



KENYA REINSURANCE CORPORATION LTD

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS AT 31ST DECEMBER 2019

	Unaudited Short term Business 2019 KShs '000	Unaudited Long term Business 2019 KShs '000	Unaudited Total 2019 KShs '000	Audited Total 2018 KShs '000
INCOME				
Gross premiums written	15,477,937	2,043,406	17,521,343	14,838,393
Less: change in unearned premiums	(913,270)	-	(913,270)	190,991
Less: retrocession premiums	(979,053)	(98,402)	(1,077,455)	(823,408)
NET EARNED PREMIUMS	13,585,614	1,945,004	15,530,618	14,205,976
Investment income	2,866,683	848,013	3,714,696	3,386,177
Commissions recovered	25,222	29,520	54,742	41,229
Fair value gains on revaluation of investment properties	1,861,315	315,277	2,176,592	397,211
Other income	52,969	-	52,969	54,876
Share of associate profits	587,444	-	587,444	180,865
TOTAL INCOME	18,979,247	3,137,814	22,117,061	18,266,334
CLAIMS AND BENEFITS				
Gross claims incurred and policy holder benefits	(10,514,875)	(932,846)	(11,447,721)	(9,456,217)
Less: Re-insurers share of claims and policy holder benefits	353,755	32,026	385,781	625,967
NET CLAIMS AND BENEFITS	(10,161,120)	(900,820)	(11,061,940)	(8,830,250)
Cedant acquisition costs	(3,492,083)	(599,964)	(4,092,047)	(3,890,255)
Operating and other expenses	(1,805,137)	(238,315)	(2,043,452)	(2,019,834)
Provision for doubtful debts	(743,428)	-	(743,428)	(424,145)
TOTAL CLAIMS, BENEFITS, AND OTHER EXPENSES	(16,201,768)	(1,739,099)	(17,940,867)	(15,164,484)
PROFIT BEFORE TAX	2,777,478	1,398,715	4,176,194	3,101,850
INCOME TAX EXPENSE	(185,346)	(24,469)	(209,815)	(823,568)
PROFIT FOR THE YEAR	2,592,133	1,374,245	3,966,379	2,278,282
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Share of gain on property revaluation of associate	1,812	-	1,812	401
Remeasurement gains/ (losses) on defined benefit plans, net of tax	(60,119)	-	(60,119)	(22,305)
Items that may be reclassified subsequently to profit or loss:				
Reclassification adjustment relating to available-for-sale financial assets disposed in the year	(137,457)	-	(137,457)	(201,532)
Net gains / (losses) on revaluation of available-for-sale quoted equity instruments	(52,777)	-	(52,777)	(328,495)
Net gains on revaluation of available-for-sale government securities	69,316	-	69,316	46,896
Share of movement in associate reserves:				
- currency translation	7,415	-	7,415	(45,990)
- fair value reserve	99,275	-	99,275	35,649
TOTAL OTHER COMPREHENSIVE INCOME	(73,710)	-	(73,710)	(515,376)
TOTAL COMPREHENSIVE INCOME	2,518,423	1,374,246	3,892,669	1,762,906
EARNINGS PER SHARE - basic and diluted			2.55	3.25
Key Ratios				
Capital Adequacy Ratio			875%	219%
Solvency Ratio			1045%	842%
Claims Ratio			65%	64%
Expense Ratio			35%	40%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2019

	Unaudited Short term Business 2019 KShs '000	Unaudited Long term Business 2019 KShs '000	Unaudited Total 2019 KShs '000	Audited Total 2018 KShs '000
EQUITY				
Share capital	6,499,491	500,000	6,999,491	1,749,873
Revaluation reserve	17,530	-	17,530	15,718
Fair value reserve	(81,424)	(10,064)	(91,488)	(68,670)
Translation reserve	288,983	-	288,983	281,568
Statutory reserve	0	5,754,183	5,754,183	4,379,937
Retained earnings	18,982,026	-	18,982,026	22,014,607
TOTAL EQUITY	25,706,606	6,244,119	31,950,725	28,373,033
ASSETS				
Property and equipment	88,919	-	88,919	91,631
Intangible assets	180,046	293,758	473,804	588,256
Mortgage loans	677,385	-	677,385	725,862
Investment properties	10,330,225	1,749,775	12,080,000	10,105,000
Investment in associate	5,169,908	-	5,169,908	4,473,962
Employee defined benefit asset	0	-	0	0
Unquoted equity instruments	205,733	-	205,733	202,231
Corporate bonds	156,450	-	156,450	475,912
Reinsurance Receivables	2,467,972	157,530	2,625,502	3,673,176

Premium and loss reserves	281,968	-	281,968	271,655
Other receivables	538,401	-	538,401	224,806
Quoted equity instruments	1,219,059	346,246	1,565,305	1,599,431
Government securities	13,209,840	3,903,101	17,112,941	14,314,752
Inventory	22,071	-	22,071	13,590
Deferred acquisition costs	1,408,838	-	1,408,838	1,363,134
Deposits with financial institutions	1,731,660	5,054,975	6,786,635	5,459,225
Cash and bank balances	572,977	11,693	584,670	338,035
Income Tax Receivable	584,440	-	584,440	441,976
TOTAL ASSETS	38,845,892	11,517,078	50,362,970	44,362,634
LIABILITIES				
Long term reinsurance contract liabilities	0	2,687,032	2,687,032	2,629,125
Short term reinsurance contracts liabilities	6,205,183	-	6,205,183	6,002,946
Reinsurance payables	1,482,457	325,417	1,807,874	549,466
Deferred tax liability	(1,218,165)	2,260,510	1,042,345	1,083,782
Other payables	705,961	-	705,961	745,869
Income tax payable	0	0	0	0
Unearned premiums	5,836,221	-	5,836,221	4,922,951
Defined benefit liability	127,629	-	127,629	55,462
TOTAL LIABILITIES	13,139,286	5,272,959	18,412,245	15,989,601
NET ASSETS	25,706,606	6,244,119	31,950,725	28,373,033

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31ST DECEMBER 2019

	Share capital KShs '000	Revaluation reserve KShs '000	Fair value reserve KShs '000	Translation reserve KShs '000	Statutory reserve KShs '000	Retained earnings KShs '000	Total KShs '000
At 1 January 2018	1,749,873	15,317	378,812	327,558	3,939,491	20,794,033	27,205,084
Profit for the year	0	0	0	0	440,446	1,837,836	2,278,282
Other comprehensive income	0	401	(447,482)	(45,990)	0	(22,305)	(515,376)
Total comprehensive income	0	401	(447,482)	(45,990)	440,446	1,815,531	1,762,906
Dividends declared - 2017	-	-	-	-	-	(594,957)	(594,957)
At 31 December 2018	1,749,873	15,718	(68,670)	281,568	4,379,937	22,014,607	28,373,033
At 1 January 2019	1,749,873	15,718	(68,670)	281,568	4,379,937	22,014,607	28,373,033
Profit for the period 31.12.2019	0	0	0	0	1,374,246	2,592,133	3,966,379
Other comprehensive income (loss)/income	0	1,812	(22,818)	7,415	0	(60,119)	(73,710)
Total comprehensive income	0	1,812	(22,818)	7,415	1,374,246	2,532,014	3,892,669
Dividends declared - 2018	-	-	-	-	-	(314,977)	(314,977)
Bonus issues shares from retained earnings	5,249,618	-	-	-	-	(5,249,618)	-
At 31 December 2019	6,999,491	17,530	(91,488)	288,983	5,754,183	18,982,026	31,950,725

CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 31ST DECEMBER 2019

	Unaudited 2019 KShs '000	Audited 2018 KShs '000
Net cash generated from operations	2,283,783	1,210,624
Interest received on corporate bonds	61,056	58,004
Interest received on government securities	1,892,961	1,823,523
Interest received on staff mortgages and loans	22,931	18,745
Interest received on deposits with financial institutions	443,677	215,445
Interest received on commercial mortgages	38,825	47,828
Tax paid in the year	(410,389)	(999,879)
Net cash generated from operating activities	4,332,844	2,374,290
Cash flows from investing activities		
Purchase of investment property	(98,558)	(85,789)
Purchase of property and equipment	(30,953)	(49,572)
Proceeds on sale of property and equipment	-	-
Proceeds on disposal of non-current assets held for sale	-	-
Purchase of intangible assets	(88,361)	(194,395)
Purchase of government securities	(11,347,233)	(7,751,243)
Proceeds on maturity of government securities	8,739,837	8,009,796
Purchase of quoted equity instruments	(152,911)	-
Proceeds on sale of quoted equity instruments	133,085	259,376
Proceeds on redemption of corporate bonds	305,925	5,925
Dividends received on quoted equity instruments	95,347	187,742
Investment in Subsidiary	-	-
Net cash generated from/ (used in) investing activities	(2,443,822)	381,840
Cash flows used in financing activities		
Dividends paid	(314,977)	(594,957)
Net increase/ (decrease) in cash and cash equivalents	1,574,045	2,161,173
Cash and cash equivalents at 1 January	5,797,260	3,635,590
Effect of unrealised exchange rate changes	-	649
Cash and cash equivalent at 31 December 2019	7,371,305	5,797,260



KENYA REINSURANCE CORPORATION LTD

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS AT 31ST DECEMBER 2019

	Unaudited Short term Business 2019 KShs '000	Unaudited Long term Business 2019 KShs '000	Unaudited Total 2019 KShs '000	Audited Total 2018 KShs '000
INCOME				
Gross premiums written	14,332,826	2,040,656	16,373,482	14,047,041
Less: change in unearned premiums	(836,587)	-	(836,587)	208,661
Less: retrocession premiums	(793,553)	(98,402)	(891,955)	(803,958)
NET EARNED PREMIUMS	12,702,686	1,942,254	14,644,940	13,451,744
Investment income	2,818,516	863,114	3,681,630	3,365,243
Commissions recovered	6,327	29,520	35,847	34,421
Fair value gains on revaluation of investment properties	1,861,315	315,277	2,176,592	397,211
Other income	52,969	-	52,969	54,876
Share of associate profits	587,444	-	587,444	180,865
TOTAL INCOME	18,029,257	3,150,165	21,179,422	17,484,360
CLAIMS AND BENEFITS				
Gross claims incurred and policy holder benefits	(10,123,244)	(929,998)	(11,053,242)	(9,167,627)
Less: Re-insurers share of claims and policy holder benefits	353,755	32,026	385,781	625,967
NET CLAIMS AND BENEFITS	(9,769,489)	(897,972)	(10,667,461)	(8,541,660)
Cedant acquisition costs	(3,196,101)	(599,140)	(3,795,241)	(3,650,381)
Operating and other expenses	(1,686,095)	(240,060)	(1,926,155)	(1,900,568)
Provision for doubtful debts	(748,757)	-	(748,757)	(358,478)
TOTAL CLAIMS, BENEFITS AND OTHER EXPENSES	(15,400,442)	(1,737,172)	(17,137,614)	(14,451,087)
PROFIT BEFORE TAX	2,628,815	1,412,993	4,041,808	3,033,273
INCOME TAX EXPENSE	(158,303)	(22,539)	(180,842)	(823,568)
PROFIT FOR THE YEAR	2,470,512	1,390,454	3,860,966	2,209,705
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Share of gain on property revaluation of associate	1,812	-	1,812	401
Remeasurement gains/ (losses) on defined benefit plans, net of tax	(60,119)	-	(60,119)	(22,305)
Items that may be reclassified subsequently to profit or loss:				
Reclassification adjustment relating to available-for-sale financial assets disposed in the year	(137,457)	-	(137,457)	(201,532)
Net (losses) / gains on revaluation of available-for-sale quoted equity instruments	(53,952)	-	(53,952)	(328,495)
Net gains on revaluation of available-for-sale government securities	69,316	-	69,316	46,896
Share of movement in associate reserves:				
- currency translation	7,415	-	7,415	(45,990)
- fair value reserve	99,275	-	99,275	35,649
TOTAL OTHER COMPREHENSIVE INCOME	(73,710)	-	(73,710)	(515,376)
TOTAL COMPREHENSIVE INCOME	2,396,802	1,390,454	3,787,256	1,694,329
EARNINGS PER SHARE - basic and diluted			2.48	3.16
Key Ratios				
Capital Adequacy Ratio			875%	219%
Solvency Ratio			986%	842%
Claims Ratio			68%	65%
Expense Ratio			35%	40%

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2019

	Unaudited Short term Business 2019 KShs '000	Unaudited Long term Business 2019 KShs '000	Unaudited Total 2019 KShs '000	Audited Total 2018 KShs '000
EQUITY				
Share capital	6,499,491	500,000	6,999,491	1,749,873
Revaluation reserve	17,530	-	17,530	15,718
Fair value reserve	(81,424)	(10,064)	(91,488)	(68,670)
Translation reserve	289,763	-	289,763	282,348
Statutory reserve	-	5,711,407	5,711,407	4,320,953
Retained earnings	19,011,450	-	19,011,450	22,165,652
TOTAL EQUITY	25,736,810	6,201,343	31,938,153	28,465,874
ASSETS				
Property and equipment	66,794	-	66,794	68,541
Intangible assets	180,045	293,758	473,804	588,256
Mortgage loans	668,075	-	668,075	716,550
Investment properties	10,330,225	1,749,775	12,080,000	10,105,000
Investment in associate	5,169,908	-	5,169,908	4,473,962

The unaudited financial statements were approved by the Board of Directors on 26th March 2020 and were signed on its behalf by:

Jadhiah Mwarania
Principal Officer

Chiboli Shakaba
Chairman

Anthony Munyao
Director

The financial statements for the full year ended 31 December 2019 have been audited by the appointed auditor on behalf of the Auditor General as per the public Audit Act 2015

The audit of the financials statements for the full year ended 31 December 2019 is not complete pending the appointment of the Auditor General

PERFORMANCE COMMENTARY

FINANCIAL HIGHLIGHTS

Gross written premiums grew by 18% from KShs 14.84 billion in the year 2018 to KShs 17.52 billion in 2019. Net earned premiums grew by 9% from KShs 14.21 billion in 2018 to KShs 15.53 billion in 2019. Investment income grew by 10% from KShs 3.39 billion to KShs 3.71 billion, driven by adhering to the Corporation's investment strategy. Claims incurred in year 2019 grew by 25% to KShs 11.06 billion up from KShs 8.83 billion in 2018. Cedant acquisition costs increased by 5% from KShs. 3.89 billion to KShs. 4.09 billion in line with an increase of 18% in gross premium written. Operating expenses increased by 1% from KShs. 2,020 million as at 31 December 2018 to KShs. 2,043 million as at 31st December 2019. Profit before tax for the year stood at KShs 4.18 billion, an increase of 35% from last year profit before tax of KShs 3.1 billion. The growth was due to high gross premiums written, significant growth in the share of profit from our investment in associate in Zep Re and gains on revaluation of investments property. The asset base increased from KShs 44.36 billion in 2018 to KShs 50.36 billion in 2019, a growth of 14%. The Shareholders funds increased from KShs 28.37 billion in 2018 to KShs 31.95 billion in 2019 a growth of 13%.

Investment in Subsidiary		463,408	463,408	187,782
Employee defined benefit asset		-	-	-
Unquoted equity instruments	205,733		205,733	202,231
Corporate bonds	156,450		156,450	475,912
Reinsurance Receivables	1,951,839	124,585	2,076,424	3,296,200
Premium and loss reserves	158,820		158,820	170,731
Due from related party	85,508		85,508	93,820
Other receivables	516,970		516,970	212,125
Quoted equity instruments	1,219,059	346,246	1,565,305	1,599,431
Government securities	13,069,364	3,903,101	16,972,465	14,314,752
Inventory	21,973		21,973	13,492
Deferred acquisition costs	1,285,548		1,285,548	1,249,752
Deposits with financial institutions	1,231,785	5,006,347	6,238,132	5,212,505
Cash and bank balances	346,207	6,761	352,968	161,216
Income Tax Receivable	565,720		565,720	410,956
TOTAL ASSETS	37,693,432	11,430,573	49,124,005	43,553,214
LIABILITIES				
Long term reinsurance contract liabilities		2,687,032	2,687,032	2,629,125
Short term reinsurance contracts liabilities	5,706,891		5,706,891	5,553,840
Reinsurance payables	1,283,243	281,688	1,564,931	440,611
Deferred tax liability	(1,234,837)	2,260,510	1,025,673	1,083,782
Other payables	628,511		628,511	708,769
Income tax payable	0		0	0
Unearned premiums	5,409,247		5,409,247	4,572,660
Defined benefit liability	127,629		127,629	55,462
Due to related Party	35,938		35,938	43,091
TOTAL LIABILITIES	11,956,622	5,229,230	17,185,852	15,087,340
NET ASSETS	25,736,810	6,201,343	31,938,153	28,465,874

UNAUDITED COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 31ST DECEMBER 2019

	Share capital KShs '000	Revaluation reserve KShs '000	Fair value reserve KShs '000	Translation reserve KShs '000	Statutory reserve KShs '000	Retained earnings KShs '000	Total KShs '000
At 1 January 2018	1,749,873	15,317	378,812	328,338	3,885,371	21,008,791	27,366,502
Profit for the year	0	0	0	0	435,582	1,774,123	2,209,705
Other comprehensive income	0	401	(447,482)	(45,990)	0	(22,305)	(515,376)
Total comprehensive income	0	401	(447,482)	(45,990)	435,582	1,751,818	1,694,329
Dividends declared - 2017						(594,957)	(594,957)
At 31 December 2018	1,749,873	15,718	(68,670)	282,348	4,320,953	22,165,652	28,465,874
At 1 January 2019	1,749,873	15,718	(68,670)	282,348	4,320,953	22,165,652	28,465,874
Profit for the period 31.12.2019	0	0	0	0	1,390,454	2,470,512	3,860,966
Other comprehensive income (loss)/income	0	1,812	(22,818)	7,415	0	(60,119)	(73,710)
Total comprehensive income	0	1,812	(22,818)	7,415	1,390,454	2,410,393	3,787,256
Dividends declared - 2018						(314,977)	(314,977)
Bonus issues shares from retained earnings	5,249,619					(5,249,619)	-
At 31 December 2019	6,999,492	17,530	(91,488)	289,763	5,711,407	19,011,450	31,938,153

COMPANY STATEMENT OF CASH FLOWS AS AT 31ST DECEMBER 2019

	Unaudited 2019 KShs '000	Audited 2018 KShs '000
Net cash generated from operations	2,089,547	1,196,722
Interest received on corporate bonds	61,056	58,004
Interest received on government securities	1,871,787	1,823,523
Interest received on staff mortgages and loans	22,763	18,348
Interest received on deposits with financial institutions	435,129	184,563
Interest received on commercial mortgages	38,825	47,828
Tax paid in the year	(393,713)	(999,879)
Net cash generated from operating activities	4,125,394	2,329,109
Cash flows from investing activities		
Purchase of investment property	(98,558)	(85,789)
Purchase of property and equipment	(25,554)	(37,940)
Proceeds on sale of property and equipment	-	-
Proceeds on disposal of non-current assets held for sale	-	-
Purchase of intangible assets	(88,361)	(194,395)
Purchase of government securities	(11,226,222)	(7,751,243)
Proceeds on maturity of government securities	8,739,837	8,009,796
Purchase of quoted equity instruments	(152,911)	-
Proceeds on sale of quoted equity instruments	133,085	259,376
Proceeds on redemption of corporate bonds	305,925	5,925
Dividends received on quoted equity instruments	95,347	187,742
Investment in Subsidiary	(275,626)	-
Net cash generated from/ (used in) investing activities	(2,593,038)	393,472
Cash flows used in financing activities		
Dividends paid	(314,977)	(594,957)
Net increase/ (decrease) in cash and cash equivalents	1,217,379	2,127,624
Cash and cash equivalents at 1 January	5,373,721	3,245,755
Effect of unrealised exchange rate changes	0	342
Cash and cash equivalent at 31 December 2019	6,591,100	5,373,721

DIVIDENDS

The Board of Directors recommend a payment of Kes 0.10 dividend per share

AUDIT OPINION

The audit of the financials statements for the full year ended 31 December 2019 is not complete pending the appointment of the Auditor General

KEY AUDIT MATTERS

Evaluation whether the disclosures made in the consolidated and separate financial statements reflect the Group's credit risk and impairment provision on the receivables.

Assessment of the completeness of the disclosures regarding the reinsurance contract liabilities in the consolidated and separate financial statements

Determination of the adequacy of the premium revenue recognition and un-earned premium reserves are well supported.

By Order of the Board

Charles Kariuki
Company Secretary