating leases as at 31 December are, as follows:

Maturity analysis of operating lease payments

	2024 KShs'000	2023 KShs'000
Year 1	852,385	632,098
Year 2	883,945	695,230
Year 3	927,821	758,361
Year 4	980,798	821,492
Year 5	1,045,768	884,623
Year 6	1,107,096	947,755
	5,797,813	4,739,559

The following table presents the amounts reported in profit or loss:

	2024 KShs'000	2023 KShs'000
Lease Income on operating leases	966,302	775,587

NOTES TO THE FINANCIAL STATEMENTS

17. INVESTMENT IN ASSOCIATE – GROUP AND COMPANY

The group has a 19.70% interest in ZEP-Re, a reinsurance company that underwrites all classes of life and non-life reinsurance risks. ZEP Re Limited is a private entity that is not listed on any public exchange. The Company was established on 23rd November 1990 in Mbabane, Swaziland through an Agreement of Heads of State and Governments. The current signatories to the Company's charter include Angola, Burundi, Comoros, D.R. Congo, Djibouti, Kenya, Eritrea, Ethiopia, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Rwanda, Somali, Sudan, Tanzania, Uganda, Zambia, and Zimbabwe. The Group's interest in ZEP Re Limited is accounted for using the equity method in both separate and consolidated financial statements.

	2024 KShs '000	2023 KShs '000
At 1 January	10,407,449	8,043,273
Share of profit for the year	610,186	399,063
	11,017,635	8,442,336
Share of revaluation reserve-net of tax	10,603	(7,389)
Share of fair value reserve-net of tax	99,963	(159,750)
Currency translation adjustment-net of tax	(1,966,667)	2,132,252
	(1,856,101)	1,965,113
Net carrying amount of the investment	9,161,534	10,407,449

Summary financial information for ZEP-Re

The presentation and functional currency for ZEP-Re is US Dollars. The following exchange rates have been applied in converting the balances to Kenya shillings:

	2024 KShs	2023 KShs
Closing rate	129.29	156.46
Average rate	134.70	139.72
Ownership	19.70%	19.764%

* The associate company is exempt from all forms of taxation.

NOTES TO THE FINANCIAL STATEMENTS

18. INVESTMENT IN SUBSIDIARY – COMPANY

Details of the company's subsidiaries at the end of the reporting year are as follows:

	Country of incorporation	Proportion of ownership interest and voting power held at		Investment at cost:	
		2024	2023	2024 KShs '000	2023 KShs '000
Kenya Reinsurance Corporation Côte d'Ivoire	Ivory Coast	100%	100%	1,962,318	1,962,318
Kenya Reinsurance Corporation Zambia	Zambia	100%	100%	214,872	214,872
Kenya Reinsurance Corporation Uganda Limited-SMC	Uganda	100%	100%	584,208	584,208
Initial investment				2,761,398	2,761,398

The primary business of the three subsidiaries is reinsurance.

19. INTANGIBLE ASSETS – GROUP AND COMPANY

	Intangible Assets KShs'000	Total KShs'000
31 December 2024		
COST		
At 1 January 2024	1,047,852	1,047,852
Additions	23,145	23,145
At 31 December 2024	1,070,997	1,070,997
AMORTISATION		
At 1 January 2024	1,006,617	1,006,617
Charge for the year	18,100	18,100
At 31 December 2024	1,024,717	1,024,717
NET CARRYING AMOUNT		
At 31 December 2024	46,280	46,280
31 December 2023		
COST		
At 1 January 2023	1,034,914	1,034,914
Additions	12,938	12,938
At 31 December 2023	1,047,852	1,047,852
AMORTISATION		
At 1 January 2023	977,251	977,251
Charge for the year	29,366	29,366
At 31 December 2023	1,006,617	1,006,617
NET CARRYING AMOUNT		
At 31 December 2023	41,235	41,235

NOTES TO THE FINANCIAL STATEMENTS

20. MORTGAGE LOANS

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs '000	KShs '000	KShs '000	KShs '000
Staff mortgages	534,124	607,620	525,093	591,693
Commercial mortgages	332,462	300,364	332,462	300,364
	866,586	907,984	857,555	892,057
Less: impairment provision ECL	(42,028)	(36,512)	(42,028)	(36,512)
	824,558	871,472	815,527	855,545
Maturity analysis:				
Within 1 year	24,743	17,833	24,743	1,855
Within 1 to 5 years	112,446	121,099	112,446	124,722
Over 5 years	687,369	732,540	678,338	728,968
	824,558	871,472	815,527	855,545
Impairment provision analysis:				
Balance brought forward	36,512	32,417	36,512	32,417
Impairment provision	5,516	4,095	5,516	4,095
Balance carried forward	(42,028)	36,512	(42,028)	36,512

The weighted average effective interest rate on the mortgages was 7.48% (2023 – 7.18%). Mortgage loans are fully secured.

21. UNQUOTED EQUITY INSTRUMENTS

		GROUP		COMPANY	
		2024	2023	2024	2023
		KShs '000	KShs '000	KShs '000	KShs '000
At 1 January		355,505	307,966	355,505	307,966
Additions - Uganda Re		12,284	1,592	12,284	1,592
Fair value gain		235,324	45,947	235,324	45,947
At 31 December		603,113	355,505	603,113	355,505
	Shareholding				
Africa Reinsurance Limited	0.23%	186,956	200,391	186,956	200,391
African Trade Insurance Agency (ATIA)	0.23%	228,290	88,858	228,290	88,858
Uganda Reinsurance Company Limited (Uganda Re)	10.90%	187,867	66,256	187,867	66,256
		603,113	355,505	603,113	355,505

The above unquoted instruments relate to investments in the financial markets, notably the banking and insurance sectors. The unquoted equities are not actively traded, and management does not intend to dispose them in the immediate future.

The fair value measurement of the above unquoted equity instruments has been disclosed at fair value through OCI.

NOTES TO THE FINANCIAL STATEMENTS

22. QUOTED EQUITY INSTRUMENTS

GROUP and COMPANY	2024	2023
	KShs '000	KShs '000
At 1 January	1,041,400	1,154,071
Fair value gain/(loss)	368,583	(112,671)
At 31 December	1,409,983	1,041,400

23. CORPORATE BONDS HELD TO MATURITY

	GROUP		COMPANY	
	2024 KShs '000	2023 KShs '000	2024 KShs '000	2023 KShs '000
At 1 January	44,747	44,747	44,747	44,747
Interest received	(5,875)	(5,876)	(5,875)	(5,876)
Interest earned	5,924	5,876	5,924	5,876
Opening ECL Impairment	581	581	581	581
Closing ECL Impairment	(557)	(581)	(557)	(581)
	44,820	44,747	44,820	44,747
Made up as below:				
Family Bank Limited	44,820	44,747	44,820	44,747
	44,820	44,747	44,820	44,747

The average effective interest rate on the corporate bonds at 31 December 2024 was 13.23% (2023: 13 %).

NOTES TO THE FINANCIAL STATEMENTS

24. (a) GOVERNMENT SECURITIES – GROUP AND COMPANY

FVOCI	GROUP		COMPANY	
	2024 KShs '000	2023 KShs '000	2024 KShs '000	2023 KShs '000
At 1 January	1,155,352	1,274,150	1,155,352	1,274,150
Maturities during the year	-	(150)	-	(150)
Fair value gain/(loss) on government securities at FVOCI	152,225	(119,453)	152,225	(119,453)
Interest received	(166,824)	(166,843)	(166,824)	(166,843)
Interest earned	166,824	166,842	166,824	166,842
Opening ECL Impairment	2,891	3,697	2,891	3,697
Closing ECL Impairment	(12,864)	(2,891)	(12,864)	(2,891)
	1,297,604	1,155,352	1,297,604	1,155,352
Maturing:				
Within 3 months	-	-	-	-
Within 4 to 12 months	-	-	-	-
Within 1 to 5 years	209,610	185,870	209,610	185,870
Over 5 years	1,087,994	969,482	1,087,994	969,482
At 31 December	1,297,604	1,155,352	1,297,604	1,155,352
AMORTISED COST	GROUP		COMPANY	
	2024 KShs '000	2023 KShs '000	2024 KShs '000	2023 KShs '000
At 1 January	19,893,748	18,602,789	19,075,084	17,951,132
Purchases during the year	5,825,609	1,928,973	5,411,135	1,542,554
Maturities during the year	(1,580,353)	(961,898)	(1,312,200)	(682,623)
Amortisation of discount/premium on bonds	(209,421)	215,485	(209,421)	247,328
Interest received	(2,515,702)	(2,184,483)	(2,401,749)	(2,112,573)
Interest earned	2,838,770	2,212,159	2,714,818	2,130,797
Opening ECL Impairment	45,421	42,596	44,127	42,596
Closing ECL Impairment	(210,185)	(45,421)	(209,041)	(44,127)
Translation differences	(145,052)	83,548	-	-
	23,942,835	19,893,748	23,112,753	19,075,084
Maturing:				
Within 3 months	99,528	559,548	-	559,548
Within 4 to 12 months	2,971,703	295,248	2,742,810	55,903
Within 1 to 5 years	10,844,628	7,887,859	10,682,832	7,608,129
Over 5 years	10,026,976	11,151,092	9,687,111	10,851,504
At 31 December	23,942,835	19,893,748	23,112,753	19,075,084
Total	25,240,439	21,049,100	24,410,357	20,230,436

*Treasury bonds amounting to Kshs 4,493,700,000 (2023 – KShs 4,723,700,000) are held under lien by the Commissioner of Insurance as required by the Kenyan Insurance Act. The weighted average effective interest rate on the government securities was 12.95% (2023 – 12.13%). The amortised cost and FVOCI were combined previously, but has been split in these financial statements to comply with IFRS 7 disclosures.

*Amortised cost and FVOCI were combined previously, but has now been split in these financial statements to comply with IFRS 7 disclosure. There were no changes in the figures by category.

NOTES TO THE FINANCIAL STATEMENTS

24. (b) EQUITY AND DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The breakdown of equity and debt instruments measured at FVOCI is, as follows.

	GROUP		COMPANY	
	2024 KShs '000	2023 KShs '000	2024 KShs '000	2023 KShs '000
Fair value.				
Unquoted equity instruments	603,113	355,505	603,113	355,505
Quoted equity instruments	1,409,983	1,041,400	1,409,983	1,041,400
Government debt instruments	1,297,604	1,155,352	1,297,604	1,155,352
Total equity and debt instruments at FVOCI	3,310,700	2,552,257	3,310,700	2,552,257

25. INVENTORY

	GROUP		COMPANY	
	2024 KShs '000	2023 KShs '000	2024 KShs '000	2023 KShs '000
As 31 December	18,529	17,981	12,953	12,055

26. OTHER RECEIVABLES

	GROUP		COMPANY	
	2024 KShs '000	2023 KShs '000	2024 KShs '000	2023 KShs '000
Staff advances	58,358	47,323	45,937	29,604
Prepayments	47,539	11,355	38,581	5,659
Gross rental receivables	366,193	343,564	366,193	343,564
Dividend's receivable	4,769	695	4,769	695
Receivable from KURA*	300,150	300,150	300,150	300,150
Impairment of KURA	(96,907)	(71,576)	(96,907)	(71,579)
IDB asset*	21,278	21,278	21,278	21,278
Impairment of IDB	(6,870)	(5,085)	(6,870)	(5,085)
Other receivables	149,963	62,452	144,262	36,607
Rental receivables provisions	(366,193)	(343,564)	(366,193)	(343,564)
	478,280	366,592	451,200	317,329

* The balance from KURA (Kenya Urbans Roads Authority) of KShs 300,150,000 relates to the sale of a portion of Mbagathi land to KURA for a road construction.

** The balance from IDB (Industrial Development Bank) of KShs 21,277,500 relates to divesture from that investment.

The movement in Rental receivables provisions is as below:

	GROUP		COMPANY	
	2024 KShs '000	2023 KShs '000	2024 KShs '000	2023 KShs '000
At 1 January	(343,564)	(365,913)	(343,564)	(365,913)
Additional provision	(22,629)	22,349	(22,629)	22,349
At 31 December	(366,193)	(343,564)	(366,193)	(343,564)

Other trade receivables are non-interest bearing and generally on terms of 30 to 120 days

NOTES TO THE FINANCIAL STATEMENTS

27. DEPOSITS WITH FINANCIAL INSTITUTIONS

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs '000	KShs '000	KShs '000	KShs '000
Deposit with financial institutions	14,436,725	16,947,930	10,125,838	12,366,728
Expected credit losses.	(115,796)	(110,438)	(78,110)	(75,165)
	14,320,929	16,837,492	10,047,728	12,291,563

The weighted average effective interest rate on deposits with financial institutions was 9.11% (2023– 5.67 %).

28. INSURANCE AND REINSURANCE CONTRACTS

The breakdown of groups of insurance contracts issued and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

GROUP

	2024			2023		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Insurance contracts issued						
Long Term	-	2,849,770	2,849,770	-	2,257,336	2,257,336
Short Term	-	10,926,867	10,926,867	-	11,766,807	11,766,807
Total insurance contracts issued	-	13,776,637	13,776,637	-	14,024,143	14,024,143
Reinsurance contracts held						
Long Term	122,279	-	122,279	148,748	-	148,748
Short Term	483,879	1,022,809	(538,930)	582,752	2484	580,268
Total reinsurance contracts held	606,158	1,022,809	(416,651)	731,500	2,484	729,016

COMPANY

	2024			2023		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Insurance contracts issued						
Long Term	-	2,889,455	2,889,455	-	2,204,008	2,204,008
Short Term	-	9,053,305	9,053,305	-	10,210,889	10,210,889
Total insurance contracts issued	-	11,942,760	11,942,760	-	12,414,897	12,414,897
Reinsurance contracts held						
Long Term	121,877	-	121,877	148,343	-	148,343
Short Term	473,358	881,551	(408,193)	463,148	-	463,148
Total reinsurance contracts issued	595,235	881,551	(286,316)	611,491	-	611,491

NOTES TO THE FINANCIAL STATEMENTS

28. INSURANCE AND REINSURANCE CONTRACTS (continued)

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts in each segment changed during the year as a result of cash flows and amounts recognised in the statement of profit or loss.

For each segment, the Corporation presents a table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the statement of profit or loss.

GROUP – Insurance contracts issued

Analysis by remaining coverage and incurred claims – Short Term Business 2024.

	Liabilities for remaining coverages		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of Present Value of Future Cash Flows	Risk adjustment for non-financial risk	Total
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Opening assets	(511,621)	-	200,404	11,766	(299,451)
Opening liabilities	(6,092,198)	189,070	15,475,679	2,493,707	12,066,258
Net opening balance	(6,603,819)	189,070	15,676,083	2,505,473	11,766,807
Changes in the statement of profit or loss and OCI					
Insurance revenue	(15,875,827)	-	-	-	(15,875,827)
Insurance service expense	-	-	-	-	-
Incurred claims and other insurance service expense	-	-	9,775,017	-	9,775,017
Amortisation of insurance acquisition cash flows	768,578	-	-	-	768,578
Ceding commission	3,918,939	-	-	-	3,918,939
Losses and reversals of losses on onerous contracts	-	(45,801)	-	-	(45,801)
Adjustments to liabilities for incurred claims	-	-	(1,067,612)	(750,944)	(1,818,556)
	4,687,517	(45,801)	8,707,405	(750,944)	12,598,177
Investment components and premium refunds					
Insurance service result	(11,188,310)	(45,801)	8,707,405	(750,944)	(3,277,650)
Net finance expenses from insurance contracts	-	-	723,437	-	723,437
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	(11,188,310)	(45,801)	9,430,842	(750,944)	(2,554,213)
Cash flows					
Premiums received	15,741,243	-	-	-	15,741,243
Claims and other insurance service expenses paid, including investment components	-	-	(8,985,117)	-	(8,985,117)
Insurance acquisition cash flows	(766,723)	-	-	-	(766,723)
Ceding acquisition cashflows	(3,909,483)	-	-	-	(3,909,483)
Total cash flows	11,065,037	-	(8,985,117)	-	2,079,920
Transfer to other items in the statement of financial position	-	-	-	-	-
Translation differences	339,161	(8,038)	(653,833)	(42,937)	(365,647)
Net closing balance	(6,387,931)	135,231	15,467,975	1,711,592	10,926,867
Closing assets	(546,035)	103.00	298,214	19,099	(228,619)
Closing liabilities	(5,841,896)	135,128	15,169,761	1,692,493	11,155,486
Net closing balance	(6,387,931)	135,231	15,467,975	1,711,592	10,926,867

NOTES TO THE FINANCIAL STATEMENTS

28. INSURANCE AND REINSURANCE CONTRACTS (continued)

GROUP – Insurance contracts issued

Analysis by remaining coverage and incurred claims - Short Term Business 2023.

	Liabilities for remaining coverages		Liabilities for incurred claims		Total KShs '000
	Excluding loss component	Loss component	Estimates of Present Value of Future Cash Flows	Risk adjustment for non-financial risk	
	KShs '000	KShs '000	KShs '000	KShs '000	
Opening assets	(103,409)	-	65,713	4,481	(33,215)
Opening liabilities	(5,677,695)	159,922	15,737,838	1,982,349	12,202,414
Net opening balance	(5,781,104)	159,922	15,803,551	1,986,830	12,169,199
Changes in the statement of profit or loss and OCI					
Insurance revenue	(16,985,083)	-	-	-	(16,985,083)
Insurance service expense	-	-	-	-	-
Incurred claims and other insurance service expense	-	-	9,759,678	-	9,759,678
Amortisation of insurance acquisition cash flows*	1,299,899	-	-	-	1,299,899
Ceding commission*	4,469,877	-	-	-	4,469,877
Losses and reversals of losses on onerous contracts	-	19,869	-	-	19,869
Adjustments to liabilities for incurred claims	-	-	(687,424)	478,521	(208,903)
	5,769,775	19,869	9,072,254	478,521	15,340,419
Investment components and premium refunds	-	-	-	-	-
Insurance service result	(11,215,308)	19,869	9,072,254	478,521	(1,644,664)
Net finance expenses from insurance contracts	-	-	789,590	-	789,590
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	(11,213,058)	19,869	8,282,664	478,521	(2,434,254)
Cash flows	-	-	-	-	-
Premiums received	16,168,878	-	-	-	16,168,878
Claims and other insurance service expenses paid, including investment components	-	-	(9,013,502)	-	(9,013,502)
Insurance acquisition cash flows	(1,239,902)	-	-	-	(1,239,902)
Ceding acquisition cashflows	(4,263,570)	-	-	-	(4,263,570)
Total cash flows	10,665,407	-	(9,013,502)	-	1,651,905
Transfer to other items in the statement of financial position	-	-	-	-	-
Translation differences	(272,814)	9,279	603,370	40,122	379,957
Net closing balance	(6,603,819)	189,070	15,676,083	2,505,473	11,766,807
Closing assets	(511,621)	-	200,404	11,766	(299,451)
Closing liabilities	(6,092,198)	189,070	15,475,679	2,493,707	12,066,258
Net closing balance	(6,603,819)	189,070	15,676,083	2,505,473	11,766,807

*See note 37(ii) on prior year restatement.

NOTES TO THE FINANCIAL STATEMENTS

28. INSURANCE AND REINSURANCE CONTRACTS (continued)

COMPANY – Insurance contracts issued

Analysis by remaining coverage and incurred claims – Short Term Business – 2024.

	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	loss component	Estimates of Present value of future cash flows	Risk adjustment for non-financial risk	Total
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Opening assets	-	-	-	-	-
Opening liabilities	(5,102,931)	141,975	12,863,939	2,307,906	10,210,889
Net opening balance	(5,102,931)	141,975	12,863,939	2,307,906	10,210,889
Changes in the statement of profit or loss and OCI					
Insurance revenue	(13,125,734)	-	-	-	(13,125,734)
Insurance service expense					
Incurred claims and other insurance service expense	-	-	8,130,717	-	8,130,717
Amortisation of insurance acquisition cash flows	694,547	-	-	-	694,547
Ceding commissions	3,161,434	-	-	-	3,161,434
Losses and reversals of losses on onerous contracts	-	(42,472)	-	-	(42,472)
Adjustments to liabilities for incurred claims	-	-	(1,511,357)	(803,885)	(2,315,242)
	3,855,981	(42,472)	6,619,360	(803,885)	9,628,985
Investment components and premium refunds	-	-	-	-	-
Insurance service result	(9,269,753)	(42,472)	6,619,360	(803,885)	(3,496,750)
Net finance expenses from insurance contracts	-	-	705,256	-	705,256
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	(9,269,753)	(42,472)	7,324,616	(803,885)	(2,791,494)
Cash flows					
Premiums received	13,160,360	-	-	-	13,160,360
Claims and other insurance service expenses paid, including investment components	-	-	(7,675,172)	-	(7,675,172)
Insurance acquisition cash flows	(693,700)	-	-	-	(693,700)
Ceding acquisition cashflows	(3,157,578)	-	-	-	(3,157,578)
Total cash flows	9,309,082	-	(7,675,172)	-	1,633,910
Transfer to other items in the statement of financial position	-	-	-	-	-
Contracts derecognised on disposal of subsidiary					
Net closing balance	(5,063,602)	99,504	12,513,382	1,504,021	9,053,305
Closing assets	-	-	-	-	-
Closing liabilities	(5,063,602)	99,504	12,513,382	1,504,021	9,053,305
Net closing balance	(5,063,602)	99,504	12,513,382	1,504,021	9,053,305

NOTES TO THE FINANCIAL STATEMENTS

28. INSURANCE AND REINSURANCE CONTRACTS (continued)

COMPANY – Insurance contracts issued

Analysis by remaining coverage and incurred claims – Short Term Business – 2023

	Liabilities for remaining coverage		Liabilities for incurred claims		Total KShs '000
	Excluding loss component KShs '000	loss component KShs '000	Estimates of Present value of future cash flows KShs '000	Risk adjustment for non-financial risk KShs '000	
Opening assets	-	-	-	-	-
Opening liabilities	(4,484,469)	129,864	13,130,683	1,814,902	10,590,980
Net opening balance	(4,484,469)	129,864	13,130,683	1,814,902	10,590,980
Changes in the statement of profit or loss and OCI					
Insurance revenue	(14,477,005)	-	-	-	(14,477,005)
Insurance service expense	-	-	-	-	-
Incurred claims and other insurance service expense	-	-	8,575,059	-	8,575,059
Amortisation of insurance acquisition cash flows*	1,232,161	-	-	-	1,232,161
Ceding commission*	3,903,677	-	-	-	3,903,677
Losses and reversals of losses on onerous contracts	-	12,111	-	-	12,111
Adjustments to liabilities for incurred claims	-	-	(554,959)	493,004	(61,955)
	5,135,839	12,111	8,020,100	493,004	13,661,054
Investment components and premium refunds	-	-	-	-	-
Insurance service result	(9,341,166)	12,111	8,020,100	493,004	(815,951)
Net finance expenses from insurance contracts	-	-	(757,532)	-	(757,532)
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	(9,341,166)	12,111	7,262,568	493,004	(1,573,483)
Cash flows					
Premiums received	13,443,927	-	-	-	13,443,927
Claims and other insurance service expenses paid, including investment components	-	-	(7,529,312)	-	(7,529,312)
Insurance acquisition cash flows	(1,132,689)	-	-	-	(1,132,689)
Ceding acquisition cashflows	(3,588,534)	-	-	-	(3,588,534)
Total cash flows	8,722,704	-	(7,529,312)	-	1,193,392
Transfer to other items in the statement of financial position	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	-	-	-	-	-
Net closing balance	(5,102,931)	141,975	12,863,939	2,307,906	10,210,889
Closing assets	-	-	-	-	-
Closing liabilities	(5,102,931)	141,975	12,863,939	2,307,906	10,210,889
Net closing balance	(5,102,931)	141,975	12,863,939	2,307,906	10,210,889

NOTES TO THE FINANCIAL STATEMENTS

28. INSURANCE AND REINSURANCE CONTRACTS (continued)

GROUP – Insurance contracts issued

Analysis by remaining coverage and incurred claims – Long Term Business – 2024

	Liabilities for remaining coverage		Liabilities for incurred claims		Total KShs '000
	Excluding loss component KShs '000	Loss component KShs '000	Estimates of present value of future cash flows KShs '000	Risk adjustment for non-financial risk KShs '000	
Opening assets	-	-	-	-	-
Opening liabilities	(126,809)	119,692	2,028,819	235,634	2,257,336
Net opening balance	(126,809)	119,692	2,028,819	235,634	2,257,336
Changes in the statement of profit or loss and OCI					
Insurance revenue	(2,973,349)	-	-	-	(2,973,349)
Insurance service expense	-	-	-	-	-
Incurred claims and other insurance service expense	-	-	1,507,969	-	1,507,969
Amortisation of insurance acquisition cash flows	33,360	-	-	-	33,360
Ceding commissions	778,778	-	-	-	778,778
Losses and reversals of losses on onerous contracts	-	(18,657)	-	-	(18,657)
Adjustments to liabilities for incurred claims	-	-	217,302	74,740	292,042
	812,138	(18,657)	1,725,271	74,740	2,593,492
Investment components and premium refunds	-	-	-	-	-
Insurance service result	(2,161,211)	(18,657)	1,725,271	74,740	(379,857)
Net finance expenses from insurance contracts	-	-	(86,365)	-	(86,365)
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	(2,161,211)	(18,657)	1,638,906	74,740	(466,222)
Cash flows					
Premiums received	3,261,940	-	-	-	3,261,940
Claims and other insurance service expenses paid, including investment components	-	-	(1,349,613)	-	(1,349,613)
Insurance acquisition cash flows	(31,319)	-	-	-	(31,319)
Ceding acquisition cashflows	(731,134)	-	-	-	(731,134)
Total cash flows	2,499,487	-	(1,349,613)	-	1,149,874
Transfer to other items in the statement of financial position	-	-	-	-	-
Translation differences	(26,319)	-	(56,663)	(8,236)	(91,218)
Net closing balance	185,148	101,034	2,261,449	302,139	2,849,770
Closing assets	-	-	-	-	-
Closing liabilities	185,148	101,034	2,261,449	302,139	2,849,770
Net closing balance	185,148	101,034	2,261,449	302,139	2,849,770

NOTES TO THE FINANCIAL STATEMENTS

28. INSURANCE AND REINSURANCE CONTRACTS (continued)

GROUP – Insurance contracts issued

Analysis by remaining coverage and incurred claims – Long Term Business – 2023

	Liabilities for remaining coverage		Liabilities for incurred claims		Total KShs '000
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	KShs '000	KShs '000	KShs '000	KShs '000	
Opening assets	-	-	-	-	-
Opening liabilities	(505,268)	21,960	1,806,863	174,750	1,498,305
Net opening balance	(505,268)	21,960	1,806,863	174,750	1,498,305
Changes in the statement of profit or loss and OCI					
Insurance revenue	(2,583,657)	-	-	-	(2,583,657)
Insurance service expense	-	-	-	-	-
Incurred claims and other insurance service expense	-	-	1,969,703	-	1,969,703
Amortisation of insurance acquisition cash flows*	37,528	-	-	-	37,528
Ceding commission*	640,597	-	-	-	640,597
Losses and reversals of losses on onerous contracts	-	97,712	-	-	97,712
Adjustments to liabilities for incurred claims	-	-	66,014	60,272	126,286
	678,126	97,712	2,035,717	60,272	2,871,827
Investment components and premium refunds	-	-	-	-	-
Insurance service result	(1,905,531)	97,712	2,035,717	60,272	288,170
Net finance expenses from insurance contracts	-	-	(122,442)	-	(122,442)
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	(1,905,531)	97,712	1,913,273	60,272	165,726
Cash flows					
Premiums received	2,772,712	-	-	-	2,772,712
Claims and other insurance service expenses paid, including investment components	-	-	(1,695,900)	-	(1,695,900)
Insurance acquisition cash flows	(31,974)	-	-	-	(31,974)
Ceding acquisition cashflows	(461,088)	-	-	-	(461,088)
Total cash flows	2,279,650	-	(1,695,900)	-	583,750
Transfer to other items in the statement of financial position	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	4,340	20	4,583	612	9,555
Net closing balance	(126,809)	119,692	2,028,819	235,634	2,257,336
Closing assets	-	-	-	-	-
Closing liabilities	(126,809)	119,692	2,028,819	235,634	2,257,336
Net closing balance	(126,809)	119,692	2,028,819	235,634	2,257,336

*See note 37(ii) on prior year restatement.

NOTES TO THE FINANCIAL STATEMENTS

28. INSURANCE AND REINSURANCE CONTRACTS (continued)

COMPANY – Insurance contracts issued

Analysis by remaining coverage and incurred claims – Long Term Business – 2024

	Liabilities for remaining coverage		Liabilities for incurred claims		Total KShs '000
	Excluding loss component KShs '000	Loss component KShs '000	Estimates of present value of future cash flows KShs '000	Risk adjustment for non-financial risk KShs '000	
Opening assets	-	-	-	-	-
Opening liabilities	(154,375)	119,692	2,006,488	232,203	2,204,008
Net opening balance	(154,375)	119,692	2,006,488	232,203	2,204,008
Changes in the statement of profit or loss and OCI					
Insurance revenue	(2,940,423)	-	-	-	(2,940,423)
Insurance service expense					
Incurred claims and other insurance service expense	-	-	1,507,939	-	1,507,939
Amortisation of insurance acquisition cash flows	33,318	-	-	-	33,318
Ceding commissions	768,609	-	-	-	768,609
Losses and reversals of losses on onerous contracts	-	(18,658)	-	-	(18,658)
Adjustments to liabilities for incurred claims	-	-	210,570	73,627	284,197
	801,927	(18,658)	1,718,509	73,627	2,575,405
Investment components and premium refunds	-	-	-	-	-
Insurance service result	(2,138,496)	(18,658)	1,718,509	73,627	(365,018)
Net finance expenses from insurance contracts	-	-	(82,326)	-	(82,326)
Effect of movement in exchange rates					
Total changes in the statement of profit or loss and OCI	(2,138,496)	(18,658)	1,636,513	73,627	(447,344)
Cash flows					
Premiums received	3,238,582	-	-	-	3,238,582
Claims and other insurance service expenses paid, including investment components	-	-	(1,355,721)	-	(1,355,721)
Insurance acquisition cash flows	(31,163)	-	-	-	(31,163)
Ceding acquisition cashflows	(718,907)	-	-	-	(718,907)
Total cash flows	2,488,512	-	(1,355,721)	-	1,132,791
Transfer to other items in the statement of financial position					
Contracts derecognised on disposal of subsidiary	-	-	-	-	-
Net closing balance	195,641	101,034	2,286,950	305,830	2,889,455
Closing assets	-	-	-	-	-
Closing liabilities	195,641	101,034	2,286,950	305,830	2,889,455
Net closing balance	195,641	101,034	2,286,950	305,830	2,889,455

NOTES TO THE FINANCIAL STATEMENTS

28. INSURANCE AND REINSURANCE CONTRACTS (continued)

COMPANY – Insurance contracts issued

Analysis by remaining coverage and incurred claims – Long Term Business – 2023

	Liabilities for remaining coverage		Liabilities for incurred claims		Total KShs '000
	Excluding loss component KShs '000	Loss component KShs '000	Estimates of present value of future cash flows KShs '000	Risk adjustment for non-financial risk KShs '000	
Opening assets	-	-	-	-	-
Opening liabilities	(509,504)	21,812	1,795,702	173,698	1,481,708
Net opening balance	(509,504)	21,812	1,795,702	173,698	1,481,708
Changes in the statement of profit or loss and OCI					
Insurance revenue	(2,562,127)	-	-	-	(2,562,127)
Insurance service expense	-	-	-	-	-
Incurred claims and other insurance service expense	-	-	1,963,533	-	1,963,533
Amortisation of insurance acquisition cash flows*	37,504	-	-	-	37,504
Ceding commission*	633,703	-	-	-	633,703
Losses and reversals of losses on onerous contracts	-	97,880	-	-	97,880
Adjustments to liabilities for incurred claims	-	-	59,178	58,505	117,683
	671,207	97,880	2,022,711	58,505	2,850,303
Investment components and premium refunds	-	-	-	-	-
Insurance service result	(1,890,920)	97,880	2,022,711	58,505	288,176
Net finance expenses from insurance contracts	-	-	(122,193)	-	(122,193)
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	(1,890,920)	97,880	1,900,518	58,505	165,983
Cash flows					
Premiums received	2,739,685	-	-	-	2,739,685
Claims and other insurance service expenses paid, including investment components	-	-	(1,689,732)	-	(1,689,732)
Insurance acquisition cash flows	(27,582)	-	-	-	(27,582)
Ceding acquisition cashflows	(466,053)	-	-	-	(466,053)
Total cash flows	2,246,049	-	(1,689,732)	-	556,317
Transfer to other items in the statement of financial position	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	-	-	-	-	-
Net closing balance	(154,375)	119,692	2,006,488	232,203	2,204,008
Closing assets	-	-	-	-	-
Closing liabilities	(154,375)	119,692	2,006,488	232,203	2,204,008
Net closing balance	(154,375)	119,692	2,006,488	232,203	2,204,008

*See note 37(ii) on prior year restatement.

NOTES TO THE FINANCIAL STATEMENTS

28. INSURANCE AND REINSURANCE CONTRACTS (continued)

GROUP – Reinsurance contracts held

Analysis by remaining coverage and incurred claims – Short Term Business – 2024

	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss-recovery component KShs '000	Loss-recovery component KShs '000	Estimates of present value of future cash flows KShs '000	Risk adjustment for non-financial risk KShs '000	Total KShs '000
Opening assets	(67,268)	-	709,844	20,767	663,343
Opening liabilities	(85,968)	-	2,543	350	(83,075)
Net opening balance	(153,236)	-	712,387	21,117	580,268
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	(1,635,344)	-	-	-	(1,635,344)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	552,984	-	552,984
Recoveries and reversals of recoveries of losses on onerous contracts					
Adjustments to assets for incurred claims	-	-	259,625	20,840	280,465
	(1,635,344)	-	812,609	20,840	(801,895)
Investment components and premium refunds	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	1,692	-	1,692
Amortisation of insurance acquisition cash flows	220,832	-	-	-	220,832
Net expenses from reinsurance contracts	(1,414,512)	-	814,301	20,840	(579,371)
Net finance income from reinsurance contracts	-	-	(79,519)	-	(79,519)
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	(1,414,512)		734,782	20,840	(658,890)
Cash flows					
Premiums paid	350,036	-	-	-	1,516,299
Other amount paid					
Amounts received	(302,799)	-	(499,150)	-	(1,968,212)
Total cash flows	47,237	-	(499,150)	-	(451,913)
Transfer to other items in the statement of financial position					
Translation differences	16,827	-	(22,177)	(3,044)	(8,395)
Net closing balance	(1,503,683)	-	925,840	38,913	(538,930)
Closing assets	(10,346)	-	484,978	353	474,985
Closing liabilities	(1,493,337)	-	440,862	38,560	(1,013,915)
Net closing balance	(1,503,683)	-	925,840	38,913	(538,930)

NOTES TO THE FINANCIAL STATEMENTS

28. INSURANCE AND REINSURANCE CONTRACTS (continued)

GROUP – Reinsurance contracts held

Analysis by remaining coverage and incurred claims - Short Term Business – 2023

	Assets for remaining coverage		Assets for incurred claims		Total KShs '000
	Excluding loss-recovery component KShs '000	Loss- recovery component KShs '000	Estimates of present value of future cash flows KShs '000	Risk adjustment for non- financial risk KShs '000	
Opening assets	(21,767)	-	514,342	47,674	540,249
Opening liabilities	(38,503)	-	1,120	145	(37,238)
Net opening balance	(60,270)	-	515,462	47,819	503,011
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	(1,085,053)	-	-	-	(1,085,053)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	760,214	-	760,214
Recoveries and reversals of recoveries of losses on onerous contracts	-	-	-	-	-
Adjustments to assets for incurred claims	-	-	(247,538)	(34,333)	(281,871)
	(1,085,053)	-	512,676	(34,333)	(606,710)
Investment components and premium refunds	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	(3,591)	-	(3,591)
Amortisation of insurance acquisition cash flows	181,951	-	-	-	181,951
Net expenses from reinsurance contracts	(903,102)	-	509,085	(34,333)	(428,350)
Net finance income from reinsurance contracts	-	-	15,894	-	15,894
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	(903,102)	-	524,979	(34,333)	(412,456)
Cash flows					
Premiums paid	1,013,764	-	-	-	1,013,764
Other amount paid	-	-	-	-	-
Amounts received	(206,676)	-	(354,297)	-	(560,973)
Total cash flows	807,088	-	(354,297)	-	452,791
Transfer to other items in the statement of financial position	3,048	-	46,543	7,631	57,222
Contracts derecognised on disposal of subsidiary	-	-	-	-	-
Net closing balance	(153,236)	-	712,387	21,117	580,268
Closing assets	(67,268)	-	709,844	20,767	663,343
Closing liabilities	(85,968)	-	2,543	350	(83,075)
Net closing balance	(153,236)	-	712,387	21,117	580,268

NOTES TO THE FINANCIAL STATEMENTS

28. INSURANCE AND REINSURANCE CONTRACTS (continued)

COMPANY – Reinsurance contracts held

Analysis by remaining coverage and incurred claims – Short Term Business – 2024

	Assets for remaining coverage		Assets for incurred claims		Total KShs '000
	Excluding loss-recovery component KShs '000	Loss- recovery component KShs '000	Estimates of present value of future cash flows KShs '000	Risk adjustment for non- financial risk KShs '000	
Opening assets	(70,164)	-	586,008	4,222	520,066
Opening liabilities	(59,382)	-	2,155	309	(56,918)
Net opening balance	(129,546)	-	588,163	4,531	463,148
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	(1,520,064)	-	-	-	(1,520,064)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	404,021	-	404,021
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	-	-	-	-
Adjustments to assets for incurred claims	-	-	297,068	30,377	327,445
	(1,520,064)	-	701,089	30,377	(788,598)
Investment components and premium refunds	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	(542)	-	(542)
Amortisation of insurance acquisition cash flows	195,935	-	-	-	195,935
Net expenses from reinsurance contracts	(1,324,129)	-	700,547	30,377	(593,205)
Net finance income from reinsurance contracts	-	-	(79,252)	-	(79,252)
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	(1,324,129)	-	621,295	30,377	(672,457)
Cash flows					
Premiums paid	236,364	-	-	-	1,402,627
Other amount paid	-	-	-	-	-
Amounts received	(118,989)	-	(316,260)	-	(1,601,512)
Total cash flows	117,375	-	(316,260)	-	(198,885)
Transfer to other items in the statement of financial position	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	-	-	-	-	-
Net closing balance	(1,336,300)	-	893,198	34,908	(408,193)
Closing assets	(9,138)	-	482,495	-	473,359
Closing liabilities	(1,327,162)	-	410,703	34,908	(881,551)
Net closing balance	(1,336,300)	-	893,198	34,908	(408,193)

NOTES TO THE FINANCIAL STATEMENTS

28. INSURANCE AND REINSURANCE CONTRACTS (continued)

COMPANY – Reinsurance contracts held

Analysis by remaining coverage and incurred claims - Short Term Business – 2023

	Assets for remaining coverage		Assets for incurred claims		Total KShs '000
	Excluding loss-recovery component KShs '000	Loss- recovery component KShs '000	Estimates of present value of future cash flows KShs '000	Risk adjustment for non- financial risk KShs '000	
Opening assets	(88,760)	-	287,441	8,449	207,130
Opening liabilities	(24,102)	-	1,116	144	(22,842)
Net opening balance	(112,862)	-	288,557	8,593	184,288
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	(896,838)	-	-	-	(896,838)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses		-	603,406	-	603,406
Recoveries and reversals of recoveries of losses on onerous underlying contracts		-	-	-	-
Adjustments to assets for incurred claims	-	-	(62,646)	(4,062)	(66,708)
	(896,838)	-	540,760	(4,062)	(360,140)
Investment components and premium refunds	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	(1,081)	-	(1,081)
Amortisation of insurance acquisition cash flows	194,788	-	-	-	194,788
Net expenses from reinsurance contracts	(702,050)	-	539,679	(4,062)	(166,433)
Net finance income from reinsurance contracts	-	-	10,914	-	10,914
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	(702,050)	-	550,593	(4,062)	(155,519)
Cash flows					
Premiums paid	887,168	-	-	-	887,168
Other amount paid	-	-	-	-	-
Amounts received	(201,802)	-	(250,987)	-	(452,789)
Total cash flows	685,366	-	(250,987)	-	434,379
Transfer to other items in the statement of financial position	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	-	-	-	-	-
Net closing balance	(129,546)	-	588,163	4,531	463,148
Closing assets	(70,164)	-	586,008	4,222	520,066
Closing liabilities	(59,382)	-	2,155	309	(56,918)
Net closing balance	(129,546)	-	588,163	4,531	463,148

NOTES TO THE FINANCIAL STATEMENTS

28. INSURANCE AND REINSURANCE CONTRACTS (continued)

GROUP – Reinsurance contracts held

Analysis by remaining coverage and incurred claims - Long Term – 2024

	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss-recovery component KShs '000	Loss-recovery component KShs '000	Estimates of present value of future cash flows KShs '000	Risk adjustment for non-financial risk KShs '000	Total KShs '000
Opening assets	71,336	-	68,947	8,464	148,747
Opening liabilities	-	-	-	-	-
Net opening balance	71,336	-	68,947	8,464	148,747
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	(157,799)	-	-	-	(157,799)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	12,317	-	12,317
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	-	-	-	-
Adjustments to assets for incurred claims			(11,901)	(419)	(12,320)
	(157,799)	-	416	(419)	(157,802)
Investment components and premium refunds					
Effect of changes in non-performance risk of reinsurers	-	-	(679)	-	(679)
Amortisation of insurance acquisition cash flows	29,434	-	-	-	29,434
Net expenses from reinsurance contracts	(128,365)	-	(263)	(419)	(129,047)
Net finance income from reinsurance contracts	-	-	388	-	388
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	(128,430)	-	125	(419)	(128,659)
Cash flows					
Premiums paid	172,797	-	-	-	172,797
Other amount paid					
Amounts received	(58,189)	-	(12,317)	-	(70,506)
Total cash flows	114,608	-	(12,317)	-	102,291
Transfer to other items in the statement of financial position					
Translation differences	6	-	(91)	(15)	(100)
Net closing balance	57,585	-	56,664	8,030	122,279
Closing assets	57,585		56,664	8,030	122,279
Closing liabilities		-	-	-	-
Net closing balance	57,585	-	56,664	8,030	122,279

NOTES TO THE FINANCIAL STATEMENTS

28. INSURANCE AND REINSURANCE CONTRACTS (continued)

GROUP – Reinsurance contracts held

Analysis by remaining coverage and incurred claims - Long Term – 2023

	Assets for remaining coverage		Assets for incurred claims		Total KShs '000
	Excluding loss-recovery component KShs '000	Loss- recovery component KShs '000	Estimates of present value of future cash flows KShs '000	Risk adjustment for non- financial risk KShs '000	
Opening assets	49,101	-	146,846	8,882	204,829
Opening liabilities	-	-	-	-	-
Net opening balance	49,101	-	146,846	8,882	204,829
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	(279,749)	-	-	-	(279,749)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	30,099	-	30,099
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	-	-	-	-
Adjustments to assets for incurred claims	-	-	(29,446)	(460)	(29,906)
	(279,749)	-	653	(460)	(279,556)
Investment components and premium refunds	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	(1,943)	-	(1,943)
Amortisation of insurance acquisition cash flows	30,311	-	-	-	30,311
Net expenses from reinsurance contracts	(249,438)	-	(1,290)	(460)	(251,188)
Net finance income from reinsurance contracts	-	-	(1,983)	-	(1,983)
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	(249,438)	-	(3,273)	(460)	(253,171)
Cash flows					
Premiums paid	305,677	-	-	-	305,677
Other amount paid	-	-	-	-	-
Amounts received	(34,001)	-	(75,119)	-	(109,120)
Total cash flows	271,676	-	(75,119)	-	196,557
Transfer to other items in the statement of financial position	-	-	-	-	-
Translation differences	(3)	-	493	43	533
Net closing balance	71,336	-	68,947	8,465	148,748
Closing assets	71,336	-	68,947	8,465	148,748
Closing liabilities	-	-	-	-	-
Net closing balance	71,336	-	68,947	8,465	148,748

NOTES TO THE FINANCIAL STATEMENTS

28. INSURANCE AND REINSURANCE CONTRACTS (continued)

COMPANY – Reinsurance contracts held

Analysis by remaining coverage and incurred claims - Long Term – 2024

	Assets for remaining coverage		Assets for incurred claims		Total KShs '000
	Excluding loss-recovery component KShs '000	Loss- recovery component KShs '000	Estimates of present value of future cash flows KShs '000	Risk adjustment for non- financial risk KShs '000	
Opening assets	71,363	-	68,571	8,409	148,343
Opening liabilities	-	-	-	-	-
Net opening balance	71,363	-	68,571	8,409	148,343
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	(133,587)	-	-	-	(133,587)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	12,317	-	12,317
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	-	-	-	-
Adjustments to assets for incurred claims			(12,069)	(456)	(12,525)
	(133,587)	-	248	(456)	(133,795)
Investment components and premium refunds					
Effect of changes in non-performance risk of reinsurers	-	-	(675)	-	(675)
Amortisation of insurance acquisition cash flows	20,963	-	-	-	20,963
Net expenses from reinsurance contracts	(112,689)	-	(427)	(456)	(113,507)
Net finance income from reinsurance contracts	-	-	472	-	472
Effect of movement in exchange rates					
Total changes in the statement of profit or loss and OCI	(112,624)	-	45	(456)	(113,035)
Cash flows					
Premiums paid	147,837	-	-	-	147,837
Other amount paid					
Amounts received	(48,951)	-	(12,317)	-	(61,268)
Total cash flows	98,886	-	(12,317)	-	86,569
Transfer to other items in the statement of financial position					
Contracts derecognised on disposal of subsidiary	-	-	-	-	-
Net closing balance	57,625	-	56,298	7,953	121,877
Closing assets	57,625	-	56,298	7,953	121,877
Closing liabilities	-	-	-	-	-
Net closing balance	57,625	-	56,298	7,953	121,877

NOTES TO THE FINANCIAL STATEMENTS

28. INSURANCE AND REINSURANCE CONTRACTS (continued)

COMPANY – Reinsurance contracts held

Analysis by remaining coverage and incurred claims - Long Term – 2023

	Assets for remaining coverage		Assets for incurred claims		Total KShs '000
	Excluding loss-recovery component KShs '000	Loss- recovery component KShs '000	Estimates of present value of future cash flows KShs '000	Risk adjustment for non- financial risk KShs '000	
Opening assets	49,101	-	143,651	8,621	201,373
Opening liabilities	-	-	-	-	-
Net opening balance	49,101	-	143,651	8,621	201,373
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	(279,710)	-	-	-	(279,710)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	30,099	-	30,099
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	-	-	-	-
Adjustments to assets for incurred claims	-	-	(26,033)	(212)	(26,245)
	(279,710)	-	4,065	(212)	(275,857)
Investment components and premium refunds	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	(1,932)	-	(1,932)
Amortisation of insurance acquisition cash flows	222,838	-	-	-	222,838
Net expenses from reinsurance contracts	(56,871)	-	2,133	(212)	(54,950)
Net finance income from reinsurance contracts	-	-	(2,096)	-	(2,096)
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	(56,871)	-	38	(212)	(57,045)
Cash flows					
Premiums paid	305,677	-	-	-	305,677
Other amount paid	-	-	-	-	-
Amounts received	(226,544)	-	(75,117)	-	(109,118)
Total cash flows	79,133	-	(75,117)	-	196,559
Transfer to other items in the statement of financial position	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	-	-	-	-	-
Net closing balance	71,363	-	68,571	8,409	148,343
Closing assets	71,363	-	68,571	8,409	148,343
Closing liabilities	-	-	-	-	-
Net closing balance	71,363	-	68,571	8,409	148,343

NOTES TO THE FINANCIAL STATEMENTS

29. DEFERRED TAX LIABILITY

i. Deferred tax liability

Deferred income taxes are calculated on all temporary differences using the enacted tax rate of 30%.

The net deferred tax liability is attributable to the following items:

GROUP and COMPANY

	Group		Company	
	2024	2023	2024	2023
	KShs '000	KShs '000	KShs '000	KShs '000
Excess depreciation over capital allowances	(99,108)	(141,922)	(99,108)	(141,922)
Leave pay provision	(9,669)	(9,259)	(9,669)	(9,259)
KURA provision	(31,133)	(23,043)	(31,133)	(23,043)
unrealised exchange gain	-	320,931	-	320,931
Provision for Bonus	(34,286)	(32,218)	(34,286)	(32,218)
Defined benefit liability	(36,513)	(37,100)	(36,513)	(37,100)
Gratuity	(4,735)	(3,431)	(4,735)	(3,431)
ECL provision	(95,151)	(10,487)	(95,151)	(10,487)
Provision for asset valuation	(9,000)	(19,047)	(9,000)	(19,047)
Inventory Provision	(1,190)	(118)	(1,190)	(118)
Other provisions	(370,894)	(12,643)	(370,894)	(12,643)
Unrealised exchange loss	(207,464)	(87,590)	(207,464)	(87,590)
Onerous losses provision	(29,851)	(20,237)	(29,851)	(20,237)
Bad debts provisions	(1,334,997)	(1,213,304)	(1,334,997)	(1,213,304)
	(2,263,991)	(1,289,468)	(2,263,991)	(1,289,468)
Life fund actuarial surplus	3,683,525	3,327,304	3,683,525	3,327,304
Net deferred tax liability	1,419,534	2,037,836	1,419,534	2,037,836

The movement on the deferred tax account during the year was as follows:

GROUP and COMPANY

	Group		Company	
	2024	2023	2024	2023
	KShs '000	KShs '000	KShs '000	KShs '000
At 1 January	2,037,836	1,691,245	2,037,836	1,691,245
Charge for the year (note 11)	(618,302)	346,591	(618,302)	346,591
At 31 December	1,419,534	2,037,836	1,419,534	2,037,836

NOTES TO THE FINANCIAL STATEMENTS

29. DEFERRED TAX LIABILITY (continued)

ii. Deferred tax asset

Deferred income taxes are calculated on all temporary differences using the enacted tax rate of 30%.

The net deferred tax asset is attributable to the following items:

GROUP

	2024 KShs '000	2023 KShs '000
Leave pay provision	20	496
Provision for Bonus	(1,008)	356
Unrealised exchange (gains)/loss	11,045	(9,249)
Bad debts provisions	8,799	5,749
Other provisions	82,651	36,566
Net deferred tax asset	101,507	33,918

The movement on the deferred tax account during the year was as follows:

GROUP

	2024 KShs '000	2023 KShs '000
At 1 January	33,918	100,859
(Credit)/charge for the year.	83,585	(66,941)
Translation differences	(15,996)	-
At 31 December	101,507	33,918

NOTES TO THE FINANCIAL STATEMENTS

30. RETIREMENT BENEFIT OBLIGATION – GROUP AND COMPANY

Defined Benefit Scheme

The Company operates a defined benefit pension plan (the "Fund") for some of its employees. The Company's defined benefit pension plan is a final salary plan for its employees, which requires contributions to be made to a separately administered fund.

The Fund is registered under irrevocable trust with the Retirement Benefits Authority, which requires final salary payments to be adjusted for the consumer price index upon payment during retirement. The Retirement Benefits Act, 1997 and the Regulations under the Act require the Fund to maintain a funding level of 100%. Where the funding level is below 100%, such deficits are required to be amortised over a period not exceeding 6 years.

The level of benefits provided depends on the member's length of service and salary at retirement age. Scheme members' contributions are a fixed percentage of pensionable pay with the Company responsible for the balance of the cost of benefits accruing.

The Fund is managed by a Board of Trustees. The Board of Trustees is responsible for the overall operation and investments of the Fund. The Board of Trustees decides the investment portfolio mix based on the results of this annual review. Generally, it aims to have a portfolio mix of a variety of asset classes comprising quoted equities, government securities, property, and shares.

The weighted average duration of the liability as at 31 December 2024 is 5.7 (2023: 6.4).

During the reading of the budget statement for 2017/2018 by the Cabinet Secretary, National Treasury, amendments to the Retirement Benefit Regulations now provide for an equal 50/50 sharing of surplus between members and the Fund sponsor upon wind up of a Fund.

Effective 30 September 2010, the Fund was closed to new entrants and to future accrual of benefits and a new defined contribution plan ('DC Plan') was established in respect of new entrants and existing in-service members who opted to join the new DC Plan. As part of the terms of closure of the Fund, active in-service members and pensioners (including deferred pensioners) were entitled to annual pension increases of 3% per annum. Further, for existing in-service members, members' pensionable salaries for the purpose of determining their retirement or earlier benefits will increase at the lower of the actual increase granted and 5% per annum.

The major categories of plan assets of the fair value of the total plan assets are, as follows:

Asset Class	2024		2023	
	Amount KShs'000	Proportion %	Amount KShs'000	Proportion %
Quoted equity investments	108,029	9.96%	75,345	8.34%
Fixed deposits, commercial papers and government securities	733,482	67.63%	661,556	73.20%
Net current assets	19,714	1.82%	1,843	0.20%
Properties and other fixed assets	223,254	20.59%	165,000	18.26%
Total	1,084,479	100%	903,744	100%

NOTES TO THE FINANCIAL STATEMENTS

30. RETIREMENT BENEFIT OBLIGATION – GROUP AND COMPANY (continued)

Sensitivity of the Scheme

The scheme is more sensitive to changes in the financial assumptions than changes in the demographic assumptions. In assessing sensitivity analysis of the scheme to the discount rate used, the duration of the liability was considered. The results of the sensitivity analysis are summarized in the table below:

	At 31 December 2024		At 31 December 2023	
	Current discount rate (14% per annum)	Discount rate less (14% per annum)	Current discount rate (13.68% per annum)	Discount rate less (13.68% per annum)
	KShs'000	KShs'000	KShs'000	KShs'000
Present Value of Obligation	547,807	624,500	589,963	634,976

As the bulk of the benefits payable under the Fund are salary related, the sensitivity of the liability to a change in the salary escalation assumption is not expected to be materially different. However, the impact of a change in salary escalation is expected to be less than the impact of a change in the discount rate as a portion of the liabilities would not be affected by a change in the salary escalation rate.

GROUP AND COMPANY

	2024 KShs '000	2023 KShs '000
The actuarial valuation results were as follows:		
Present value of funded obligations	(546,508)	(465,576)
IFRIC 14 Additional Liability	(477,433)	(431,400)
Fair value of scheme assets	1,084,479	941,487
Net (asset) in the statement of financial position	60,538	44,511
Movement in present value of funded obligation:		
As at 1 January	465,576	589,963
Current service costs	4,974	10,398
Administration costs	-	-
Interest cost	72,070	76,310
Actuarial gain/(loss)	66,435	(136,410)
Benefits payment	(62,547)	(74,685)
At 31 December	546,508	465,576

NOTES TO THE FINANCIAL STATEMENTS

30. RETIREMENT BENEFIT OBLIGATION – GROUP AND COMPANY (continued)

Sensitivity of the Scheme(continued)

	2024 KShs '000	2023 KShs '000
Movement in fair value of plan assets		
As at 1 January	941,487	970,381
Interest income on plan assets	150,185	126,191
Return on plan assets (excluding amount in interest income)	55,354	(81,844)
Administration expenses	-	-
Employer Contributions	-	17,798
Benefits and expenses paid	(62,547)	(68,410)
Prior year adjustments	-	(22,629)
At 31 December	1,084,479	941,487
Movement in net assets		
As at 1 January	44,511	-
Net expense recognised in profit or loss	1,960	(19,578)
Company contributions		(31,591)
Net charge recognised in other comprehensive income	14,067	77,882
Payment to the Scheme		17,798
At 31 December	60,538	44,511
Amount recognised in profit or loss:		
Current service cost net of employees' contributions	4,974	4,123
Net interest on obligation and plan assets	(6,934)	4,839
Adjustments for Previous Years Asset Values		22,629
Total included in "staff costs" in respect of scheme	(1,960)	31,591
Amount recognised in other comprehensive income:		
Actuarial (gains)/loss-Financial	(25,148)	(136,410)
Change in additional IFRIC 14 liability	(55,353)	(23,317)
Return on plan assets (excluding amount in interest income)	66,434	81,845
Total charge/(credit) to other comprehensive income	(14,067)	(77,882)
Actuarial assumptions		
Discount rate (% p.a.)	14%	16.50%
Future salary increases (% p.a.)	5%	5%
Future pension increases (% p.a.)	3%	3%
Retirement age (years)	60	60

NOTES TO THE FINANCIAL STATEMENTS

30. RETIREMENT BENEFIT OBLIGATION – GROUP AND COMPANY (continued)

Defined contribution scheme

The Company also makes contributions to a statutory provident fund, the National Social Security Fund (NSSF). Contributions are determined by local statute. For the year ended 31 December 2024, the Group contributed KShs 47,353,000 (2023 – KShs 46,909,000) to the defined contribution pension scheme and KShs 7,782,000 (2023 – KShs 2,080,000) for NSSF which has been charged to the statement of profit or loss. The Company contributed KShs 39,915,000 (2023 – KShs 35,932,000) to the defined contribution pension scheme and KShs 4,248,000 (2023 – KShs 373,000) to the NSSF.

31. DUE TO/FROM RELATED PARTIES

The Group has various related parties, primarily by virtue of being shareholders and common directorships. The other related parties include the staff of the Group. The following transactions were carried out with related parties.

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs'000	KShs'000	KShs '000	KShs '000
(a) Transactions and balances with directors and staff				
(i) Directors' remuneration				
Fees	20,347	16,229	9,600	16,229
Other emoluments	17,044	12,230	9,920	12,230
	37,391	28,459	19,520	28,459
(i) Key management remuneration				
Salaries and other short-term benefits	134,175	87,998	134,175	39,494
Post-employment benefits	-	-	-	-
	47,353	39,494	39,915	39,494
(ii) Loans to staff	534,124	611,491	525,093	588,209

Interest income on these loans was KShs 25,759,000 (2023: KShs 29,902,000). The effective interest on the loans is 3 % (2023 – 5%). Staff mortgages and car loans are fully secured.

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs'000	KShs'000	KShs '000	KShs '000
(b) Transaction with associate company, ZEP Re				
(i) Net premium written	4,007	(32,019)	4,007	(33,879)
(ii) Claims incurred	-	5,048	-	5,048
	4,007	(26,971)	4,007	(28,831)

NOTES TO THE FINANCIAL STATEMENTS

32. DUE TO/FROM RELATED PARTIES (continued)

(c) Outstanding balances with related parties:

	Relationship	COMPANY	
		2024 KShs '000	2023 KShs '000
Due from:			
Amount due from Kenya Reinsurance Corporation Cote d'Ivoire	Subsidiary	63,100	59,604
Amount due from Kenya Reinsurance Corporation Zambia	Subsidiary	37,140	18,342
Amount due from Kenya Reinsurance Corporation Uganda	Subsidiary	44,582	31,967
		144,822	109,913
Due to:			
Amount due to Kenya Reinsurance Corporation Cote d'Ivoire	Subsidiary	292,843	337,253

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Outstanding balances are current and payable on demand.

33. OTHER PAYABLES

	GROUP		COMPANY	
	2024 KShs '000	2023 KShs '000	2024 KShs '000	2023 KShs '000
Legal fees deposits	2,297	2,776	2,297	2,776
Rental deposits	178,654	171,623	178,654	171,623
Accrued leave pay	38,173	32,513	32,230	30,862
Accounts payable	279,767	277,869	221,264	277,869
Other creditors and accruals	422,743	481,362	352,254	317,372
	921,634	966,143	786,699	800,502

Other payables are non-interest bearing and have an average term of not more than 1 year.

NOTES TO THE FINANCIAL STATEMENTS

33. (a) NOTES TO THE STATEMENT OF CASH FLOWS

	GROUP		COMPANY	
	2024	Restated 2023	2024	Restated 2023
	KShs '000	KShs '000	KShs '000	KShs '000
Profit before tax	5,648,173	7,034,987	5,743,196	6,248,077
Adjustment for:				
Depreciation (note 15)	33,627	30,446	20,522	21,822
Interest income	(4,824,876)	(3,654,035)	(4,164,976)	(3,378,040)
Net ECL on government securities	217,229	18,453	218,120	1,233
Dividend income	(146,247)	(118,146)	(146,247)	(118,146)
Amortization of software (note 19)	18,101	29,366	18,100	29,366
Impairment provisions relating to mortgage loans	-	4,095	-	4,095
Revaluation of bonds at fair value	209,421	(248,237)	209,421	(247,328)
Fair value loss/ (gain) on Unquoted equity instruments	-	-	-	-
Fair value gain on investment properties	(349,294)	(216,055)	(349,294)	(216,055)
Foreign exchange gains and losses, net	373,647	650,642	85,932	(33,506)
Share of profit of associate	(610,186)	(399,063)	(610,186)	(399,063)
Operating profit before working capital changes	569,595	3,132,453	1,024,588	1,912,455
(Increase)/decrease in reinsurance contract assets	125,342	(23,660)	16,256	(225,827)
Increase/(decrease) in insurance contract liabilities	(247,506)	356,639	(472,137)	342,209
Increase/(decrease) in reinsurance contract liabilities	1,020,320	2,484	881,551	-
Increase in other payables	(44,606)	256,410	(13,900)	253,525
Increase in deposit with financial institutions	6,330,738	(4,870,975)	2,646,086	(1,904,181)
Increase in mortgage loans	41,398	(58,623)	34,502	(47,828)
Decrease in other receivables	(138,888)	63,484	(160,885)	43,613
Decrease in Inventories	(548)	3,635	(898)	6,857
Defined benefit asset	(1,960)	33,371	(1,960)	33,371
Movement in due from related party	-	-	(34,909)	(39,970)
Movement in due to related party	-	-	(44,410)	51,705
Purchase of government securities	(5,825,609)	(1,956,648)	(5,411,135)	(1,560,777)
Proceeds on maturity of government securities	1,580,353	978,874	1,312,200	682,773
Effect of exchange rate on foreign entities	9(870,611)	-	-	-
Decrease in defined benefit liability	-	(19,578)	-	(19,578)
Net cash generated from (used in) operations	2,538,018	(2,102,134)	(225,051)	(471,653)

NOTES TO THE FINANCIAL STATEMENTS

33. (b) CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs '000	KShs '000	KShs '000	KShs '000
Cash and bank balances	587,098	1,248,996	173,762	267,110

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	GROUP		COMPANY	
	2024	2023	2024	2023
	KShs '000	KShs '000	KShs '000	KShs '000
Short term bank deposits	6,863,608	3,895,036	3,275,553	2,862,675
Cash and bank balances	587,098	1,248,996	173,762	267,110
	7,450,706	5,144,032	3,449,315	3,129,785

34. DIVIDENDS – GROUP AND COMPANY

The directors propose the payment of a first and final dividend of KShs 0.15 (2023 – KShs 0.30) per share totalling to KShs 840 million in respect of the year ended 31 December 2024 (2023 – KShs 840 million). The proposed dividends are subject to approval by shareholders at the Annual General Meeting and therefore the cash dividend has not been included as a liability in these financial statements.

The cash dividend is payable subject to, where applicable, deduction of withholding tax as required under the Kenyan Income Tax Act, Chapter 470, Laws of Kenya.

Dividends per share is summarized as follows:

	2024	2023
Proposed dividends per share:		
Dividends appropriations (KShs '000')	839,939	839,939
Number of shares at 31 December	5,599,592,544	2,799,796,272
Dividends per share	0.15	0.30
Dividends per share declared and paid:		
Dividends appropriations (KShs '000')	839,939	839,939
Number of shares at 31 December	5,599,592,544	2,799,796,272
Dividends per share	0.15	0.30

NOTES TO THE FINANCIAL STATEMENTS

35. PROPERTY UNDER DISPUTE – GROUP AND COMPANY

	2024 KShs '000	2023 KShs '000
Cost	936,077	936,077
Less: Impairment provision	(936,077)	(936,077)
The Inventory Property are listed below:		
L.R. No. 27269 Ngong Road	350,000	350,000
Land LR No.12236 Kiambu Road	563,077	563,077
Land LR MN-1-9141- Shanzu Mombasa	23,000	23,000
	936,077	936,077

There was no movement in impairment provision for inventory. The impairment allowance mainly relates to inventory properties that are currently in dispute and are subject to ongoing court cases.

The Group and Company financial statements, the Company has made investments in land out of which four (4) parcels of land located in various places and towns, registered in the Company's name have their ownership to title disputed. The Company has fully provided for the parcels in dispute in financial statements. The ownership disputes are as outlined below:

a) *L.R. No. 27269 Ngong Road*

The Company invested Kshs.350, 000,000 in L.R. No. 27269 of approximately 59.87 hectares along Ngong Road which is a subject of dispute between the Company and Kenya Forest Service. The dispute of ownership of LR No.27269 is before the National Land Commission. The National Land Commission requested for the confirmed of boundaries from the Director of Surveys which have been forwarded to the Commission for verification. Although the Company has obtained confirmation from the Director of Survey that the Company's land is distinct from that of Kenya Forest Service, the matter remains unresolved until the National Land Commission adjudicate and give its verdict.

b) *Land LR No.12236 Kiambu Road*

The Company is the registered owner of land LR No. 12236 of approximately 99.5813 hectares along Kiambu Road valued at Kshs.563, 077,000. The Company is in dispute with one of the directors of the vendor of the land and the case is in court.

c) *Land LR MN-1-9141- Shanzu Mombasa.*

The Company is the registered owner of land LR MIN-1-9141 of approximately 17.3 hectares located at Shanzu Mombasa valued at Kshs.23, 000,000. The Company is in dispute with Kenya Prisons Department and the case is in court.

NOTES TO THE FINANCIAL STATEMENTS

36. EVENTS AFTER REPORTING DATE

There were no events after the reporting date which could have a material impact on the financial statements for the Group or the Company which have not been adequately adjusted for.

37. PRIOR YEAR ADJUSTMENTS

i. Restatement of line items within other comprehensive income

In the previous year, the fair value adjustment relating to quoted and unquoted equity instruments and fair value reserve arising from share of movement in associates reserves which the group and company had elected to measure at FVTOCI was incorrectly classified under other comprehensive income, under an incorrect heading "Items that may be reclassified subsequently to profit or loss." The correction has now been made in the 2023 restated financial statements to the correct heading within other comprehensive income under "Items that will not be reclassified subsequently to profit or loss" as per the requirement of IFRS 9.

The effect of the restatement in the statement of profit or loss and other comprehensive income is as below:

For the year ended 31 December 2023	Balance as previously stated KShs '000'	Adjustment for restatement KShs '000'	Restated KShs '000'
Group:			
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Net (losses) on revaluation of quoted equity instruments instrument's classified as FVTOCI	-	(112 671)	(112 671)
Net gains/ (losses) on revaluation of unquoted equity instruments	-	45 947	45 947
Share of movement in associate reserves:			
– fair value reserve	-	(159,750)	(159,750)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net (losses) on revaluation of quoted equity instruments instrument's classified as FVTOCI	(112 671)	112 671	-
Net gains/ (losses) on revaluation of unquoted equity instruments	45 947	(45 947)	-
Share of movement in associate reserves:			
– fair value reserve	(159,750)	159,750	-
Company:			
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Net (losses) on revaluation of quoted equity instruments instrument's classified as FVTOCI	-	(112 671)	(112 671)
Net gains/ (losses) on revaluation of unquoted equity instruments	-	45 947	45 947
Share of movement in associate reserves:			
– fair value reserve	-	(159,750)	(159,750)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net (losses) on revaluation of quoted equity instruments instrument's classified as FVTOCI	(112 671)	112 671	-
Net gains/ (losses) on revaluation of unquoted equity instruments	45 947	(45 947)	-
Share of movement in associate reserves:			
– fair value reserve	(159,750)	159,750	-

NOTES TO THE FINANCIAL STATEMENTS

37. PRIOR YEAR ADJUSTMENTS (continued)

- ii. Correction of ceding Commissions previously presented as insurance acquisition cash flows within insurance services expenses to a reduction from premiums in determining revenue.

a. Restatement made in the group and company statement of profit or loss and other comprehensive income and notes 5 and 9

Ceding commission was incorrectly included in the insurance acquisition cashflows instead of as a reduction from premiums in determining revenue. The economic effect of commissions due to the cedant that are not contingent on claims is equivalent to charging a lower premium with no ceding commission. Therefore, they form part of premiums and are presented by the reinsurer as part of insurance revenue. Amortisation of insurance acquisition cash flows was reduced for long-term business by KShs 640,597,000 (Company: KShs 633,703,000) and insurance revenue was reduced by KShs 640,597,000 (Company: KShs 633,703,000). For short-term business, amortisation of insurance acquisition cash flows was reduced by KShs 4,469,877,000 (Company: KShs 3,903,677,000) and insurance revenue was reduced by KShs 4,469,877,000 (Company: KShs 3,903,677,000). Insurance Service result is not impacted by the change.

b. Restatement made in note 28

Ceding Commissions were previously presented as insurance acquisition cash flows. This has been corrected, with consequential changes to insurance service expenses as reported in note 9.

38. CONTINGENT LIABILITIES

The company identified contingent liabilities of KShs 17,348,783 arising from various ongoing court cases as at 31st December 2024. Due to the inherent uncertainties associated with the litigations, it is not currently possible to make a reasonable estimate of the likelihood of an unfavourable outcome in these cases.

39. INCORPORATION

The Company is incorporated and domiciled in Kenya under the Companies Act.

40. CURRENCY

The financial statements are presented in thousands of Kenya shillings (KShs '000).

BEYOND BORDERS, BEYOND THE ORDINARY!

Kenya Re delivers specialised reinsurance solutions tailored for the modern market.

Experience the power of partnership.

Find your ideal reinsurance solution
in Our Portfolio;

- Life
- Non - Life
- Retakaful



KENYA RE IS ISO 9001:2015 AND ISO 27001:2013 CERTIFIED. RATED B (FAIR) BY AM BEST INTERNATIONAL RATING AGENCY AND AA+ BY GLOBAL CREDIT RATING (GCR).





KENYA RE

Kenya Reinsurance Corporation Limited

NOTICE OF THE 2025 ANNUAL GENERAL MEETING

Notice is hereby given that the **27TH ANNUAL GENERAL MEETING** of **KENYA REINSURANCE CORPORATION LIMITED** will be held electronically on **Friday, 20th June 2025 at 11.00 a.m.** when the following business will be transacted, namely:

AGENDA

1. Constitution of the Meeting – To read the notice convening the Meeting and determine if a quorum is present.
2. To receive, consider and, if approved, adopt the Corporation's audited Financial Statements for the year ended 31st December 2024 together with the Chairman's, Directors' and Auditors' Reports thereon.
3. To approve payment of a first and final dividend of KSh. 0.15 per share for the financial year ended 31st December 2024 to the shareholders registered in our books as at 20th June 2025 to be paid on or about 1st August 2025.
4. Election of Directors:
 - a) In accordance with Article 110 of the Corporation's Articles of Association, the following directors retire by rotation and, having attained the age of seventy years, in accordance with clause 2.5 of the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, do not offer themselves for re-election:
 - i. Mrs. Catherine Ngima Kimura
 - ii. Mrs. Thamuda Omar Hassan
 - b) In accordance with Article 110 of the Corporation's Articles of Association, Mr. Robert Waruiru retires by rotation and being eligible, offers himself for re-election:
5. To approve the Directors' remuneration report for the period ended 31st December 2024.
6. Auditors
To note that the audit of the Corporation's books of accounts will continue to be undertaken by the Auditor General or an audit firm appointed by her in accordance with Section 14 of the State Corporations Act and Section 23 of the Public Audit Act 2015.
7. To authorise the Directors to fix the remuneration of the Auditors.
8. To authorise the Directors to appoint members of the Audit Committee of the Board.
9. To approve the following policies:
 - a) Board Diversity Policy
 - b) Corporate Disclosures Policy
 - c) Dispute Resolution Policy
 - d) Remuneration Policy
 - e) Stakeholders' Communication Policy

SPECIAL BUSINESS

10. Expansion Programme – Creation of a subsidiary in Tanzania

To consider and, if thought fit, to pass the following resolution as a special resolution:

- a) "That the Company be and is hereby authorised to establish a subsidiary in Tanzania on such terms and conditions as may be determined by the relevant regulatory authorities and the Board of Directors.
- b) That the Directors be and are hereby authorised to determine the conditions upon which the subsidiary in Tanzania will be established, to obtain all the required regulatory approvals, consents and authorisations and generally to do and effect all acts and things required to give effect to the above resolution."

11. To transact any other business in respect of which due notice has been received.

By Order of the Board

Charles N. Kariuki

Corporation Secretary,

Kenya Reinsurance Corporation Limited

Reinsurance Plaza, 15th Floor, Taifa Road

P.O. Box 30271-00100

Nairobi

16th May 2025

NOTES:

1. Any member may by notice duly signed by him or her and delivered to the Corporation Secretary on the above address, not less than seven (7) days and not more than twenty one (21) days before the date appointed for the Annual General Meeting give notice of his intention to propose any other person for election to the Board, such notice to be accompanied by a notice signed by the person proposed of his or her willingness to be elected. The proposed person need not be a member of the Company.
2. During the period when physical meetings could not be held because of Covid 19, it was noted that ten times more shareholders attended virtual meetings than physical meetings. A decision was taken to hold the AGM virtually. The company's Articles of Association provide for holding of virtual shareholder meetings.
3. Any shareholder wishing to follow the virtual meeting should register for the AGM by doing the following:
 - i) Dialling *483*901# for all networks and follow the various prompts regarding the registration process; or
 - ii) Sending an email request to be registered to kenyareshares@image.co.ke.
 - iii) Shareholders with email addresses will receive a registration link via email through which they can use to register

To complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC Account Number at hand. For assistance Shareholders should dial the following helpline number: **0709 170 000/0709 170 030** from 9am to 4pm every working day.
4. Registration for the AGM **opens on Wednesday 14th May 2025** and will close on Wednesday **18th June 2025** at 11:00 am.
5. In accordance with Section 283 (2) (c) of the Companies Act, the following documents may be viewed on the Company's website <https://www.kenyare.co.ke/>:
 - (i) a copy of this Notice and the proxy form;
 - (ii) the Company's audited financial statements for the year 2024

The reports may also be accessed upon request by dialling the USSD code above and selecting the Reports option. The reports and agenda can also be accessed on the livestream link.
6. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:
 - a. sending their written questions by email to Questions.Agm@kenyare.co.ke or kenyareshares@image.co.ke
 - b. to the extent possible, physically delivering their written questions with a return physical address or email address to the registered office of the Company at Reinsurance Plaza or Image Registrars offices at 5th floor, Absa Towers (formerly Barclays Plaza), Loita Street; or
 - c. sending their written questions with a return physical address or email address by registered post to the Company's address at P.O. Box 30271- 00100 Nairobi.

Shareholders who will have registered to participate in the meeting shall be able to ask questions via sms by dialling the USSD code above and selecting the option (Ask Question) on the prompts.

Shareholders must provide their full details (full names, ID/Passport Number/CDSC Account Number) when submitting their questions and clarifications.

All questions and clarification received by the Company by **Thursday, 19th June 2025** at 5:00 pm and during the meeting will be responded to and published on the Company's website after the General Meeting. Some of the questions will also be answered during the meeting.
7. In accordance with Section 298(1) of the Companies Act, Shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company but if not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone. A proxy form is attached to this Notice and is available on the Company's website via this link: www.kenyare.co.ke. Physical copies of the proxy form are also available at the following address: Image Registrars Limited offices, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street. A proxy must be signed by the appointor or his attorney duly authorized in writing, or, if the appointor is a company, either under seal, or under the hand of an officer or attorney duly authorized by the company. A completed form of proxy should be emailed to kenyareshares@image.co.ke or delivered to Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, P.O. Box 9287 – 00100 GPO, Nairobi, so as to be received not later than **18th June 2025** at 11.00 a.m. Any person appointed as a proxy should submit his/her mobile telephone number or email address to the Company not later than Wednesday **18th June 2025** 11.00 am. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than 3 pm **18th June 2025** to allow time to address any issues.
8. The AGM will be streamed live via a link which shall be provided to all shareholders who will have **successfully** registered to participate in the Annual General Meeting. Duly registered shareholders and proxies will receive a short message service (SMS)/USSD prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in an hours' time and providing a link to the livestream.
9. Duly registered Shareholders and proxies **may access the AGM agenda** and follow the proceedings of the AGM **via** livestream platform. Duly registered Shareholders and proxies may vote (when prompted by the chairman) via the USSD prompts **as well as through the VOTE tab on the livestream link.**
10. **A poll shall be conducted for all the resolutions put forward on notice.**
11. Results of the AGM shall be published within 48 hours following conclusion of the AGM **on the Company's website** www.kenyare.co.ke


kenyare@kenyare.co.ke

[kenyare.co.ke](http://www.kenyare.co.ke)


Kenya Reinsurance


[kenya_re](https://twitter.com/kenya_re)

NOTISI YA MKUTANO MKUU WA MWAKA WA 2025

Notisi inatolewa kwamba **MKUTANO MKUU WA 27 WA KILA MWAKA wa SHIRIKA LA KENYA REINSURANCE CORPORATION LIMITED** utafanyika kwa njia ya kielektroniki siku ya **Ijumaa, tarehe 20 Juni 2025 saa tano kamili asubuhi** na shughuli zifuatazo zitafanyika:

AJENDA

1. Kufanyika kwa Mkutano - Kusoma notisi ya kuitisha Mkutano na kubaini ikiwa kuna hadhira ya kutosha.
2. Kupokea, kuzingatia na, zikiidhinishwa, kuanza kutekeleza Taarifa za Kifedha za Shirika hili zilizokaguliwa za mwaka uliokamilika tarehe 31 Desemba 2024 pamoja na Ripoti za Mwenyekiti, Wakurugenzi na Wakaguzi wa Hesabu za Kifedha.
3. Kuidhinisha malipo ya mgao wa kwanza na wa mwisho wa KSh0.15 kwa kila hisa katika mwaka wa kifedha uliokamilika tarehe 31 Desemba 2024 kwa wenye hisa waliosajiliwa katika vitabu vyetu kufikia tarehe 20 Juni 2025 ili kulipwa siku ya au karibu na tarehe 1 Agosti 2025.
4. Uchaguzi wa Wakurugenzi Wakuu:
 - a) Kwa mujibu wa Kipengee cha 110 cha Kanuni za Utendakazi wa Shirika hili, Wakurugenzi wafuatao wanastaafu kwa mzunguko, na kwa sababu wametimu umri wa miaka sabini, kulingana na kipengee cha 2.5 cha Kanuni za Kikazi za Shirika hili kwa Watoaji wa Hisa kwa Umma za mwaka 2015, hawajitokezi kuchaguliwa tena:
 - i. Bi. Catherine Ngima Kimura
 - ii. Bi. Thamuda Omar Hassan
 - b) Kwa mujibu wa Kipengee cha 110 cha Kanuni za Utendakazi wa Shirika hili, Bw. Robert Waruiru anastaafu kwa mzunguko na kwa sababu anafuzu, anajitokeza ili kuchaguliwa tena.
5. Kuidhinisha ripoti ya malipo ya Wakurugenzi kwa kipindi kilichokamilika tarehe 31 Desemba 2024.
6. Wakaguzi wa Hesabu za Pesa

Kufahamu kwamba ukaguzi wa vitabu vya hesabu vya Shirika hili utaendelea kutekelezwa na Mkaguzi Mkuu wa Serikali au kampuni ya ukaguzi ambayo atateua kwa mujibu wa Kifungu cha 14 cha Sheria ya Mashirika ya Serikali na Kifungu cha 23 cha Sheria ya Ukaguzi wa Hesabu za Umma ya mwaka 2015.
7. Kuwapa Wakurugenzi hao mamlaka ya kuamua malipo ya Wakaguzi.
8. Kuwapa Wakurugenzi hao mamlaka ya kuteua wanachama wa Kamati ya Ukaguzi ya Bodi.
9. Kuidhinisha sera zifuatazo:
 - a) Sera ya Uanuwai wa Bodi
 - b) Sera ya Ufichuzi wa Taarifa za Shirika
 - c) Sera ya Usuluhishaji wa Migogoro
 - d) Sera ya Malipo
 - e) Sera ya Mawasiliano ya Wadau

SHUGHULI MAALUM

10. Mpango wa Upanuzi - Uanzishaji wa Kampuni-Tanzu nchini Tanzania

Kuzingatia na, ikibainika yanafaa, kuidhinisha maazimio yafuatayo kama masuala maalum:

 - a) "Kwamba shirika hili liruhusiwe na kupewa mamlaka ya kuanzisha kampuni-tanzu nchini Tanzania kulingana na sheria na masharti yatakayowekwa na mamlaka ya udhibiti na Bodi ya Wakurugenzi.
 - b) Kwamba Wakurugenzi wapewe mamlaka ya kuamua sheria zitakazoongoza kampuni-tanzu itakayoanzishwa nchini Tanzania, kutafuta, vibali, ruhusa na vyeti vyote rasmi na kutekeleza mambo yote yanayohitajika ili kufaulisha suala lililo hapo juu."
11. Kutekeleza shughuli nyingine yoyote ambayo notisi yake itatolewa kikamilifu na kupokelewa.

Kwa Agizo la Bodi

Charles N. Kariuki

Katibu wa Kampuni

Kenya Reinsurance Corporation Limited
Reinsurance Plaza, Orofa ya 15, Taifa Road
S.L.P 30271-00100
Nairobi

16 Mei 2025

MAELEZO:

1. Mwanachama yeyote, kupitia notisi ambayo ameitia saina na kuiwasilisha kwa Katibu wa Kampuni hii kwa anwani iliyo hapo juu, ndani ya siku zisizopungua saba (7) wala kuzidi ishirini na moja (21) kabla ya tarehe ya Mkutano Mkuu wa kila Mwaka iliyotolewa, anaweza kutoa notisi ya nia yake ya kupendekeza mtu mwingine yeyote ili achaguliwe kwenye Bodi, na sharti notisi ya aina hiyo iambatane na notisi iliyotiwa saina na mtu aliyependekezwa ili kuonyesha kwamba yuko tayari kuchaguliwa. Si lazima mtu aliyependekezwa awe mwanachama wa Kampuni hii.
2. Katika kipindi ambacho mikutano ya ana kwa ana haikuweza kufanywa kwa sababu ya janga la Covid-19, ilibainika kuwa wenye hisa mara kumi zaidi walihudhuria mikutano ya mtandaoni ikilinganishwa na mikutano ya ana kwa ana. Kwa hivyo, uamuzi uliafikiwa kuwa AGM ifanyike mtandaoni (kielektroniki). Kanuni za Ushirika za Kampuni hii zinatoa ruhusa ya kufanya mikutano ya wenye hisa kwa njia ya mtandao.
3. Mwenye hisa yeyote ambaye angependa kufuatilia mkutano huo utakaofanyika mtandaoni anapaswa kujiandikisha kwa kufanya yafuatayo:
 - i) Kubofya namba hizi kwenye simu ya mkononi; *483*901# kwa laini yoyote ya simu kisha kufuata maelekezo kuhusu harakati ya kujisajili; au
 - ii) Kutuma ombi la kusajiliwa kupitia barua-pepe: **kenyareshares@image.co.ke**; au
 - iii) Wenye hisa walio na anwani za barua pepe watapokea kiuna (linki) ya kujisajili ambayo wanaweza kutumia kujiandikisha.Ili kukamilisha harakati ya kujisajili, wenye hisa watahitajika kukumbuka nambari zao za Vitambulisho/ Pasipoti ambazo zilitumika kununua hisa zao na/au Nambari zao za Akaunti ya CDSC. Kwa usaidizi, wenye hisa wanaombwa kupiga namba zifuatazo: **0709 170 000 / 0709 170 030**, kuanzia saa tatu kamili asubuhi hadi saa kumi kamili jioni kila siku ya kazi.
4. Harakati ya kujisajili kwa Mkutano Mkuu wa kila Mwaka (AGM) **itafunguliwa Jumatano tarehe 14 Mei 2025** na kufungwa Jumatano tarehe **18 Juni 2024** saa tano kamili asubuhi.
5. Kwa mujibu wa Kifungu cha 283 (2) (c) cha Sheria ya Kampuni, nakala zifuatazo zinaweza kutazamwa kwenye tovuti ya Kampuni hii <https://www.kenyare.co.ke/>:
 - i) Nakala ya Notisi hii na fomu ya mwakilishi;
 - ii) Taarifa za fedha za Kampuni zilizokaguliwa za mwaka wa 2024Ripoti hizo pia zinaweza kupatikana mara moja kwa kupiga nambari ya USSD iliyo hapo juu na kisha kuchagua Reports. Ripoti na ajenda hizo pia zinaweza kupatikana kwenye linki/kiungio cha kufuatilia moja kwa moja mtandaoni.
6. Wenye hisa ambao wangependa kuuliza maswali au ufafanuzi wowote kuhusu Mkutano Mkuu wa Mwaka wanaweza kufanya hivyo kwa:
 - a. kutuma maswali yao yaliyoandikwa kupitia barua pepe: Questions.Agm@kenyare.co.ke au kenyareshares@image.co.ke
 - b. pale inapowezekana, wenye hisa wanaweza kuwasilisha moja kwa moja maswali yao yaliyoandikwa na anwani ya mahali walipo au ya barua pepe ya kurejesha majibu kwa ofisi rasmi ya Kampuni katika jumba la Reinsurance Plaza au ofisi za Image Registrars, orofa ya 5, jumba la Absa Towers (lililokuwa likiitwa Barclays Plaza), barabara ya Loita street; **au**
 - c. kutuma maswali yao yaliyoandikwa na anwani ya mahali walipo au ya barua pepe ya kurejesha majibu kupitia anwani rasmi ya posta ya Shirika hili, S.L.P 30271- 00100, Nairobi.Wenye hisa watakuwa wamejiandikisha kushiriki katika mkutano huo wataweza kuuliza maswali kupitia sms kwa kupiga nambari ya USSD iliyo hapo juu kisha kuchagua (*Ask Question*).

Sharti wenye hisa watoe maelezo yao kamili (majina kamili, Nambari ya kitambulisho/Pasipoti/Nambari ya Akaunti ya CDSC) wanapowasilisha maswali na maombi yao yanayohitaji ufafanuzi.

Maswali yote na ufafanuzi wowote lazima yafikie Kampuni hii siku ya au kabla ya Alhamisi, tarehe 19 Juni 2025 saa kumi na moja kamili jioni, na wakati wa mkutano huo maswali hayo yatajiibiwa na kuchapishwa kwenye tovuti ya Kampuni hii baada ya AGM. Baadhi ya maswali hayo yatajiibiwa kikamilifu wakati wa mkutano.
7. Kwa mujibu wa Kifungu cha 298(1) cha Sheria ya Kampuni, Wenye hisa walio na haki ya kuhudhuria na kupiga kura kwenye Mkutano Mkuu wa Mwaka wana haki ya kuteua mwakilishi wa kupiga kura kwa niaba yao.

Si lazima mwenye hisa awe mwanachama wa Kampuni hii. Iwapo mwakilishi hiyo si Mwenyekiti wa Mkutano huo Mkuu wa Mwaka, mwakilishi huo atahitajika kuwa na simu ya rununu. Fomu ya uwakilishi imeambatanishwa kwenye Notisi hii, pia inapatikana kwenye tovuti ya Kampuni hii kupitia kiungo hiki: www.kenyare.co.ke. Nakala za karatasi za fomu ya uwakilishi zinapatikana pia katika anwani ifuatayo: **Image Registrars Limited offices, 5th Floor Absa Towers** (iliyokuwa Barclays Plaza), **Loita Street**. Lazima mwakilishi huo atiliwe saina na aliyemteua au wakili wake ambaye ameidhinishwa ipasavyo kwa maandishi, au, ikiwa anayemteua ni kampuni, afisa au wakili aliyeidhinishwa ipasavyo na kampuni aitie muhuri. Fomu ya uwakilishi iliyojazwa inapaswa kutumwa kwa kenyareshares@image.co.ke au kuwasilishwa kwa ofisi za kampuni ya **Image Registrars Limited**, Orofa ya 5 ya Absa Towers (iliyokuwa Barclays Plaza), Loita Street, P.O. Box 9287 – 00100 GPO, Nairobi, ili kupokelewa kabla ya tarehe **18 Juni 2025 saa tano kamili asubuhi**. Mtu yeyote aliyeteuliwa kama mwakilishi anapaswa kuwasilisha nambari yake ya simu au barua-pepe kwa Kampuni hii kabla ya Jumatano tarehe **18 Juni 2025 saa tano kamili asubuhi**. Mwenye hisa husika atafahamishwa kuhusu kukataliwa kwa usajili wowote wa mwakilishi wake kabla ya tarehe **18 Juni 2025 saa tisa alasiri** ili kutoa muda wa kushughulikia utata wowote uliopo.
8. Mkutano Mkuu wa Mwaka utaonyeshwa moja kwa moja mtandaoni kupitia kiunga ambacho kitatolewa kwa wenye hisa wote ambao watakuwa **wamefanikiwa** kujiandikisha ili kushiriki katika **Mkutano huo Mkuu wa Mwaka**. Wenye hisa na wawakilishi waliosajiliwa kikamilifu watapokea ujumbe mfupi (SMS)/USSD kwenye nambari zao za simu zilizosajiliwa, saa 24 kabla ya Mkutano huo Mkuu wa Mwaka kama njia ya kuwakumbusha kuhusu Mkutano huo. Ujumbe wa pili wa SMS/USSD utatumwa saa moja kabla ya Mkutano huo, kuwakumbusha wenye hisa na wawakilishi waliosajiliwa kikamilifu kwamba Mkutano utanza baada ya saa moja na kutoa kiungo cha kufuatilia mtandaoni moja kwa moja.
9. Wenye hisa na wawakilishi waliosajiliwa ipasavyo **wanaweza kupata ajenda za Mkutano** huo na kufuatilia shughuli za Mkutano huo **kupitia** jukwaa la kufuatilia mtandaoni moja kwa moja. Wenye hisa na wawakilishi hao wanaweza kupiga kura (wakiombwa na mwenyekiti) kupitia nambari ya USSD **na pia kupitia kichupo cha 'VOTE' kwenye kiungio cha kufuatilia mtandaoni moja kwa moja**.
10. **Kura itapigwa kuhusu mapendekezo/maazimio yote yaliyotolewa kwenye notisi.**
11. Matokeo ya Mkutano huo Mkuu yatachapishwa ndani ya saa 48 baada ya kukamilika kwake **kwenye tovuti ya Kampuni hii: www.kenyare.co.ke**



Stakeholder Engagement:

The Corporation remains very cognizant of the need to constantly engage the different Corporation stakeholder groups. Listening to our stakeholders helps the company to maximize its investment in product research and development and subsequently grow our market share. Engaging with our stakeholders also ensures potential problems are addressed, or changes communicated and understood. We have put in place policies and strategies of dealing with our stakeholders being shareholders, suppliers, ceding insurance companies, brokers, tenants and many others. The Mwongozo code, Stakeholder and Communication Policies as well as underwriting, procurement, and other functional procedures are effective in managing our relations with the diverse stakeholder groups as well as guiding the board in recognizing and ultimately respecting the governance practices of stakeholders aiming at enhancing best governance practices.

NOTES:

A series of horizontal lines for writing notes, overlaid on a background of overlapping white and light orange geometric shapes.

NOTES:

[illegible]

PROXY FORM

The Corporation Secretary,
Kenya Reinsurance Corporation Limited,
P. O. BOX 30271-00100
NAIROBI, KENYA

I/WE

_____ of _____

being a *member/members of **KENYA REINSURANCE CORPORATION LIMITED**, hereby appoint

_____ of _____

or failing him/her _____ of _____

as *my/our proxy to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held electronically **on Friday, 20th June 2025 at 11.00 a.m.**, and at any adjournment thereof.

Signed this _____ day of _____, **2025**

Signature(s)

I/WE direct my/our proxy to vote on the following resolutions as I/WE have indicated by marking the appropriate box with an 'X'. If no indication is given, my/our proxy will vote or withhold his or her vote at his or her discretion and I/WE authorize my/our proxy to vote (or withhold his or her vote) as he or she thinks fit in relation to any other matter which is properly put before the Meeting.

Please clearly mark the box below to instruct your proxy how to vote

RESOLUTION	FOR	AGAINST	WITHHELD
Approval of the Report and Financial Statements for the Year ended 31 st December, 2024			
To approve a dividend of 0.15 per share			
Election of Directors: To elect the following candidates:			
1.			
2.			
3.			
To approve directors' Remuneration Report			
To authorize directors to fix auditor's remuneration			
To authorize directors to appoint members of audit committee			
To authorize the establishment of a subsidiary in Tanzania			



ELECTRONIC COMMUNICATIONS PREFERENCE FORM

Please complete in BLOCK CAPITALS

Full name of member(s): _____

Address: _____

CDSC No (if known) _____
(This can be found on your CDSC Statement)

Mobile Number:

Date: _____

Signature: _____

Please tick ONE of the boxes below and return to Image Registrars at P.O. Box 9287-00100 Nairobi, 5th floor, Absa Towers (formerly Barclays Plaza), Loita Street:	
Approval of Registration	
I/WE approve to register to participate in the virtual Annual General Meeting to be held on 20 th June 2025.	
Consent for use of the Mobile Number provided	
I/WE would give my/our consent for the use of the mobile number provided for purposes of voting at the AGM	

Notes:

1. If a member is unable to attend personally, this Proxy Form should be completed and returned to reach the Company's share registrar, **Image Registrars Limited**, 5th Floor, Absa Towers, Loita Street, P.O. Box 9287, GPO 00100, Nairobi, or via email to **kenyareshares@image.co.ke** to arrive not later than **Wednesday, 18th June 2025 at 11:00 a.m.** i.e. 48 hours before the meeting or any adjournment thereof.
2. In case of a member being a corporate body, the Proxy Form must be under its common seal or under the hand of an officer or duly authorized attorney of such corporate body.
3. As a shareholder you are entitled shareholder, one or more proxies to exercise all or any of your shareholder rights to attend and to speak and vote on your behalf at the meeting. To appoint a proxy, insert the full name of your proxy in the space provided. A proxy need not to be a shareholder of the Company.
4. Completion and submission of the form of proxy will not prevent you from attending the meeting and voting at the meeting in person, in which case any votes cast by your proxy will be excluded.
5. To be valid the form of proxy should be completed, signed and delivered (together with a power of attorney or other authority (if any) under which it is assigned or a notarized certified copy of such power or authority) to **Image Registrars**, Barclays Plaza, 5th Floor, Loita Street and address P.O.Box 9287-00100 Nairobi not later than 11.00 am on Wednesday, 18th June 2025 or, in the case of a poll taken subsequent to the date of the meeting, or any adjourned meeting, not less than 24 hours before the time appointed for the taking of the poll which is taken more than 48 hours after the day of the meeting or adjourned meeting.
6. In the case of a company being a shareholder then this proxy form must be executed under its common
7. seal or signed on its behalf by an officer of that company or an authorized attorney for that company.
8. A "vote withheld" option has been included on the form of proxy. The legal effect of choosing this option on any resolution is that you will be treated as not having voted on the relevant resolution. The number of votes in respect of which votes are withheld will, however, be counted and recorded, but disregarded in calculating the number of votes for or against each resolution.

FOMU YA UWAKILISHI

The Corporation Secretary,
Kenya Reinsurance Corporation Limited,
P. O. BOX 30271-00100
NAIROBI, KENYA

MIMI/SISI

_____ wa _____

nikiwa/tukiwa *mwanachama/wanachama wa shirika la **KENYA REINSURANCE CORPORATION LIMITED**,
ninamteua/tunamteua

_____ wa _____

au kwa kumkosa _____ wa _____

kama *mwakilishi wangu/wetu ili kupiga kura kwa niaba yangu/yetu* katika Mkutano Mkuu wa Mwaka wa Kampuni
hii ambao utafanyika kwa njia ya kielektroniki siku ya **Ijumaa, tarehe 20 Juni 2025 kuanzia saa tano kamili**
asubuhi, na siku nyingine iwapo utaahirishwa.

Ilitiwa saini _____ siku ya _____, **2025**

Saini

Nina/Tunamwelekeza mwakilishi wangu/wetu kupiga kura kuhusu maamuzi yafuatayo jinsi nilivyo/tulivyoonyesha
kwa kutia alama kwenye kisanduku kinachofaa kwa kutumia alama 'X'. Iwapo hakuna ishara iliyoonyeshwa,
mwakilishi wangu/wetu atapiga kura au kutopiga kura yake au ruhusa yake na ninamwamuru/tunamwamuru
mwakilishi wangu/wetu kupiga kura (au kutopiga kura yake) jinsi anavyotaka kuhusiana na suala jingine lolote
ambalo litaibuliwa ifaavyo katika Mkutano huu.

Tafadhali weka alama inavyofaa kwenye kisanduku hapa chini ili kumwelekeza mwakilishi wako jinsi ya kupiga kura.

MAAMUZI	KUUNGA	KUPINGA	KUTOPIGA KURA
Uidhinishaji wa Ripoti na Taarifa za Kifedha za Mwaka uliokamilika tarehe 31 Desemba 2024			
Kuidhinisha mgao wa 0.10 kwa kila hisa			
Uchaguzi wa Wakurugenzi: Kuchagua wawaniaji wafuatao			
1.			
2.			
3.			
Kuidhinisha ripoti ya Malipo ya mkurugenzi mkuu			
Kuwapa wakurugenzi wakuu idhini ya kuamua mshahara wa mkaguzi wa hesabu za kifedha			
Kuwapa wakurugenzi wakuu idhini ya kuteua wanachama wa kamati ya ukaguzi wa hesabu za kifedha			
Kuidhinisha kampuni tanzu kufunguliwa nchini Tanzania			



FOMU YA MAWASILIANO YA KIELEKTRONIKI

Tafadhali jaza kwa HERUFI KUBWA

Jina kamili la mwanachama/wanachama _____

Anwani: _____

Namba ya CDSC (kama inajulikana) _____
(Hii inaweza kupatikana kwenye taarifa yako CDSC)

Namba ya Simu:

Tarehe: _____

Saini: _____

Tafadhali tia alama kwenye MOJAWAPO ya visanduku vilivyo hapa chini kisha urejeshe kwa Mkusanyaji Data (Image Registrar) kupitia S.L.P 9287 – 00100, Nairobi, orofa ya 5, Absa Towers (awali ikiitwa Barclays Plaza), Loita Street:	
Uidhinishaji wa Usajili	
Nina/tunaidhinisha kujisajili kushiriki mtandaoni katika Mkutano Mkuu wa Mwaka utakaofanyika tarehe 20 Juni 2025..	
Ruhusa ya kutumia Namba ya Simu iliyotolewa	
Nita/tutakubali kutoa ruhusa yangu/yetu ya kutumia namba ya simu iliyotolewa kwa ajili ya kupiga kura kwenye AGM	

Fahamu:

1. Ikiwa mwanachama hawezi kuhudhuria kibinafsi, Fomu hii ya Uwakilishi inapaswa kujazwa na kurejeshwa ili imfikie msajili wa hisa wa Kampuni, Image Registrars Limited, Orofa ya 5, Absa Towers, Loita Street, S.L.P 9287, GPO 00100, Nairobi, au kupitia barua-pepe kwa kenyareshares@image.co.ke ili kufika kabla ya Jumatano, tarehe 18 Juni 2025 saa tano kamili asubuhi yaani saa 48 kabla ya mkutano au kuahirishwa kwake.
2. Iwapo mwanachama ni shirika, sharti Fomu ya Uwakilishi itive muhuri wa shirika hilo au sahihi ya afisa au wakili aliyeidhinishwa wa shirika hilo.
3. Kama mwenyehisa, una haki zote za mwenyehisa, mwakilishi mmoja au zaidi kutekeleza haki zako zote au mojawapo kama mwenyehisa, ya kuhudhuria na kuzungumza na kupiga kura kwa niaba yako kwenye mkutano huo. Ili kuteua mwakilishi huyo, andika jina kamili la mwakilishi wako katika nafasi iliyotolewa. Si lazima mwakilishi huyo awe mwenyehisa wa Kampuni hii.
4. Kujazwa na kuwasilishwa kwa fomu ya mwakilishi hakutakuzuia kuhudhuria mkutano huo na kupiga kura kwenye mkutano wewe binafsi, katika hali hiyo kura zozote zitakazopigwa na mwakilishi wako hazitazingatiwa.
5. Ili kuwa halali, fomu ya uwakilishi inapaswa kujazwa, kutiwa saini na kuwasilishwa (chini ya mamlaka ya wakili au mamlaka nyingine (ikiwa ipo) ambayo imekabidhiwa jukumu hilo au nakala iliyoidhinishwa ya mamlaka hiyo) kwa Wasajili wa Picha, Barclays Plaza, Orofa ya 5, barabara ya Loita Street na anwani S.L.P 9287-00100 Nairobi kabla ya saa tano asubuhi siku ya Jumatano, Juni 18, 2025 au, ikiwa ni kura iliyopigwa baada ya tarehe ya mkutano, au kuahirishwa kwake, katika muda usiozidi saa 24 kabla ya muda uliowekwa wa kupiga kura, shughuli ambayo hutekelezwa zaidi ya saa 48 baada ya siku ya mkutano au kuahirishwa kwa mkutano huo.
6. Iwapo kampuni ni mwenyehisa, basi fomu hii ya mwakilishi lazima ikamilishwe chini ya
7. muhuri wa kampuni hiyo au itive saini kwa niaba yake na afisa wa kampuni hiyo au wakili aliyeidhinishwa wa kampuni hiyo.
8. Chaguo la “kuzuia kura” limejumuishwa kwenye fomu ya uwakilishi. Athari ya kisheria ya kuteua chaguo hili kuhusu maamuzi yoyote yale ni kwamba utachukuliwa kuwa hujapigia kura uamuzi husika. Idadi ya kura kuhusiana na kura zilizozuiwa, hata hivyo, itahesabiwa na kurekodiwa, lakini zitapuuzwa katika hesabu ya idadi ya kura za au dhidi ya kila uamuzi.

OFFERING STABILITY THROUGH TIME



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- Abidjan, Cote d'Ivoire.
- Kampala, Uganda.
- Lusaka, Zambia.



KENYA RE IS ISO 9001:2015 AND ISO 27001:2013 CERTIFIED. RATED B (FAIR) BY AM BEST INTERNATIONAL RATING AGENCY AND AA+ BY GLOBAL CREDIT RATING (GCR).

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Tel: +254 703 083 000,

Email: kenyare@kenyare.co.ke

Email: info@kenyare.co.ke

Kenya Reinsurance Corporation Zambia Ltd.

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Lusaka, Zambia.

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Email: stembo@kenyare.co.ke

Kenya Reinsurance Corporation Ltd. Côte d'Ivoire

OI Bp 7539 Abidjan 01

Immeuble Sayegh, 3eme etage

Rue des Jardins en face de Nice Cream

Cocody VALON

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