REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

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DATE: 12 JUN 2024 DAY: Wednesday

TABLED BY: Deputy Majority Leader

CLERK-AT THE TABLE: Miriam Modo

REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA REINSURANCE CORPORATION LIMITED

FOR THE YEAR ENDED 31 DECEMBER, 2023

KENYA REINSURANCE CORPORATION LIMITED

ANNUAL REPORT
AND
FINANCIAL STATEMENTS

31 DECEMBER 2023

CONTENTS

KENYA REINSURANCE CORPORATION LIMITED
GROUP INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2023

Board of directors	Hon. Catherine Ngima Kimura	- Chair
	Dr. Hillary M. Wachinga	- Managing Director
	Prof. Njuguna Ndung'u,CBS	- Cabinet Secretary, The National Treasury
	David Muthusi	
	Eric Gumbo	- Re-elected on 16th June 2023
	Thamuda Hassan	
	Mr. Robert Waruiru	
	James Irungu Kirika	
	Ms Eunice Nyala	
	Dr. Zacharia Nyaega Elected on 16th June 2023	
	Mr. Omar Shallo Elected on 16th June 2023	
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. Nairobi, Kenya.	
Independent auditor	Auditor General Office of the Auditor General P.O. Box 30084 – 00100 GPO Nairobi, Kenya 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 de 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.	

Legal advisers (Cont.)	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 Côte d`Ivoire Saphir Center 7e tranche Carrefour Les Oscars Cocody-Abidjan
	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

KENYA REINSURANCE CORPORATION LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. The directors submit their report together with the audited financial statements for the year ended 31 December 2023.

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 2021. 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	
	2023 KShs '000	2022 Restated KShs '000	2023 KShs '000	2022 Restated KShs '000
Profit before tax	7,034,987	4,592,370	6,248,077	4,086,665
Income tax expense	(2,061,860)	(1,079,447	(1,804,324)	(941,205)
Profit for the year transferred to retained earnings	4,973,127	3,512,922	4,443,753	3,145,460

5. DIVIDENDS

The directors recommend the approval of a first and final dividend of KShs 0.20 (2022: KShs 0.20) per share totalling to KShs 560 in respect of the year (2022: KShs 560 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 declined from KShs 23.13 billion in 2022 to KShs 19.57 billion in 2023. Insurance service expenses decreased from KShs 22.32 billion in 2022 to KShs 18.21 billion in 2023. The net expenses from reinsurance contracts increased from KShs 519 million in 2022 to KShs 680 million in 2023. The insurance service results thus increased from KShs 291 million profit in 2022 to KShs 679 million profit in 2023. The total investment income increased from KShs 4.61 billion in 2022 to KShs 6.58 billion in 2023. The net insurance finance income increased from KShs 878 million in 2022 to KShs 926 million in 2023.

This resulted in a profit after tax of KShs. 4.93 billion in 2023 up by 41%% from KShs. 3.51 billion in 2022.
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.

6. BUSINESS REVIEW (continued)

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

	2018 KShs Millions	2019 KShs Millions	2020 KShs Millions	2021 KShs Millions	2022 KShs Millions	2023 KShs Millions
Insurance revenue	14,838	17,521	18,535	20,296	23,131	19,569
Investment Income	3,386	3,715	3,792	3,658	4,599	6,551
Total assets	44,363	50,361	53,237	53,166	58,815	65,978
Shareholders' funds	28,373	31,951	34,397	37,347	40,993	48,175
Management Expenses	2,020	2,043	1,965	2,096	1,212	1,357

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 677 million in year 2023 compared to a profit of KShs 291 million for year 2022. The Group's insurance and reinsurance combined ratio stood at 92% in year 2023 down from 95% registered in year 2022.

7. 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.

8. SECRETARY

The Company's Secretary is Mr Charles Kariuki.

9. 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 his behalf.

Deloitte & Touche LLP were appointed by the Auditor General, to carry out the audit for the year ended 31 December 2023. 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 KShs 17,132,053 has been charged to profit or loss in the year.

BY ORDER OF THE BOARD

SECRETARY
Nairobi

29 May 2024

KENYA REINSURANCE CORPORATION LIMITED
REPORT ON CORPORATE GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2023

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 the 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 five (5) regular and nine (9) 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. Zacharia Nyaega

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

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

The committee held four (4) regular meetings and two (2) special meeting 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 M. Wachinga

Risk and Compliance Committee (Continued)

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.

Human Resource and Nominations Committee

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

- Erick Gumbo (Chairman)
- Eric Korir (Alternate to CS, National Treasury)
- Zacharia Nyaega
- Eunice Nyala
- Thamuda Hassan
- 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 persons 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.

Risk Management and Internal Controls (Continued)

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 2023 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.

Directors' interests as at 31 December 2023:

	Number of shares	Shareholding %
The National Treasury of Kenya	1,680,000,000	60
	1,680,400,000	60

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 Gesellschart 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

Risk Management and Internal Controls (Continued)

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%

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

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

Directors' interests as at 31 December 2022:

	Number of shares	Shareholding %
The National Treasury of Kenya	1,680,000,000	60
Jadiah Murungi Mwarania	400,000	-
	1,680,400,000	60

Major Shareholders as at 31 December 2022

Cabinet Secretary to The National Treasury of Kenya	1,680,000,000	60.00
Investments & Mortgages Nominees Ltd A/C 028950	65,553,300	2.34
Jubilee Life Insurance Limited	55,453,860	1.98
Standard Chartered Kenya Nominees Ltd A/C Ke000954	45,000,000	1.61
Kestrel Capital Nominee Services Limited A/C 34	41,460,200	1.48
Ssb Bene Universal Investment Gesellschart Fd 4942	36,500,000	1.30
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
Standard Chartered Kenya Nominees Ltd A/C 133935500055	17,634,200	0.63
Kestrel Capital Nominee Services Limited A/C 8	14,012,000	0.50
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	0.35
Bid Management Consultancy Limited	9,598,600	0.34
Investments & Mortgages Nominees Ltd A/C 003745	9,000,000	0.33
Investments & Mortgages Nominees Ltd A/C 003746	9,000,000	0.33
Others	638,420,465	22.80
	2,799,796,272	100.00

Risk Management and Internal Controls (Continued)

Shares Range	Shareholders	Number of Shares	% Shareholding
1 – 500	37,788	7,198,663	0.26
501 – 1,000	2,643	2,131,527	0.08
1,001 – 5,000	50,393	102,690,201	3.67
5,001 – 10,000	7,213	48,047,201	1.72
10,001 – 50,000	4,003	81,877,604	2.92
50,001 – 100,000	533	37,393,471	1.34
100,001 – 500,000	447	91,646,086	3.27
500,001- 1,000,000	74	54,410,302	1.94
1,000,001-2,000,000,000	95	2,374,401,217	84.80
	103,189	2,799,796,272	100.00

The distribution of the shareholders based on their nationalities as at 31 December 2022 is as follows:

Nationality	Shareholders	Shares held	% Shareholding
Local Individual Investors	97,425	446,736,252	15.96
Local Institutional Investors	5,316	2,261,084,043	80.76
Foreign Investors	448	91,975,977	3.28
	103,189	2,799,796,272	100.00

....
Dr. Hon.Catherine Ngima Kimura
Director

....
David Muthusi
Director

29 May 2024

KENYA REINSURANCE CORPORATION LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2023

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 29 May 2024 and signed on its behalf by:

Dr. Hillary M. Wachinga	Dr. Hon. Catherine Ngima Kimura	David Muthusi
Principal Officer	Director	Director

KENYA REINSURANCE CORPORATION LIMITED
REPORT OF THE CONSULTING ACTUARY
FOR THE YEAR ENDED 31 DECEMBER 2023

I have conducted an actuarial valuation of the long-term business of Kenya Reinsurance Corporation Limited (the "Company") as at 31 December 2023.

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 2023.

Name of Actuary Abed Mureithi

Qualification FIA, FeASK

Signed

29 May 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 27th 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 2023, the shareholders approved directors' remuneration for the year ended 31 December 2022 by show of hands.

At the Annual General Meeting to be held by 30 June 2024, approval will be sought from shareholders of this Directors' remuneration report for the financial year ended 31 December 2023.

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 2023 together with the comparative figures for 2022.

YEAR ENDED 31 DECEMBER 2023

Director	Category	Gross payments	Director fees	Allowances	Total
		Kshs	Kshs	Kshs	Kshs
Catherine Kimura	Chairman, Non-Executive		960,000	1,686,000	2,646,000
Dr.Hillary Wachinga	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	822,000	1,707,333
Michael O Monari	Non -Executive	-	885,333	606,000	1,491,333
Cabinet Secretary - The National Treasury	Non -Executive	-	960,000	-	960,000
TOTAL		**18,762,609**	**16,229,333**	**13,022,000**	**48,013,942**

YEAR ENDED 31 DECEMBER 2022

Director	Category	Gross payments	Director fees	Allowances	Total
		KSHS	KSHS	KSHS	KSHS
Catherine Kimura	Chairman, Non-Executive		514,667	872,710	1,387,377
Jadiah Mwarania	Managing Director	32,369,834	-	460,000	32,829,834
Michael O Monari	Non -Executive	-	1,920,000	862,000	2,782,000
James Kirika	Non -Executive	-	1,600,000	1,162,000	2,762,000
David Muthusi	Non -Executive	-	1,880,000	682,000	2,562,000
Peter Ole Nkuraiya	Non -Executive	-	1,920,000	1,080,000	3,000,000
Thamuda Hassan	Non -Executive	-	1,920,000	800,000	2,720,000
Eric Gumbo	Non -Executive	-	1,920,000	940,000	2,860,000
Erick Korir	Non -Executive	-	480,000	580,000	1,060,000
James Wangombe	Non -Executive	-	-	320,000	320,000
Robert Waruiru	Non -Executive	-	514,667	462,000	976,667
Eunice Nyala	Non -Executive	-	514,667	420,000	934,667
Nasra Ibrahim Ibren	Non -Executive	-	170,520	100,000	270,520
Jasper Mugambi	Non -Executive	-	965,333	480,000	1,445,333
Jennifer Karina	Chairman, Non-Executive	-	445,333	1,113,300	1,558,633
Cabinet Secretary - The National Treasury	Non -Executive	-	960,000	-	960,000
TOTAL		**32,369,834**	**15,725,187**	**10,334,010**	**58,429,031**

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA REINSURANCE CORPORATION LIMITED FOR THE YEAR ENDED 31 DECEMBER, 2023

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 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 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General 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 124, which comprise of the consolidated and Company statements of financial position as at 31 December, 2023, and the statements of profit or loss and other comprehensive income, statements of cash flows and the 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 the Kenya Reinsurance Corporation Limited as at 31 December, 2023, 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 of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Reinsurance Corporation Limited Management in accordance with ISSAI 130 on 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 as indicated below:

a) Parcel of Land along Ngong Road

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

b) 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 valued at Kshs.563,077,000. The Corporation is in 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 of the funds invested in the property.

c) 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 valued at Kshs.23,000,000. The Corporation is in dispute on the ownership of the land with the Kenya Prison Service. As a result, the property is not being utilized to generate income and therefore not realizing the full value for money of the funds invested in the property.

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) valued at Kshs.780,000,000 as at 31 December, 2023. 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.

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 whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. For the matter below, a description of how the audit addressed the matter is provided in that context.

Key Audit Matter	How the Matter was Addressed
Valuation of Reinsurance Contract Liabilities The valuation of the Group's reinsurance contracts is dependent on a number of subjective assumptions about future experience as disclosed in Notes 1, 2 and 28 to the consolidated and separate financial statements. Some of the economic and non-economic actuarial assumptions used in valuing insurance contracts are judgemental, in particular persistency (the retention of policies over time), longevity (the	Our audit procedures included: • Evaluation of the appropriateness of the relevant controls implemented by Directors over the determination of insurance contract liabilities • Assessment of the competence, capabilities and objectivity of the Company's actuaries; • Sought justification on the suitability of the approach and methodology adopted by the Company's actuaries and evaluated whether these are consistent

Key Audit Matter	How the Matter was Addressed
expectation of how long an annuity policyholder will live and how that might change over time, and expenses (future expenses incurred to maintain existing policies to maturity) 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. We identified insurance contract liabilities as representing a Key Audit Matter due to the significance of the balance to the financial statements as a whole, combined with the judgement and estimation uncertainty associated with determining the liabilities. We also considered the risk in the disclosures in Notes 1, 2 and 28 which are significant to the understanding of the Group's reinsurance liabilities.	with the requirements of International Financial Reporting Standards (IFRS) and industry norms; • Evaluation of the judgements and models adopted by the Directors in the determination of insurance contract liabilities; • Audit procedures to check the data used in the computation of insurance contract liabilities; • Assessed the appropriateness of the related disclosures in Notes 1, 2 and 28 to the financial statements.

Other Information

The Directors are responsible for the other information, which comprises the Corporate Report, Report of the Directors, Statement of Directors' Responsibilities and Director's Remuneration Report as required by the Kenya Companies Act, 2015, Statement of Corporate Governance and the Report of the Consulting Actuary. The other information does not include the Corporation's financial statements and my audit report thereon.

My opinion on the Corporation's financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the Corporation's financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Corporation's 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. I have nothing to report in this regard.

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 discussed 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. Late Submission of Financial Statements

The Corporation's draft financial statements for the year ended 31 December, 2023 were submitted for audit on 9 May, 2023, thirty-eight (38) days after the statutory date of 31 March, 2023. This was contrary to Section 68(2)(k) of the Public Finance Management Act, 2012 which requires an Accounting Officer to prepare and submit the financial statements to the Auditor-General within three months after the end of financial year to which the accounts relate.

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

2. Lack of Value for Money in the Procurement of Consultancy Services on Implementation of IFRS 9 and IFRS 17

Review of procurement records revealed that the Corporation engaged a consultant on 5 March, 2021 to assist in implementation of IFRS 9 and IFRS 17 at a contract sum of Kshs.38,525,256 inclusive of taxes for a period of two (2) years from the date of the contract. The contract was extended for a period of six (6) months vide contract addendum signed by both parties.

Further, review of the implementation status as at August 2023 revealed that the consultant had failed to deliver on implementation of IFRS 17 as per the contract agreement. At the time of expiry of the contract on 3 September, 2023, the consultant had been paid Kshs.23,573,828 being 61% of the contract sum. Subsequently, the Corporation engaged another consultant on 27 December, 2023 for consultancy services in provision of IFRS 17 implementation at a contract sum of Kshs.6,999,452.

In the circumstances, value for money on expenditure of Kshs.23,573,828 on consultancy services could not be confirmed.

3. Failure to meet Insurance Regulatory Authority Deadline on Submission of Annual Returns

During the year under review, the Corporation did not submit accounts and statements to the Insurance Regulatory Authority (IRA) by 31 March, 2024 as required by Section 61(1) of the Insurance Act, Cap 487 which states that every account, balance sheet, certificate, abstract, return or statement required to be prepared should be deposited with the Commissioner within three months after the end of the period to which they relate. The Corporation was granted an extension of one (1) month for submission of accounts and statements and another extension of fifteen (15) days up to 15 May, 2024. However, as at the time of reporting, the returns had not been submitted and the extended timeline had lapsed.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 matter discussed 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

Weak Internal Controls Over Management and Supervision of Group Companies

During the year under review, there was delay in the finalization of the subsidiary audits which impacted the consolidation process and the finalization of the consolidated financial statements. The entity has three fully owned subsidiaries in Cote d`Ivoire, Zambia and Uganda and a material associate, ZEP Re. Further, it was noted that the Cote d`Ivoire audits for 2022 and 2023 were carried out for group reporting purposes only and the last signed set of the statutory financial statements was for the year ended

31 December, 2019. The statutory audits for 2020, 2021, 2022 and 2023 are incomplete.

The above delays can be attributed to lack of appropriate supervision of the work of the subsidiary accountants by the Head Office team and capacity issues at the subsidiaries to deliver on the finance functions.

In the circumstances, the effectiveness of Management control and supervision over the operations of subsidiary and associate Companies 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 Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining such internal control 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 control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the 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 liquidate the Corporation or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provision 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. 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 addition to the audit of the financial statements , a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 220(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Corporation or business activities to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

29 May, 2024

KENYA REINSURANCE CORPORATION LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Year ended 31 December 2023 KShs '000	2022 Restated KShs '000
Insurance revenue	6	19,568,740	23,130,507
Insurance service expenses	9	(18,212,246)	(22,320,540)
Net expenses from reinsurance contracts	6	(679,538)	(519,264)
Insurance service result		**676,956**	**290,703**
Interest revenue calculated using the effective interest method	7(a)	3,654,035	2,911,026
Impairment loss on financial assets	10	(31,262)	57,239
Share of results of associate	17	399,063	761,492
Fair value gains on revaluation of investment properties	16	216,055	(92,153)
Other investment income	7(b)	908,073	834,838
Net foreign exchange gain		1,437,511	138,365
Investment income		**6,583,475**	**4,610,807**
Finance income (expenses) from insurance contracts	9	912,032	867,579
Finance income (expenses) from reinsurance contracts	9	13,910	10,524
Net insurance finance income		**925,942**	**878,103**
Net insurance and investment result		**8,186,373**	**5,779,613**
Other income	8	127,892	123,420
Operating and other expenses	10	(1,279,278)	(1,310,663)
Profit before income tax		**7,034,987**	**4,592,370**
Income tax expense	11	(2,061,860)	(1,079,448)
Profit for the year		**4,973,127**	**3,512,922**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Share of (loss)/gain on property revaluation of associate	17	(7,389)	4,705
Remeasurement gain/losses on defined benefit plans, net of tax	30	77,882	41,099
Items that may be reclassified subsequently to profit or loss:			
Net gains/ (losses) on revaluation of quoted equity instruments instrument's classified as FVTOCI	22	(112,671)	(48,392)
Net gains/ (losses) on revaluation of held at FVTOCI government securities	24	(119,453)	(78,205)
Net gains/ (losses) on revaluation of unquoted equity instruments	21	45,947	(101,209)
Foreign exchange differences on translation of foreign operations		912,025	88,377
Share of movement in associate reserves:			
– currency translation	17	2,132,252	613,193
– fair value reserve	17	(159,750)	(106,452)
Total other comprehensive income		**2,768,843**	**413,116**
Total comprehensive income		**7,741,970**	**3,926,038**
Earnings per share - basic and diluted	**12**	**1.78**	**1.25**

KENYA REINSURANCE CORPORATION LIMITED
COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2023 Total KShs '000	2022 Restated KShs '000
		Year ended 31 December	
Insurance revenue	6	17,039,132	20,327,935
Insurance service expenses	9	(16,511,357)	(19,859,194)
Net expenses from reinsurance contracts	6	(413,926)	(697,654)
Insurance service result		**113,849**	**(228,913)**
Interest revenue calculated using the effective interest method	7(a)	3,378,040	2,817,944
Impairment loss on financial assets	10	(40)	57,239
Share of results of associate	17	399,063	761,492
Fair value gains on revaluation of investment properties	16	216,055	(92,153)
Other investment income	7(b)	908,073	778,696
Net foreign exchange gain		1,268,921	141,287
Net investment income		**6,170,112**	**4,464,505**
Net finance income (expenses) from insurance contracts	9	879,725	819,979
Net finance income (expenses) from reinsurance contracts	9	8,818	12,978
Net insurance finance income/(expenses)		**888,543**	**832,957**
Net insurance and investment result		**7,172,504**	**5,608,549**
Other income	8	127,892	123,420
Operating and other expenses	10	(1,052,319)	(1,105,304)
Profit before income tax		**6,248,077**	**4,086,665**
Income tax expense	11	(1,804,324)	(941,205)
Profit for the year		**4,443,753**	**3,145,460**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Share of gain on property revaluation of associate	17	(7,389)	4,705
Remeasurement gain/losses on defined benefit plans, net of tax	30	77,882	41,099
Items that may be reclassified subsequently to profit or loss:			
Net gains/ (losses) on revaluation of quoted equity instruments instrument's classified as FVTOCI	22	(112,671)	(48,392)
Net gains/ (losses) on revaluation of government securities at FVTOCI	24	(119,453)	(78,205)
Net gains/ (losses) on revaluation of unquoted equity instruments	21	45,947	(101,209)
Share of movement in associate reserves:			
– currency translation	17	2,132,252	613,193
– fair value reserve	17	(159,750)	(106,452)
Total other comprehensive income		**1,856,818**	**324,739**
Total comprehensive income		**6,300,571**	**3,470,199**
Earnings per share - basic and diluted	**12**	**1.59**	**1.12**

KENYA REINSURANCE CORPORATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December		
		2023	2022	2021
			Restated	Restated
Assets	Note	KShs '000	KShs '000	KShs '000
Property and equipment	15	121,839	91,808	63,947
Investment properties	16	12,702,500	12,405,000	12,250,000
Deferred tax asset	29	33,918	100,859	54,990
Defined benefit asset	30	44,511	-	-
Investment in associate	17	10,407,449	8,043,274	6,770,334
Intangible assets	19	41,235	57,663	112,803
Mortgage loans	20	871,472	816,944	843,847
Unquoted equity instruments	21	355,505	307,966	401,800
Quoted equity instruments	22	1,041,400	1,154,071	1,202,463
Corporate bonds	23	44,747	44,747	44,933
Government securities	24	21,049,100	19,877,447	18,519,806
Inventory	25	17,981	21,616	19,734
Reinsurance contract assets	28	731,500	707,840	860,688
Income tax receivable	30	61,778	88,831	104,007
Other receivables	26	366,592	430,079	452,865
Deposits with financial institutions	27	16,837,492	12,453,637	10,594,549
Cash and bank balances	33	1,248,996	849,961	972,970
Total assets		**65,978,015**	**57,451,743**	**53,269,736**
Equity				
Share capital	13	6,999,491	6,999,491	6,999,491
Revaluation reserve	14	26,308	33,697	28,992
Fair value reserve	14	(965,598)	(619,671)	(285,413)
Translation reserve	14	4,476,274	1,431,996	730,426
Statutory reserve	14	8,584,946	8,139,745	7,431,476
Retained earnings	14	29,053,364	25,007,516	22,441,743
Total equity		**48,174,785**	**40,992,774**	**37,346,715**
Liabilities				
Insurance contract liabilities	28	14,024,143	13,667,504	13,478,457
Reinsurance contract liabilities	28	2,484	-	-
Deferred tax liability	29	2,037,836	1,691,245	1,552,243
Defined benefit liability	30	-	19,578	49,000
Income tax payable	11	772,624	370,907	139,493
Other payables	32	966,143	709,735	703,828
Total liabilities		**17,803,230**	**16,458,969**	**15,923,021**
Net assets		**48,174,785**	**40,992,774**	**37,346,715**

The financial statements on pages 20 to 124 were approved and authorized for issue by the board of directors on 29 May 2024 and were signed on its behalf by:

Dr. Hillary M. Wachinga
Principal Officer

Dr. Hon. Catherine Ngima Kimura
Director

David Muthusi
Director

KENYA REINSURANCE CORPORATION LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION

		As at 31 December		
		2023	2022	2021
		Total	Restated	Restated
Assets	Notes	KShs '000	KShs '000	KShs '000
Property and equipment	15	51,033	66,580	41,489
Investment properties	16	12,702,500	12,405,000	12,250,000
Defined benefit asset	30	44,511	-	-
Investment in subsidiary	18	2,761,398	2,761,398	2,630,947
Investment in associate	17	10,407,449	8,043,274	6,770,334
Intangible assets	19	41,235	57,663	112,803
Mortgage loans	20	855,545	811,812	835,330
Unquoted equity instruments	21	355,505	307,966	401,800
Quoted equity instruments	22	1,041,400	1,154,071	1,202,463
Corporate bonds	23	44,747	44,747	44,933
Government securities	24	20,230,436	19,225,789	18,224,503
Inventory	25	12,055	18,912	18,406
Reinsurance contract assets	28	611,491	385,661	661,984
Income tax receivable	11	-	88,831	104,007
Due from related party	31	109,913	69,943	20,344
Other receivables	26	317,329	360,942	408,973
Deposits with financial institutions	27	12,291,563	9,151,616	7,657,492
Cash and bank balances	33	267,110	93,863	143,143
Total assets		**62,145,220**	**55,048,068**	**51,528,951**
Equity				
Share capital	13	6,999,491	6,999,491	6,999,491
Revaluation reserve	14	26,308	33,697	28,992
Fair value reserve	14	(965,598)	(619,671)	(285,413)
Translation reserve	14	3,490,332	1,358,080	744,887
Statutory reserve	14	8,569,566	8,082,586	7,388,524
Retained earnings	14	28,052,548	24,577,852	22,365,334
Total equity		**46,172,647**	**40,432,035**	**37,241,815**
Liabilities				
Insurance contract liabilities	28	12,414,897	12,072,688	11,984,174
Reinsurance contract liabilities	28	-	-	-
Deferred tax liability	29	2,037,836	1,691,245	1,552,243
Defined benefit liability	30	-	19,578	49,000
Income tax payable	11	382,085	-	-
Due to related party	31	337,253	285,548	-
Other payables	32	800,502	546,979	701,719
Total liabilities		**15,972,573**	**14,616,033**	**14,287,136**
Net Assets		**46,172,647**	**40,432,035**	**37,241,815**

The financial statements on pages 20 to 124 were approved and authorized for issue by the board of directors on 29 May 2024 and were signed on its behalf by:

Dr. Hillary M. Wachinga
Principal Officer

Dr. Hon. Catherine Ngima Kimura
Director

David Muthusi
Director

KENYA REINSURANCE CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	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 31 December 2021 -as previously reported		6,999,491	28,992	(492,965)	821,958	7,433,393,	22,304,615	37,095,484
Impact of initial application of IFRS 17	1(c)	-	-	-	(91,532)	(1,917)	246,656	153,207
Impact of initial application of IFRS 9	1(c)	-	-	207,552	-	-	(109,528)	98,024
At 31 December 2021 – Restated	**14**	**6,999,491**	**28,992**	**(285,413)**	**730,426**	**7,431,476**	**22,441,743**	**37,346,715**
At 1 January 2022		**6,999,491**	**28,992**	**(285,413)**	**730,426**	**7,431,476**	**22,441,743**	**37,346,715**
Profit for the year		-	-	-	-	**708.268**	2,804,775	3,512,922
Other comprehensive income (loss)/income		-	4,705	(334,258)	701,570	-	41,099	413,116
Total comprehensive income (restated)		-	**4,705**	**(334,258)**	**701,570**	**708,268**	**2,845,752**	**3,926,038**
Dividends declared – 2022		-	-	-	-	-	(279,979)	(279,979)
At 31 December 2022 – Restated	**14**	**6,999,491**	**33,697**	**(619,671)**	**1,431,996**	**8,139,744**	**25,007,516**	**40,992,774**
At 1 January 2023		**6,999,491**	**33,697**	**(619,671)**	**1,431,996**	**8,139,744**	**25,007,516**	**40,992,774**
Profit for the year		-	-	-	-	445,202	4,527,925	4,973,127
Other comprehensive income (loss)/income		-	(7,389)	(345,927)	3,044,277	-	77,882	2,768,843
Total comprehensive income		-	**(7,389)**	**(345,927)**	**3,044,277**	**445,202**	**4,605,807**	**7,741,970**
Dividends declared – 2023	34	-	-	-	-	-	(559,959)	(559,959)
At 31 December 2023	**14**	**6,999,491**	**26,308**	**(965,598)**	**4,476,274**	**8,584,946**	**29,053,364**	**48,174,785**

KENYA REINSURANCE CORPORATION LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	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 31 December 2021 -as previously reported		6,999,491	28,992	(492,965)	744,887	7,408,085	21,988,223	36,676,713
Impact of initial application of IFRS 17	1(c)	-	-	-	-	(19,561)	494,220	474,659
Impact of initial application of IFRS 9	1(c)	-	-	207,552	-	-	(103,142)	104,410
At 31 December 2021 – Restated	**14**	**6,999,491**	**28,992**	**(285,413)**	**744,887**	**7,388,524**	**22,365,334**	**37,241,815**
At 1 January 2022		**6,999,491**	**28,992**	**(285,413)**	**744,887**	**7,388,524**	**22,365,334**	**37,241,815**
Profit for the year		-	-	-	-	694,062	2,451,398	3,145,460
Other comprehensive income (loss)/income		-	4,705	(334,258)	613,193	-	41,099	324,739
Total comprehensive income (restated)		**-**	**4,705**	**(334,258)**	**613,193**	**694,062**	**2,492,497**	**3,470,199**
Dividends declared – 2022		-	-	-	-	-	(279,979)	(279,979)
At 31 December 2022 – Restated	**14**	**6,999,491**	**33,697**	**(619,671)**	**1,358,080**	**8,082,586**	**24,577,852**	**40,432,035**
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 – 2023	34	-	-	-	-	-	(559,959)	(559,959)
At 31 December 2023	**14**	**6,999,491**	**26,308**	**(965,598)**	**3,490,332**	**8,569,566**	**28,052,548**	**46,172,647**

KENYA REINSURANCE CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 December	
		2023	Restated 2022
	Notes	KShs '000	KShs '000
Net cash generated from operations:	33	3,536,588	1,952,874
Interest received on corporate bonds		52,474	5,884
Interest received on government securities		2,396,019	2,202,932
Interest received on staff mortgages and loans		29,902	27,435
Interest received on deposits with financial institutions		1,140,745	674,273
Interest received on commercial mortgages		34,895	26,842
Tax paid in the year	11(c)	(1,456,247)	(792,412)
Net cash generated from operating activities		**5,734,376**	**4,097,828**
Cash flows from investing activities:			
Purchase of investment property	16	(81,445)	(247,154)
Purchase of property and equipment	15	(48,011)	(60,523)
Purchase of unquoted equity instruments		-	(7,375)
Purchase of intangible assets	19	(12,939)	(47,128)
Purchase of government securities	24	(1,781,026)	(3,424,759)
Purchase of corporate bonds			-
Proceeds on maturity of government securities		1,025,809	2,059,573
Deposits with financial institutions		(10,442,053)	(6,749,676)
Maturities of deposits with financial institutions		6,445,976	
Dividends received on quoted equity instruments		119,339	112,241
Net cash used in investing activities		**(4,774,350)**	**(7,690,093)**
Cash flows used in financing activities:			
Dividends paid	34	(559,959)	(279,979)
Net increase in cash and cash equivalents		**400,067**	**(3,872,244)**
Cash and cash equivalents at 1 January		7,228,629	11,100,873
Effects of Movements in exchange rate on cash and cash equivalents		**(30,859)**	-
Cash and cash equivalent at 31 December	33	**7,597,837**	**7,228,629**

KENYA REINSURANCE CORPORATION LIMITED
COMPANY STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2023 KShs '000	Restated 2022 KShs '000
Net cash generated from operations:	33	**2,790,721**	**1,626,330**
Interest received on corporate bonds		5,876	5,884
Interest received on government securities		2,279,416	2,179,297
Interest received on staff mortgages and loans		28,888	27,075
Interest received on deposits with financial institutions		1,010,745	584,300
Interest received on commercial mortgages		34,892	26,842
Tax paid in the year	11(c)	(1,359,081)	(747,379)
Net cash generated from operating activities		**4,791,457**	**3,702,349**
Cash flows from investing activities:			
Purchase of investment property	16	(81,445)	(247,154)
Purchase of property and equipment	21	(6,274)	(52,664)
Purchase of unquoted equity instruments		-	(7,375)
Purchase of intangible assets	19	(12,938)	(47,128)
Purchase of government securities	24	(1,588,899)	(2,969,986)
Proceeds on maturity of government securities	24	682,773	1,925,832
Deposits with financial institutions		(7,300,290)	(6,411,789)
Maturities of deposits with financial institutions		6,411,789	
Investment in subsidiary		-	(130,451)
Dividends received on quoted equity instruments		119,339	112,241
Net cash used in investing activities		**(1,775,945)**	**(7,828,474)**
Cash flows used in financing activities:			
Dividends paid	34	(559,959)	(279,979)
Net increase in cash and cash equivalents		**2,455,553**	**(4,406,104)**
Cash and cash equivalents at 1 January		2,833,689	7,239,793
Effects of Movements in exchange rate on cash and cash equivalents		**(30,859)**	**-**
Cash and cash equivalent at 31 December	33	**5,258,383**	**2,833,689**

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 as per guidance issued by IAASB in 2024.

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 International Financial Reporting Standards 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 2023. 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.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Statement of compliance with International Financial Reporting Standards (IFRS) (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.

Adoption of new and revised IFRS Accounting Standards

(i) Relevant new and amendments to standards and interpretations on the financial statements effective for the period ended 31 December 2023

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
The amendment became effective for annual periods beginning on or after 1 January 2023.

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and,
Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the PS also provide examples of situations when generic or standardised information summarising or duplicating the requirements of IFRS Accounting Standards may be considered material accounting policy information.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

b. Basis of consolidation (Continued)

Adoption of new and revised IFRS Accounting Standards (Continued)

(i) Relevant new and amendments to standards and interpretations on the financial statements effective for the period ended 31 December 2023 (Continued)

Amendments to IAS 8 - Definition of Accounting Estimates

The amendment is effective for annual periods beginning on or after 1 January 2023.

The amendment seeks to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. In addition, the amendments clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies.

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment is effective for annual periods beginning on or after 1 January 2023.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12

The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The amendments require an entity to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

An entity is required to separately disclose its current tax expense (income) related to Pillar Two income taxes, in the periods when the legislation is effective.

The amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period.

The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

b. Basis of consolidation (Continued)

Adoption of new and revised IFRS Accounting Standards (Continued)

(i) Relevant new and amendments to standards and interpretations on the financial statements effective for the period ended 31 December 2023 (Continued)

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

New and Amendments to standards	*Effective for annual periods beginning on or after*
Amendments to IAS 1 - *Classification of liabilities as current or non-current*	1 January 2024, with earlier application permitted
Amendments to IFRS 16 - *Lease Liability in a Sale and Leaseback*	1 January 2024, with earlier application permitted
Amendments to IAS 21 - *Lack of Exchangeability*	1 January 2025
Amendments to IAS 7 and IFRS 7: *Supplier finance arrangements*	1 January 2024 as earlier adoption permitted
IFRS S1 General requirements for disclosures of sustainability – *related financial information.*	1 January 2024
IFRS S2 Climate – *related disclosures*	1 January 2024
IFRS 18 - *Presentation and Disclosure in Financial Statements*	1 January 2027 as earlier adoption permitted
Amendments to IAS 1- *Non-current Liabilities with Covenants*	1 January 2024 as earlier adoption permitted
Amendments to IFRS 10 and IAS 28 - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Yet to be set, however earlier application permitted

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, as detailed below:

Amendments to IAS 1- Classification of liabilities as current or non-current	The amendment is effective for annual periods beginning on or after 1 January 2024. The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent 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 are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early. The directors do not expect that the adoption of the amendment will have an impact on the financial statements of the Group.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

b. Basis of consolidation (Continued)

Adoption of new and revised IFRS Accounting Standards (Continued)

(i) Relevant new and amendments to standards and interpretations on the financial statements effective for the period ended 31 December 2023 (Continued)

Amendments to IFRS 16-Lease Liability in a Sale and Leaseback	The amendment is effective for annual periods beginning on or after 1 January 2024. The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16. The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8. The directors do not expect that the adoption of the amendment will have an impact on the financial statements of the Group.s
Amendments to IAS 21 - Lack of Exchangeability	The amendment is effective for annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Group.
Amendments to IAS 7 and IFRS 7: Supplier finance arrangements	The amendment is effective for annual periods beginning on or after 1 January 2024. The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was 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 term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

b. Basis of consolidation (Continued)

Adoption of new and revised IFRS Accounting Standards (Continued)

(i) Relevant new and amendments to standards and interpretations on the financial statements effective for the period ended 31 December 2023 (Continued)

Amendments to IAS 7 and IFRS 7: Supplier finance arrangements (Cont.)	To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements: • The terms and conditions of the arrangements • The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements • The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers • Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement • Liquidity risk information The directors do not expect that the adoption of the amendment will have an impact on the financial statements of the Group.
IFRS S1 General requirements for disclosures of sustainability – related financial information	This includes the core framework for the disclosure of material information about sustainability related risks and opportunities across an entity's value chain. The directors are currently assessing the impact which this amendment may have on the financial statements of the Group.
IFRS S2 Climate – related disclosures	This is the first thematic standard issued that sets our requirements for entities to disclose information about climate-related risks and opportunities. The directors are currently assessing the impact which this amendment may have on the financial statements of the Group.
IFRS 18 Presentation and Disclosure in Financial Statements	In April 2024, the IASB released IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) which includes presentation and disclosure requirements for all entities applying IFRS Accounting Standards. When effective, IFRS 18 supersedes IAS 1 Presentation of Financial Statements. Entities will continue to apply IAS 7 Statement of Cash Flows, although there are certain limited amendments to IAS 7 as a result of IFRS 18. The standard will not impact the recognition or measurement of items in the financial statements but will impact how companies present and disclose financial performance. Entities will be required to classify income and expenses in the following categories: • operating, • investing, • financing, • income taxes and discontinued operations. These categories apply to all entities, with some modification for entities whose main business activities relate to investments in assets (e.g., insurers and investment entities) or provision of financing to customers (e.g., banks).

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

b. Basis of consolidation (Continued)

Adoption of new and revised IFRS Accounting Standards (Continued)

(i) Relevant new and amendments to standards and interpretations on the financial statements effective for the period ended 31 December 2023 (Continued)

IFRS 18 Presentation and Disclosure in Financial Statements (Continued)	In addition to these categories, the standard requires two new defined subtotals to be presented in the financial statement, operating profit and profit before financing and income taxes. Enhanced principles on the aggregation and disaggregation of information have been included in IFRS 18. Supporting application guidance will assist in determining whether information about transactions should be included in the primary financial statements or notes. Most entities report alternative performance measures. IFRS 18 defines management-defined performance measures (MPMs). Entities are required to present MPMs in a single note to the financial statements and disclose reconciliations between the MPMs and totals or subtotals required by IFRS 18 or other IFRS Accounting Standards. The requirements will be applied retrospectively. The standard is applicable for period beginning on or after 1 January 2027. Earlier application is permitted.
Amendments to IAS 1 - Presentation of Financial Statements— Non-current Liabilities with Covenants	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. 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 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.
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of the Group anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

c. New and amended standards and interpretations.

In these financial statements, the Group has applied IFRS 17 and IFRS 9 for the first time. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 *Insurance Contracts* for annual periods on or after 1 January 2023.
The Group has restated comparative information for 2022 applying the transitional provisions in IFRS 17. The nature of the changes in accounting policies can be summarised, as follows:

Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the group's insurance and reinsurance contracts.

Under IFRS 17, the Group's insurance contracts issued, and reinsurance contracts held are all eligible to be measured by applying the PAA. The PAA simplifies the measurement of insurance contracts in comparison with the general measurement model in IFRS 17.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Group under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognized as revenue for insurance services provided.
- Measurement of the liability for remaining coverage involves an explicit inclusion of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component.
- Measurement of the liability for incurred claims is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability for incurred claims includes the Group's obligation to pay other incurred insurance expenses.
- The liability for remaining coverage and liability for incurred claims are presented separately for insurance contracts issued and reinsurance contracts held.

The Group amortizes insurance acquisition cash flows for all the product lines. Insurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group. The Group allocates the insurance acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Where such insurance acquisition cash flows are paid in advance, an asset for insurance acquisition cash flows is recognized. The asset for insurance acquisition cashflows is amortized over the coverage period.

Changes to presentation and disclosure

For presentation in the statement of financial position, the Group aggregates insurance contracts issued, and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance contracts issued that are assets.
- Portfolios of insurance contracts issued that are liabilities.
- Portfolios of reinsurance contracts held that are assets.
- Portfolios of reinsurance contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

c. New and amended standards and interpretations (Continued)

IFRS 17 Insurance Contracts (Continued)

The line-item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, the Group reported the following line items:

- Gross premiums written.
- Net earned premiums.
- Gross claims incurred and policyholder benefits expenses.
- Net claims and benefits

Instead, IFRS 17 requires a separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held
- Amounts recognized in its financial statements from insurance contracts.

The Group provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from insurance contracts
- Significant judgements, and changes in those judgements, when applying the standard

Transition

On transition date, 1 January 2022, the Group:

- identified, recognized, and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied.
- derecognized previously reported balances that would not have existed if IFRS 17 had always been applied.
- recognized any resulting net difference in equity.

The Group has applied the transition provisions in IFRS 17 and has not disclosed the impact of the initial application of IFRS 17 on each financial statement line item. The effects of the initial application IFRS 17 on retained earnings are presented in the statement of changes in equity at 1 January 2022.

IFRS 9 Financial Instruments

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. However, the Group elected, under the amendments to IFRS 4, to apply the temporary exemption from IFRS 9, thereby deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17.

The Group has applied IFRS 9 retrospectively and restated comparative information for 2022 for financial instruments in the scope of IFRS 9. Differences arising from the adoption of IFRS 9 were recognised in retained earnings as of 1 January 2022 and are disclosed below.

The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments as *IFRS 7 'Financial Instruments: Disclosures'*. Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Corporation.

Changes in classification and measurement of financial instruments

To determine their classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the Group's business model for managing the assets and the instruments' contractual cash flow characteristics.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

c. New and amended standards and interpretations (Continued)

Changes in classification and measurement of financial instruments (Continued)

The IAS 39 measurement categories for financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity (HTM) and loans and receivables (L&R) at amortised cost) have been replaced by:

- Financial assets at fair value through profit or loss
- Debt instruments at fair value through other comprehensive income,
- Equity instruments at fair value through other comprehensive income
- Debt instruments at amortised cost

The Group's classification of its financial assets is explained in Note 1. The quantitative impact of applying IFRS 9 as at 1 January 2022 is disclosed below.

Changes to the impairment calculation

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for debt instruments held at FVOCI or amortised cost by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all debt instruments not held at FVPL. For debt instruments, the ECL is based on the portion of lifetime ECLs (LTECL) that would result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination or purchase of the assets, the allowance is based on the full LTECL. The Group's debt instruments at FVOCI and amortised cost comprise mainly of securities issued by the government of Kenya and deposits with reputable financial institution with good credit ratings, therefore, are considered to be low credit risk investments. It is the Group's policy to measure such instruments on a 12-month ECL (12mECL) basis.

The Group considers an instrument to be in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider an instrument to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. There were no such instances in 2023 or 2022.

The adoption of the ECL requirements of IFRS 9 has resulted in increases in impairment allowances in respect of the Group's debt instruments. The increase in allowance was adjusted to retained earnings.

As it was possible to do so without the use of hindsight, the Group restated the statement of financial position as at 1 January 2022. The statement of profit or loss for the year ended 31 December 2022 was also restated, Details of the Groups 's impairment method are disclosed in Note 1. The quantitative impact of applying IFRS 9 as at 1 January 2022 is disclosed in Note below.

Changes in disclosure – IFRS 7

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 *Financial Instruments: Disclosures* was also amended. The Group applied the amended disclosure requirements of IFRS 7, together with IFRS 9, for the year beginning 1 January 2023.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

c. New and amended standards and interpretations (Continued)

Transition disclosures – IFRS 9

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 at January 2023 is, as follows:

Group

	Classification under IAS 39	Classification under IFRS 9	Carrying amount under IAS 39 KShs '000	Remeasurement KShs '000	Carrying amount under IFRS 9 KShs '000
Financial assets					
Government securities at amortised cost (from held to maturity)	Held to maturity	Amortised cost	16,887,597	(19,146)	16,868,451
Government securities at FVTOCI (From available for sale)	Fair value through other comprehensive income	Fair value through other comprehensive income	1,356,052	-	1,356,052
Corporate Bonds	Held to maturity	Amortised cost	45,329	(396)	44,933
Mortgage loans	Loans and receivables	Amortised cost	790,455	54,793	845,248
Unquoted equity instruments	Measured at cost	Fair value through other comprehensive income	194,248	207,552	401,800
Quoted equity instruments	Fair value through other comprehensive income	Fair value through other comprehensive income	1,202,463	--	1,202,463
Deposits with financial institutions	Loans and receivables	Amortised cost	7,677,637	(20,145)	7,657,492
Cash and bank balances.	Loans and receivables	Amortised cost	144,402	(1,259)	143,143
Rental Receivables	Loans and receivables	Amortised cost	116,989	(116,989)	-
Total			**28,415,172**	**104,410**	**28,519,582**

The following table reconciles the aggregate opening loan loss provision allowances under IAS 39 to the ECL allowances under IFRS 9 at date of initial application.

Group

	Loan loss provision under IAS 39 AT 31 December 2021	Re-measurement	ECLs under IFRS 9 at 1 January 2022
Impairment allowance for:			
Available-for-sale debt investment:			
Securities per IAS 39/Debt instruments at amortised cost under IFRS 9:	-	18,071	18,071
Available-for-sale debt investment securities per IAS 39/debt financial assets at FVOCI under IFRS 9:	-	1,530	1,530
		19,601	19,601

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

c. New and amended standards and interpretations (Continued)

Transition disclosures – IFRS 9 (Continued)

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 at 1 January 2023 is, as follows:

Company

	Classification under IAS 39	Classification under IFRS 9	Carrying amount under IAS 39 KShs '000	Remeasurement KShs '000	Carrying amount under IFRS 9 KShs '000
Financial assets					
Government securities at amortised cost (From held to maturity)	Held to maturity	Amortised cost	16,887,597	(19,146)	16,868,451
Government securities at FVTOCI (From available for sale)	Fair value through other comprehensive income	Fair value through other comprehensive income	1,356,052	-	1,356,052
Corporate Bonds	Held to maturity	Amortised cost	45,329	(396)	44,933
Mortgage loans	Loans and receivables	Amortised cost	780,537	54,793	835,330
Unquoted equity instruments	Measured at cost	Fair value through other comprehensive income	194,248	207,552	401,800
Quoted equity instruments	Fair value through other comprehensive income	Fair value through other comprehensive income	1,202,463	-	1,202,463
Deposits with financial institutions	Loans and receivables	Amortised cost	7,677,637	(20,145)	7,657,492
Cash and bank balances.	Loans and receivables	Amortised cost	144,402	(1,259)	143,143
Rental Receivables	Loans and receivables	Amortised cost	116,989	(116,989)	-
Total			**28,405,254**	**104,410**	**28,509,664**

The following table reconciles the aggregate opening loan loss provision allowances under IAS 39 to the ECL allowances under IFRS 9 at date of initial application.

Company

	Loan loss provision under IAS 39 AT 31 December 2021	Re-measurement	ECLs under IFRS 9 at 1 January 2022
Impairment allowance for:			
Available-for-sale debt investment:			
Securities per IAS 39/Debt instruments at amortised cost under IFRS 9:	-	17,616	17,616
Available-for-sale debt investment securities per IAS 39/debt financial assets at FVOCI under IFRS 9:	-	1,530	1,530
	-	19,146	19,146

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

d. 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.

e. 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 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.

f. 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.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

g. Property and equipment

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.

h. 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.

i. 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.

j. 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.

k. 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.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

l. 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.

m. 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.

n. 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.

o. 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.

p. 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.

q. 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.

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 the following items are recognised in OCI:

- groups of insurance and reinsurance contracts to the extent that the foreign currency differences relate to changes in the carrying amount of the groups recognised in OCI. The amount included in OCI is the difference between the total foreign currency differences and the amount included in profit or loss. The amount included in profit or loss is the difference between the measurement of the group that is used to determine the reinsurance finance income and expenses in profit or loss in the period in the functional currency at the beginning of the period, adjusted for accreted interest and payments during the period, and the same measurement in the foreign currency translated at the spot exchange rate at the end of the period. Reporting for the corporation is however done using functional currencies;

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

q. Foreign currency (Continued)

(i) Foreign currency transactions

- equity investments designated as at FVOCI and available-for-sale equity investments that had been derecognised as at 1 January 2021 (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss); and

The foreign currency gain or loss on debt investments at FVOCI, financial instruments at amortised cost and available-for-sale debt investments derecognised before 1 January 2022 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.

r. 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.

s. 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.

t. 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.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

t. Insurance and reinsurance contracts accounting treatment

Level of aggregation

The Group identifies portfolios of insurance contracts issued. 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
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

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.

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.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

t. Insurance and reinsurance contracts classification (Continued)

Contract boundaries (Continued)

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.

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.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

t. Insurance and reinsurance contracts classification (Continued)

Reinsurance contracts held – initial measurement (Continued)

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.

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.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

t. Insurance and reinsurance contracts classification (Continued)

Insurance acquisition cash flows (Continued)

(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.

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.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

t. Insurance and reinsurance contracts classification (Continued)

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.

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.

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).

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

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.

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 unitss.

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 2022), dividends on equity investments, and lease income and fair value gains from investment and properties

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

bb. 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.

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.

cc. 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;

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

cc. Financial assets and financial liabilities (Continued)

Business model assessment (Continued)

- 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.

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.

Business model assessment

Classification

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.

Financial assets at fair value through other comprehensive income

This category has two sub-categories: financial assets held for trading, and those designated at fair value through *other comprehensive income* at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit making, or if so, designated by management. The Group has designated Quoted equity instruments, Unquoted equity instruments and part of Government securities at FVTOCI into this category.

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.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

cc. Financial assets and financial liabilities (Continued)

Debt instruments (Continued)

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. 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

The Group's subsequently measures all equity investments at fair value. The Company's management has elected to present fair value gains and losses on equity investments in OCI, with no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. 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.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

cc. Financial assets and financial liabilities (Continued)

Impairment (Continued)

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:

- 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.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

dd. 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. Similar to interest bearing financial assets previously classified as available-for-sale or held to maturity under IAS 39, interest income on interest bearing financial assets measured at FVOCI under IFRS 9 is also recorded using the EIR method. 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.

ee. 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.

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

ff. 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.

gg. 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.

hh. 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.

1. SIGNIFICANT JUDGEMENTS AND ESTIMATES (Continued)

hh. Significant judgements and estimates (Continued)

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.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE GROUP'S AND COMPANY'S ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Short term and long-term contracts issued								
Kenya Shilling	16.2%	10.3%	18.1%	12.7%	17.6%	13.6%	15.9%	13.8%
Uganda Shilling	17.1%	13.1%	15.5%	14.5%	15.7%	15.2%	14.5%	15.6%
Zambia Kwacha	15.5%	15.0%	22.1%	22.0%	22.6%	24.0%	25.7%	27.7%
Cote D'lvoire XOF	2.6%	2.6%	4.8%	4.8%	5.9%	5.8%	5.4%	5.3%

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.

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

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

3.1 Insurance risk (Continued)

Insurance risk comprises the following risks: (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.

	2023 KShs'000	2022 Restated KShs'000
Kenya	11,511,760	11,620,563
Uganda	384,735	166,157
West Africa	1,123,047	1,074,195
Zambia	102,024	41,908
	13,121,566	**12,902,823**

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

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

3.1 Insurance risk (Continued)

Concentration of insurance risk (Continued)

Concentration by class of business

2023

	Liability for Remaining Coverage	Liability for Incurred Claims	Asset for Remaining Coverage	Asset for Incurred Claims	Net Carrying Amount
Agriculture	(559,425)	2,266,348	-	(2,143)	1,704,780
Aviation	(18,667)	71,486	3,002	(357)	55,464
Engineering	(1,304,918)	2,103,710	39,952	(2,932)	835,812
Fire Domestic	(33,616)	84,738	431	(2,418)	49,135
Fire Industrial	(1,998,541)	4,579,837	26,446	(17,838)	2,589,904
Liability	(110,079)	182,685	-	(96)	72,510
Marine	(501,591)	998,952	28,852	(2,516)	523,697
Medical	(876,429)	3,408,757	17,246	(101,209)	2,448,365
Miscellaneous	(512,898)	1,024,274	30,016	(64)	541,328
Motor Commercial	(370,590)	2,130,289	-	-	1,759,699
Motor Private	(152,051)	317,710	-	(169)	165,490
Personal Accident	(298,701)	400,294	7,299	(5,337)	103,555
Theft	(198,459)	405,874	-	(5,148)	202,267
Workmen Compensation	(10,764)	11,612	-	(65)	783
Total	**(6,946,729)**	**17,986,566**	**153,244**	**(140,292)**	**11,052,789**
Group Life	(71,763)	2,170,541	(71,336)	(58,461)	1,968,981
Individual Life	(4,051)	105,540	-	(1,693)	99,796
Total	**(75,814)**	**2,276,081**	**(71,336)**	**(60,154)**	**2,068,777**

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

3.1 Insurance risk (Continued)

Concentration of insurance risk (Continued)

Concentration by class of business

2022

	Liability for Remaining Coverage	Liability for Incurred Claims	Asset for Remaining Coverage	Asset for Incurred Claims	Net Carrying Amount
Agriculture	(1,590,998)	2,612,704	-	(77)	1,021,629
Aviation	(6,292)	82,905	(589)	(205)	75,819
Engineering	(800,333)	2,035,052	96,556	(27,294)	1,303,981
Fire Domestic	(32,578)	89,728	158	(648)	56,660
Fire Industrial	(1,323,847)	4,273,183	(22,816)	(53,394)	2,873,126
Liability	(77,081)	195,065	-	(290)	117,694
Marine	(405,462)	991,648	33,377	(25,392)	594,171
Medical	(717,868)	3,389,772	(66,767)	(243,334)	2,361,803
Miscellaneous	(364,241)	1,098,295	12,084	(93)	746,045
Motor Commercial	(340,258)	2,039,074	-	-	1,698,816
Motor Private	(69,775)	175,392	-	(184)	105,433
Personal Accident	(104,055)	416,421	4,141	(6,541)	309,966
Theft	(104,625)	225,868	-	(127)	121,116
Workmen Compensation	(3,288)	7,580	-	(58)	4,234
Total	**(5,940,701)**	**17,632,687**	**56,144**	**(357,637)**	**11,390,493**
Group Life	(430,878)	2,030,580	(43,955)	(85,185)	1,470,562
Individual Life	(26,407)	79,357	(5,146)	(6,036)	41,768
Total	**(457,285)**	**2,109,937**	**(49,101)**	**(91,221)**	**1,512,330**

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

3.1 Insurance risk (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.

2023

GROUP

	Profit or Loss		Equity	
	Gross	Net	Gross	Net
Life	KShs'000	KShs'000	KShs'000	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

	Profit or Loss		Equity	
	Gross	Net	Gross	Net
Life	KShs'000	KShs'000	KShs'000	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.

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

3.1 Insurance risk (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

	2017 & Prior	2018	2019	2020	2021	2022	2023	Total
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	44,021,548
One year later	6,588,316	5,654,407	3,876,861	3,016,097	4,341,035	3,203,882	-	26,680,598
Two years later	2,908,318	2,728,949	3,663,316	1,438,844	1,553,859	-	-	12,293,286
Three years later	1,781,269	1,487,974	2,192,625	333,184	-	-	-	5,795,052
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	7,350,150	9,551,909	7,920,286	4,459,470	103,764,450
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	-	-	-	-	-	-	-	4,897,598
ULAE	-	-	-	-	-	-	-	35,530
Gross undiscounted liability for incurred claims	-	-	-	-	-	-	-	**15,830,042**
Impact of Discounting	-	-	-	-	-	-	-	-4,448,380
Risk Adjustment	-	-	-	-	-	-	-	3,524,589
Total liability included in the statement of financial position	494,763	408,731	891,223	1,267,923	2,062,990	3,026,565	2,740,750	**14,906,251**

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

3.1 Insurance risk (Continued)

Claims Development (Continued)

Insurance – Short Term (Continued)

COMPANY

	2017 & Prior	2018	2019	2020	2021	2022	2023	Total
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	-	-	-	-	-	-	-	3,979,084
ULAE	-	-	-	-	-	-	-	28,858
		-	-	-	-	-	-	
Gross undiscounted liability for incurred claims	-	-	-	-	-	-	-	**13,721,601**
Impact of Discounting	-	-	-	-	-	-	-	(4,195,115)
Risk Adjustment	-	-	-	-	-	-	-	3,137,718
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**	**2,232,166**	**12,664,204**

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

3.1 Reinsurance risk (Continued)

Claims Development (Continued)

Insurance – Long Term

GROUP

	2017 & Prior	2018	2019	2020	2021	2022	2023	Total
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	-	-	-	-	-	-	-	504,979
ULAE	-	-	-	-	-	-	-	2,743
Gross undiscounted liability for incurred claims	-	-	-	-	-	-	-	1,894,402
Impact of Discounting	-	-	-	-	-	-	-	(292,701)
Risk Adjustment	-	-	-	-	-	-	-	259,379
Total liability for incurred claims included in the statement of financial position	**58,125**	**68,739**	**101,990**	**152,158**	**331,358**	**383,804**	**290,505**	**1,861,080**

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

3.1 Insurance risk (Continued)

Claims Development (Continued)

Insurance – Long Term (Continued)

COMPANY

	2017 & Prior	2018	2019	2020	2021	2022	2023	Total
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	-	-	-	-	-	-	-	3,979,084
ULAE	-	-	-	-	-	-	-	28,858
Gross undiscounted liability for incurred claims	-	-	-	-	-	-	-	**5,394,621**
Impact of Discounting	-	-	-	-	-	-	-	(4,195,115)
Risk Adjustment	-	-	-	-	-	-	-	3,137,718
Total liability for incurred claims included in the statement of financial position	**58,125**	**68,739**	**101,990**	**152,158**	**331,358**	**383,804**	**290,505**	**4,337,224**

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.

The analysis of the liquidity position of the Group's financial liabilities is as disclosed in the table above.

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

3.2 Financial Risk (Continued)

3.2.1 Liquidity risk (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

	2023						
	Up to 1year 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	7,089,910	3,416,895	1,493,872	835,076	406,608	686,201	13,928,562
Long term business	1,432,544	98,344	25,660	4,867	19,733	75,270	1,656,417
TOTAL	**8,522,454**	**3,515,239**	**1,519,532**	**839,943**	**426,341**	**761,471**	**15,584,979**

	2022						
	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	7,623,835	3,543,828	1,636,860	797,695	355,640	651,872	14,609,730
Long term business	1,280,952	77,342	25,317	1,558	16,174	63,602	1,464,944
Total	**8,904,787**	**3,621,170**	**1,662,177**	**799,253**	**371,814**	**715,474**	**16,074,674**

COMPANY

	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	6,216,176	3,059,325	1,357,650	745,255	374,789	613,025	12,366,218
Long term business	1,412,845	95,799	24,131	4,105	19,512	74,583	1,630,975
Total	**7,629,021**	**3,155,124**	**1,381,781**	**749,360**	**394,301**	**687,608**	**13,997,193**

	2022						
	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	6,790,687	3,231,510	1,512,739	724,421	328,048	598,286	13,185,690
Long term business	1,271,494	75,920	24,358	1,408	16,107	63,333	1,452,620
Total	**8,062,181**	**3,307,430**	**1,537,097**	**725,829**	**344,155**	**661,619**	**14,638,310**

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

3.2 Financial Risk (Continued)

3.2.1 Liquidity risk (Continued)

Maturity profiles

Maturity analysis of financial assets (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 2023	Carrying Amount KShs '000	No stated Maturity 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	19,845,023		668,005	8,338,208	10,838,810
- Corporate bonds	44,747	-	-	44,747	-
Held at FVTOCI					
-Quoted equities	1,041,400	1,041,400	-	-	-
-Government securities	1,204,077			186,335	1,017,742
-Unquoted equities	355,505	355,505	-	-	-
Loans and receivables					
Other receivables	13,404	13,404	-	-	-
Reinsurance contract assets	-	-	-	-	-
Insurance contract assets	220,213	220,213	-	-	-
Mortgage loans	871,472	-	1,855	124,722	744,895
Cash and cash equivalents	18,086,488	-	18,086,488	-	-
Total	**41,682,329**	**1,630,522**	**18,756,348**	**8,694,012**	**12,601,447**

31 December 2022	Carrying Amount	No stated Maturity	Contractual cash flows 0-1 years	1-5 years	>5 years
Financial assets	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Amortised cost:					
- Government securities	18,599,600	-	998,959	3,884,205	13,716,436
Held at FVTOCI					
-Quoted equities	1,154,071	1,154,071	-	-	-
- Corporate bonds	44,747	-		44,747	-
-Government securities	1,277,847	-	160	208,259	1,069,428
-Unquoted equities	307,966	307,966	-	-	-
Loans and receivables					
Other receivables	720,686	720,686	-	-	-
Reinsurance contract assets	441,815	441,815	-	-	-
Insurance contract assets	-	-	-	-	-
Mortgage loans	816,944	-	5,955	87,653	723,336
Cash and cash equivalents	13,303,598	-	13,303,598	-	-
Total	**36,667,274**	**2,624,538**	**14,308,672**	**4,224,864**	**15,509,200**

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

3.2 Financial Risk (Continued)

3.2.1 Liquidity risk (Continued)

Maturity profiles

COMPANY

	Carrying amount KShs '000	No stated maturity KShs '000	Contractual cash flows 0-1 years KShs '000	1-5 years KShs '000	>5 years KShs '000
31-December 2023					
Amortised cost					
- Government securities	19,026,359	-	615,632	7,626,311	10,784,416
Held at FVTOCI					
-Quoted equities	1,041,400	1,041,400	-	-	-
-Government securities	1,204,077	-	-	186,335	1,017,742
-Unquoted equities	355,505	355,505	-	-	-
Loans and receivables					
Insurance contract assets	-	-	-	-	-
Reinsurance contract assets	131,051	131,051	-	-	-
Due from related party	142,746	142,746	-	-	-
Other receivables	302,348	302,348	-	-	-
Mortgage loans	855,545		1,855	124,722	728,968
Cash and cash equivalents	12,558,673	-	12,558,673	-	-
Total	**35,617,704**	**1,973,050**	**13,176,160**	**7,937,368**	**12,531,126**

31-December 2022	Carrying amount KShs '000	No stated maturity KShs '000	Contractual cash flows 0-1 years KShs '000	1-5 years KShs '000	>5 years KShs '000
Amortised cost:					
- Government securities	17,947,942	-	840,269	3,391,241	13,716,432
- Corporate bonds	44,747	-	-	44,747	-
Held at FVTOCI					
-Quoted equities	1,154,071	1,154,071	-	-	-
-Government securities	1,277,847	-	157	208,259	1,069,431
-Unquoted equities	307,966	307,966	-	-	-
Loans and receivables					
Reinsurance contracts Assets	110,754	110,754	-	-	-
Due from related parties	66,580	66,580	-	-	-
Other receivables	360,942	360,942	-	-	-
Mortgage loans	811,812		5,245	87,653	718,914
Cash and cash equivalents	9,245,479		9,245,479	-	-
Total	**31,328,140**	**2,000,313**	**10,091,150**	**3,731,900**	**15,504,777**

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

3.2 Financial Risk (Continued)

3.2.1 Liquidity risk (Continued)

Maturity profiles

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

GROUP

	2023			2022		
	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	9,420	11,845	21,265	7,965	11,050	19,015
Cash and cash equivalents	2,276	-	2,276	1,888	-	1,888
Equity and debt instruments at FVPL	4,475	2,122	6,597	3,518	1,934	5,452
Debt instruments at FVOCI	2,415	8,941	11,356	2,328	8,360	10,688
Debt instruments at amortised cost	254	782	1,036	231	756	987
Insurance contract assets	**437**	**406**	**843**	**744**	**713**	**1,457**
Insurance issued	22	13	35	24	25	49
Reinsurance held	415	393	808	720	688	1,408
Insurance contract liabilities	**(8,305)**	**(4,699)**	**(13,004)**	**(8,111)**	**(5,478)**	**(13,589)**
Insurance issued	(8,305)	(4,699)	(13,004)	(8,111)	(5,478)	(13,589)
Reinsurance held	-	-	-	-	-	-

COMPANY

	2023			2022		
	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	**9,420**	**11,845**	**21,265**	**7,965**	**11,050**	**19,015**
Cash and cash equivalents	2,276	-	2,276	1,888	-	1,888
Equity and debt instruments at FVPL	4,475	2,122	6,597	3,518	1,934	5,452
Debt instruments at FVOCI	2,415	8,941	11,356	2,328	8,360	10,688
Debt instruments at amortised cost	254	782	1,036	231	756	987
Insurance contract assets	**437**	**406**	**843**	**744**	**713**	**1,457**
Insurance issued	22	13	35	24	25	49
Reinsurance held	415	393	808	720	688	1,408
Insurance contract liabilities	**(8,305)**	**(4,699)**	**(13,004)**	**(8,111)**	**(5,478)**	**(13,589)**
Insurance issued	(8,305)	(4,699)	(13,004)	(8,111)	(5,478)	(13,589)
Reinsurance held	-	-	-	-	-	-

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

3.2 Financial Risk (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

	2023 KShs'000	2022 KShs'000
Insurance contract liabilities		
Short term business	(252,376)	(197,496)
Long term business	(22,380)	(13,608)
Reinsurance held	-	-
Short term business	871	2,034
Long term business	815	684
Debt instruments at FVOCI	**10,356**	**10,688**
Debt instruments at amortised cost	**1,036**	**987**

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

3.2 Financial Risk (Continued)

3.2.2 Market risk (Continued)

3.2.2.1 Interest rate risk (Continued)

Interest rate sensitivity (Continued)

COMPANY

	2023 KShs'000	2022 KShs'000
Insurance contract liabilities		
Short term business	(238,308)	(187,098)
Long term business	(22,294)	(13,571)
Reinsurance held		
Short term business	566	1,367
Long term business	813	674
Debt instruments at FVOCI	**10,356**	**10,688**
Debt instruments at amortised cost	**1,036**	**987**

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.

		2023		2022	
	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	-	50 -	29 -	47 -
Debt instruments	+100 bps	(284)	(314)	(291)	(321)
Insurance and reinsurance contracts	- 100 bps	(33)	(52)	(31)	(51)
Debt instruments	- 100 bps	302	332	305	338

COMPANY

	2023 KShs'000	2022 KShs'000
Reinsurance held	340	442
Insurance contract liabilities	**(4,142)**	**(3,437)**
Short term business	(869)	(858)
Long term business	(2,780)	(2,099)
Reinsurance held	-	-
Debt instruments at FVOCI	**10,356**	**10,688**
Debt instruments at amortised cost	**1,036**	**987**

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.

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

3.2 Financial Risk (Continued)

3.2.2 Market risk (Continued)

3.2.2.1 Interest rate risk (Continued)

Interest rate sensitivity (Continued)

		2023			**2022**
	Change in Interest rate	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
		KShs'000	KShs'000	KShs'000	KShs'000
Insurance and reinsurance contracts	+100 bps		50	29	47
Debt instruments	+100 bps	(284)	(314)	(291)	(321)
Insurance and reinsurance contracts	- 100 bps	(33)	(52)	(31)	(51)
Debt instruments	- 100 bps	302	332	305	338

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.

	GROUP		COMPANY	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Assets in foreign currencies				
Trade and other receivables	3,697,112	4,672,807	3,697,112	2,985,950
Premiums and loss reserves		670,423	-	565,664
Deposits with financial institutions	7,059,745	5,444,707	3,590,884	2,282,261
Cash and bank	1,249,251	835,705	146,322	13,497
Foreign currency assets	12,008,131	11,623,642	7,436,341	5,847,372
Liabilities in foreign currencies				
Payables	-	(1,340,562)	-	(654,255)
Net foreign currency asset position	**12,008,131**	**10,283,080**	**7,436,341**	**5,193,117**

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

3.2 Financial Risk (Continued)

3.2.2 Market risk (Continued)

3.2.2.2 Currency rate risk (Continued)

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).

		GROUP		COMPANY	
USD		Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
		KShs'000	KShs'000	KShs'000	KShs'000
2023	Increase in US$ by 10%	1,200,813	840,569	520,402	364,380
	Decrease in US$ by 10%	(1,200,813)	(840,569)	(520,402)	(364,380)
2022	Increase in US$ by 10%	1,028,308	719,816	519,312	363,518
	Decrease in US$ by 10%	(1,028,308)	(719,816)	(519,312)	(363,518)

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 XX million (2022: KShs 1,202.4). An increase/decrease of 15% in the value of the listed equity would result in a decrease / increase in profits of KShs X million (2022: KShs 180.4 million) and an increase/decrease in equity by KShs XX million (2022: KShs 126.3 million).

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.

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

3.2 Financial Risk (Continued)

3.2.3 Credit risk (Continued)

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. 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.

The following table details the maximum exposure before consideration of any collateral:

	GROUP		COMPANY	
	2023	2022	2023	2022
	KShs '000	KShs '000	KShs '000	KShs '000
Government securities	21,050,367	19,878,409	20,230,436	19,225,789
Corporate bonds	44,747	44,747	44,747	44,747
Loans and receivables at amortized cost:				
Deposits with financial institutions	16,878,265	12,457,982	12,291,563	9,151,616
Mortgage loans	865,042	816,944	849,115	811,812
Cash and Bank balances	1,258,357	856,764	267,694	93,863
Other receivables	13,404	720,686	302,348	360,942
Total assets bearing credit risk	**40,110,182**	**34,775,532**	**33,985,903**	**29,688,769**

Mortgage loans are summarized as follows:

Neither past due nor impaired	865,042	816,944	849,115	811,812
Past due but not impaired:				
Impaired	(35,868)	(31,773)	(35,868)	(31,773)
	900,910	**848,717**	**884,983**	**843,585**
Less: provision for impairment (note 17)	(35,868)	(31,773)	(35,868)	(31,773)
Total	**865,042**	**816,944**	**849,115**	**811,812**

The accounts under the fully performing category are paying their debts as they continue trading. 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 17 and 25 for impairment analysis of mortgage loans and premiums and loss reserves respectively.

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

3.2 Financial Risk (Continued)

3.2.3 Credit risk (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 level includes equity investments and debt instruments with significant unobservable components. 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. However, the unquoted equity instruments have been stated at cost less any impairment loss for the year.

GROUP	Level 1 KShs '000	Level 2 KShs '000	Level 3 KShs '000	Total KShs '000
At 31 December 2023				
Government securities	1,204,227	-	-	1,204,227
Quoted equity instruments	1,041,400	-	-	1,041,400
Investment properties	-	-	12,702,500	12,702,500
At 31 December 2022				
Government securities	1,277,844	-	-	1,277,844
Quoted equity instruments	1,154,071	-	-	1,154,071
Investment properties	-		12,405,000	12,405,000
COMPANY				
At 31 December 2023				
Government securities	1,158,243	-	-	1,158,243
Quoted equity instruments	1,041,400	-	-	1,041,400
Investment properties	-	-	12,702,500	12,702,500
At 31 December 2022				
Government securities	1,277,844	-	-	1,277,844
Quoted equity instruments	1,154,071	-	-	1,154,071
Investment properties	-	-	12,405,000	12,405,000

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

3.2 Financial Risk (Continued)

3.2.3 Credit risk (Continued)

Fair value of financial assets and liabilities (Continued)

ii. Fair value hierarchy (Continued)

The management assessed that the fair values of cash and short-term deposits, re-insurance receivables, other receivables, re-insurance payables, mortgage debtors, treasury bills and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2023 and 2022 are as shown below:

	Valuation Technique	Significant unobservable inputs	Range (weighted average)
Investment properties	Open market basis	Price per acre in a similar location	KShs 500 million - KShs 800 million
		Discount rate	7.25-9.25%
	Discounted cash flow method	Rental income per square meter	KShs 130-KShs 250 per square metre
		Estimated costs associated with maintaining the building	

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/ 202488667 of Legend Valuers Ltd, professional independent valuers as at 31st December 2023.

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.

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 7 billion for the combined composite business, which meets the minimal requirement of KShs 800 million as per the Insurance Act.

4. CAPITAL MANAGEMENT (Continued)

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 2023 or 2022.

5. SEGMENTAL REPORTING (Continued)

The various products and services that the reporting segments derive their revenues from have been described as follows.

	GROUP		COMPANY	
	2023 KShs'000	2022 Restated KShs'000	2023 KShs'000	2022 Restated KShs'000
Insurance Revenue				
Short term business	17,093,460	21,582,309	14,644,580	18,470,431
Long term business	2,580,054	2,135,045	2,562,127	2,102,704
	19,673,514	**23,717,354**	**17,206,707**	**20,573,135**
Investment income:				
Short term business				
Rental income from investment properties	663,896	572,127	663,896	572,127
Interest on government securities held to maturity	1,505,748	1,531,712	1,427,556	1,474,991
Dividends receivable on quoted equity instruments	101,244	94,940	101,244	94,941
Interest on commercial mortgages	34,892	26,842	34,892	26,842
Interest on deposits with financial institutions- held to maturity	795,276	445,854	556,780	299,441
Interest on corporate bonds- held to maturity	5,876	5,884	5,876	5,884
Interest on staff mortgages and loans	29,902	27,435	28,888	27,075
	3,136,834	**2,704,794**	**2,819,132**	**2,501,301**
Long term business				
Rental income from investment properties	111,692	94,329	111,692	94,329
Interest on government securities held to maturity	870,083	698,852	870,083	698,852
Dividends receivable on available-for-sale quoted equity instruments	16,902	17,300	16,902	17,300
Interest on deposits with financial institutions- held to maturity	392,072	228,418	453,965	284,858
	1,390,748	**1,038,899**	**1,452,641**	**1,095,339**
Total investment income	**4,527,581**	**3,743,693**	**4,271,774**	**3,596,640**

5. SEGMENTAL REPORTING (Continued)

Other disclosures:

GROUP	Short term business KShs'000	Long term Business KShs'000	Total 2023 KShs'000	Total 2022 Restated KShs'000
Reportable segment profits before tax	6,043,582	1,154,134	7,197,716	4,395,746
Income tax expense	(1,813,075)	(346,240)	(2,159,315)	(1,086,400)
Reportable segment profits after tax	4,230,507	807,894	5,038,401	3,309,346
Reportable segment total assets	51,794,127	14,882,708	66,676,835	58,631,768
Net	51,794,127	14,882,708	66,676,835	58,631,768
Reportable segment total liabilities	13,699,487	5,485,421	19,184,908	17,773,387
Less:				
: Related party balances	-	-	-	-
Net	**13,699,487**	**5,485,421**	**19,184,908**	**17,773,387**
Fees and commission income				
Depreciation of property and equipment	(31,343)	-4,731	-36,074	(35,353)
Amortisation of intangible assets	(25,822)	-	(25,822)	(102,268)
Property and equipment additions	72,110	-	72,110	60,523
Intangible assets additions	61,223	-	61,223	47,128
Share of associates profit	**679,092**	-	**679,092**	**551,107**
COMPANY				
Reportable segment profits before tax	5,653,182	1,163,867	6,817,049	4,117,869
Income tax expense	(1,695,955)	(349,160)	(2,045,114)	(941,205)
Reportable segment profits after tax	3,957,227	814,707	4,771,935	3,176,664
Reportable segment total assets	48,331,518	14,829,543	63,161,061	63,161,061
Less:				
: Related party balances	142,746	-	142,746	(104,168)
: Investment in subsidiaries	(2,761,398)	-	(2,761,398)	(2,761,398)
Reportable segment total assets-Net	45,427,374	14,829,543	60,256,917	60,295,495
Reportable segment total liabilities	11,398,359	5,432,256	16,830,615	26,747,562
Less:				
: Related party balances	(271,554)	-	(271,554)	(252,887)
Net	**11,126,805**	**5,432,256**	**16,559,061**	**26,494,675**
Depreciation of property and equipment	(20,268)	(3,546)	(23,814)	(27,577)
Amortisation of intangible assets	(25,822)	-	(25,822)	(102,268)
Property and equipment additions	7,534	-	7,534	52,664
Intangible assets additions	61,222	-	61,223	55,140
Share of associates profit	679,092	-	679,092	551,107

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.

Insurance revenue

The insurance revenue of the Group can be analysed between the main classes of business as shown below:

	GROUP		COMPANY	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Long-term business				
Group life	2,504,279	2,032,735	2,502,115	2,026,018
Ordinary life	79,378	102,038	60,012	76,686
Total	**2,583,657**	**2,134,773**	**2,562,127**	**2,102,704**
Short-term business				
Agriculture	(279,132)	4,053,834	(281,763)	4,050,053
Aviation	100,206	51,569	77,811	38,912
Engineering	1,894,694	2,319,358	1,751,288	2,013,607
Fire Domestic	92,059	141,539	83,156	140,275
Fire Industrial	5,981,436	5,332,444	4,763,807	4,207,297
Liability	265,557	237,280	173,859	120,861
Marine	1,125,686	1,196,135	951,014	1,032,144
Medical	3,723,705	3,617,385	3,375,309	2,949,973
Miscellaneous	2,021,001	1,825,573	1,798,364	1,632,352
Motor Commercial	796,990	1,374,098	643,332	1,281,864
Motor Private	118,876	(20,528)	87,027	(46,370)
Personal Accident	954,361	674,146	930,219	645,928
Theft	149,510	165,463	86,046	134,885
Workmen Compensation	40,134	27,437	37,536	23,450
Total	**16,985,083**	**20,995,733**	**14,477,005**	**18,225,231**
Total	**19,568,740**	**23,130,506**	**17,039,132**	**20,327,935**

6. INSURANCE REVENUE AND NET EXPENSES FROM REINSURANCE CONTRACTS (Continued)

Net expenses from reinsurance contracts

Short Term

	GROUP		COMPANY	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Allocation of reinsurance premiums	(1,064,755)	(1,374,241)	(896,838)	(749,198)
Recoveries of incurred claims and other insurance service expenses	746,502	494,234	603,406	70,787
Adjustments to assets for incurred claims	(284,253)	36,198	(60,708)	(114,336)
Amortization of insurance acquisition cash flows	(14,973)	271,360	2,444	45,121
Effect of changes in non-performance risk of reinsurers	(3,417)	-	(1,081)	
Total	**(620,896)**	**(572,449)**	**(358,976)**	**(747,626)**
Long Term				
Allocation of reinsurance premiums	(279,749)	(91,198)	(279,710)	(91,198)
Recoveries of incurred claims and other insurance service expenses	30,099	76,992	30,099	76,992
Adjustments to assets for incurred claims	(29,906)	56,064	(26,245)	52,853
Amortization of insurance acquisition cash flows	222,856	11,328	222,838	11,325
Effect of changes in non-performance risk of reinsurers	(1,943)		(1,932)	
Total	**(58,643)**	**53,186**	**(54,950)**	**49,972**
Grand Total	**(679,538)**	**(519,264)**	**(413,926)**	**(697,654)**

7. INVESTMENT INCOME

	GROUP		COMPANY	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
(a) Interest Income – Calculated using effective interest method				
Interest on Government securities held to maturity	2,396,019	2,235,144	2,297,639	2,173,843
Interest on corporate bonds – held to maturity	52,474	33,860	5,876	5,884
Interest on deposits with financial institutions-held to maturity	1,140,745	587,417	1,010,745	584,300
Interest on commercial mortgages	34,895	26,842	34,892	26,842
Interest on staff mortgages and loans	29,902	27,763	28,888	27,075
	3,654,035	**2,911,026**	**3,378,040**	**2,817,944**
(b) Other Investment Income				
Rental income from investment properties	789,927	666,456	789,927	666,456
Dividends receivable on quoted equity instruments at FVTOCI	118,146	168,382	118,146	112,240
	908,073	**834,838**	**908,073**	**778,696**
Total investment income	**4,562,108**	**3,745,864**	**4,562,108**	**3,745,864**

8. OTHER INCOME

	GROUP		COMPANY	
	2023	2022	2023	2022
	KShs '000	KShs '000	KShs '000	KShs '000
COMESA Yellow Card income	77,629	70,472	77,629	70,472
HQ Management Support Income	48,244	52,295	48,244	52,295
Miscellaneous income	2,019	767	2,019	653
	127,892	**123,420**	**127,892**	**123,420**

9. INSURANCE SERVICE EXPENSES AND NET FINANCE EXPENSES FROM INSURANCE CONTRACTS

Insurance service expense

Short Term

	GROUP		COMPANY	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Claims and benefits	9,759,678	8,627,647	8,575,059	7,566,006
Changes to Liability for Incurred Claims	(208,903)	5,656,467	(61,955)	5,105,736
Losses on onerous insurance contracts	19,869	(17,244)	12,111	(35,676)
Amortization of insurance acquisition cashflows	5,769,775	5,601,241	5,135,839	4,787,842
Total	**15,340,419**	**19,868,111**	**13,661,054**	**17,423,908**
Long Term				
Claims and benefits	1,969,703	1,492,744	1,963,533	1,490,449
Changes to Liability for Incurred Claims	126,286	562,752	117,683	557,763
Losses on onerous insurance contracts	97,712	(159,198)	97,880	(159,050)
Amortization of insurance acquisition cashflows	678,126	556,131	671,207	546,123
Total	2,871,827	2,452,429	2,850,303	2,435,286
Grand total	**18,212,246**	**22,320,540**	**16,511,357**	**19,859,194**

9. INSURANCE SERVICE EXPENSES AND NET FINANCE EXPENSES FROM INSURANCE CONTRACTS (Continued)

Net finance income/(expenses) from insurance contracts

	GROUP		COMPANY	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Long-term business				
Group life	118,837	56,503	118,588	56,503
Ordinary life	3,605	1,623	3,605	1,623
Total	**122,442**	**58,126**	**122,193**	**58,126**
Short-term business				
Agriculture	206,247	233,435	206,195	233,363
Aviation	2,044	1,961	1,852	1,845
Engineering	115,589	173,438	119,548	171,777
Fire Domestic	8,365	2,596	8,203	2,587
Fire Industrial	215,239	117,301	192,368	94,855
Liability	(3,783)	22,434	(319)	16,337
Marine	26,903	70,153	28,512	67,997
Medical	90,785	56,560	77,244	44,389
Miscellaneous	(12,964)	62,757	(10,459)	59,541
Motor Commercial	44,097	39,658	45,672	42,621
Motor Private	65,244	(1,925)	57,701	(3,446)
Personal Accident	9,274	20,302	9,478	19,755
Theft	21,777	15,021	20,739	14,253
Workmen Compensation	773	(4,238)	798	(4,022)
Total	**789,590**	**809,453**	**757,532**	**761,852**
Total	**912,032**	**867,579**	**879,725**	**819,979**

9. INSURANCE SERVICE EXPENSES AND NET FINANCE EXPENSES FROM INSURANCE CONTRACTS (Continued)

Net finance (expense)/income from reinsurance contracts

	GROUP		COMPANY	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs'000	KShs'000
Long-term business				
Group life	(2,069)	(4,490)	(2,182)	(4,490)
Ordinary life	86	90	86	(90)
Total	**(1,983)**	(4,400)	**2,096**	**4,400**
Short-term business				
Agriculture	(562)	(10)	556	10
Aviation	(2)	134	8	2
Engineering	6,607	4,749	6,607	4,749
Fire Domestic	(151)	1,497	56	1,466
Fire Industrial	5,043	-937	5,551	320
Liability	39	1,300	-	266
Marine	1,366	3,397	370	4,827
Medical	3,820	(2,876)	-	186
Miscellaneous	6	3,098	-	3,055
Motor Commercial	-	2,088	-	1,256
Motor Private	(39)	136	38	16
Personal Accident	(235)	513	226	485
Theft	(9)	305	15	4
Workmen Compensation	9	1,527	10	1,431
Total	**15,894**	**14,923**	**10,915**	**17,377**
Total	**13,910**	**10,523**	**(8,818)**	**12,978**

10. OPERATING AND OTHER EXPENSES

	GROUP		COMPANY	
	2023	2022	2023	2022
	KShs '000	KShs '000	KShs '000	KShs '000
Staff costs	1,001,081	853,293	839,146	742,082
Depreciation (note 15)	30,978	31,965	23,814	27,577
Amortisation (note 16)	44,973	109,669	29,366	102,268
Auditors' remuneration	40,874	27,713	17,132	15,837
Directors' – emoluments	51,857	38,260	9,600	9,165
Directors' – fees	11,074	8,569	11,074	8,569
Directors' – training	6,748	4,577	2,182	2,612
Rent provisions	(9,929)	(3,959)	(9,929)	(3,959)
Annual General Meeting expenses	15,267	18,484	15,267	18,484
Investment property direct operating expenses	181,841	184,268	181,841	184,268
Travel and accommodation	181,588	132,844	123,521	106,156
Advertisement	15,693	12,623	8,907	11,223
Professional and consultancy fees	135,874	70,776	132,113	69,030
Rent and rates	9,865	7,982	9,865	4,349
Hardware and software maintenance	143,619	143,124	143,533	143,049
Donations, sponsorship and CSR activities	35,445	8,692	35,427	8,345
Utilities	338	177	-	-
Bank charges	15,401	25,502	6,805	16,176
Impairment of receivables	40,665	36,145	40,665	36,145
Taxation expenses in subsidiaries	-	41	-	-
Provision for un-reconciled inventory	(284)	(927)	(284)	(927)
Other expenses	179,806	289,526	155,987	172,981
Attributed expenses	(853,496)	(688,681)	(723,713)	(568,126)
	1,279,278	**1,310,663**	**1,052,319**	**1,105,304**
Impairment of losses on financial assets	(31,362)	57,239	(40)	57,239
Operating expenses	**(189,595)**	**1,195,258**	**(170,297)**	**1,021,256**

	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
Staff costs consist:				
Salaries and wages	632,141	589,441	477,450	480,286
Retirement benefit costs (note 21)	39,512	11,677	39,512	11,677
Medical expenses	56,821	44,535	51,228	44,535
Leave allowance	39,343	40,210	35,871	36,200
National social security benefit costs	2,080	500	1,934	383
Gratuity accrual	26,922	25,170	3,109	-
Bonus	113,717	80,579	106,072	77,470
Housing levy	3,432	-	3,432	-
Staff welfare expenses	50,250	35,542	49,051	30,516
Training and recruitment	36,363	24,314	34,680	21,772
Leave pay provision	501	1,325	392	1,707
Pension contributions to defined contribution scheme	-	-	36,415	37,536
	1,001,081	**853,293**	**839,146**	**742,082**

10. OPERATING AND OTHER EXPENSES (Continued)

Impairment under IFRS 9 (ECL*)

	GROUP		COMPANY	
	2023	2022	2023	2022
	KShs '000	KShs '000	KShs '000	KShs '000
Corporate Bond	-	186	-	186
Fixed Deposits	31,510	23,534	31,486	23,534
Government Securities	1,260	26,639	1,233	26,639
Mortgage loans	4,095	(17,587)	4,095	(17,587)
Rental Debtors provision ECL	(9,148)	(9,827)	(9,148)	(9,827)
Cash and bank balances ECL	2,279	(26)	2,236	(26)
Total Impairment	**29,996**	**22,919**	**29,902**	**22,919**

11. TAXATION

	GROUP		COMPANY	
		Restated		Restated
	2023	2022	2023	2022
	KShs '000	KShs '000	KShs '000	KShs '000
(a) Income tax expense				
Current tax on the taxable profit for the year	1,715,29	910,441	1,457,733	802,204
Change in tax rate	-	-	-	-
	1,715,269	910,441	**1,457,733**	**802,204**
Deferred tax charge (note 36)	346,591	139,001	346,591	139,001
	2,061,860	**1,079,448**	**1,804,324**	**941,205**

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	
	2023	2022	2023	2022
	KShs '000	KShs '000	KShs '000	KShs '000
b) Profit before tax	7,034,987	4,592,370	6,201,732	4,117,869
Tax calculated at the statutory income tax rate of 30% (2022: 30%)	2,110,496	1,377,711	1,860,520	1,187,280
Tax effects of non-taxable income**	(1,231,078)	(621,021)	(441,020)	(459,540)
Tax effect of non-deductible expenses*	299,011	170,023	236,123	170,023
Prior year under provision- current tax	833,037	13,859	833,037	13,862
10% impact on provisions	50,394	29,580	148,701	29,580
	2,061,860	1,079,448	1,804,324	941,205
Attributable to:				
Long term business	346,593	143,007	346,593	139,001
Short term business	1,715,267	825,326	1,457,731	802,204
	2,061,860	**1,079,448**	**1,804,324**	**941,205**

11. TAXATION (Continued)

	GROUP 2023 KShs '000	GROUP 2022 KShs '000	COMPANY 2023	COMPANY 2022 KShs '000
(c) Income tax payable/(recoverable)				
At 1 January-	370,907	139,493	88,831	(25,301)
Charge for the year	1,715,269	910,441	1,457,733	802,204
Paid in the year	(1,456,247)	(774,507)	-	747,379
	772,624	**370,907**	**382,085**	**(88,831)**
Income tax recoverable				
At 1 January-	88,831	104,007	-	-
Prior year under/over provision	(27,053)	(15,176)	-	-
	61,778	**88,831**	- -	-

These expenses are valuation fees, fringe benefit tax, excess pension contributions, loss on valuation of shares etc.** These incomes are Fair value gains from investment property, share of profit from associate, dividend income net of withholding tax and interest on infrastructure bond among others.

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 2023 KShs '000	GROUP Restated 2022 KShs '000	COMPANY 2023 KShs '000	COMPANY Restated 2022 KShs '000
Profit attributable to shareholders	4,973,127	3,512,922	4,443,753	3,145,460
Weighted average number of ordinary shares in issue	2,799,796	2,799,796	2,799,796	2,799,796
Basic and diluted earnings per share	**1.78**	**1.25**	**1.59**	**1.12**

There were no potentially dilutive shares outstanding at 31 December 2023 and 2022. The diluted earnings per share is therefore the same as the basic earnings per share.

13. SHARE CAPITAL

		2023 KShs '000	2022 KShs '000
(i) Authorized: share capital Ordinary shares of KShs 2.50 each (2021 -3,200,000,000 ordinary shares of KShs 2.50 each)		8,000,000	8,000,000
	Number of shares	2023 Kshs	2022 Kshs
(ii) Issued and fully paid	2,799,796,272	6,999,491	6,999,491

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 7,848,209,473 (2022: KShs 7,848,209,473) whose distribution is subject to restrictions imposed by legislation.

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 includes the cumulative change in the fair value of available-for-sale investments 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.

15. PROPERTY AND EQUIPMENT

GROUP	Motor Vehicles KShs'000	Computers KShs'000	Furniture and equipment KShs'000	Total KShs'000
31-Dec-23				
COST / VALUATION				
At 1 January 2023	52,812	242,008	146,645	441,465
Additions	-	2,319	45,692	48,011
Disposal-Reclassification	-	1,642	(273)	1,369
Disposal-Reclassification/exchange difference	22	25	252	299
Effect of movements in exchange rates	5,978	2,558	11,142	19,678
At 31 December 2023	58,790	248,607	206,232	510,822
ACCUMULATED DEPRECIATION				
At 1 January 2023	48,211	182,202	119,292	349,705
Charge for the year	2,694	21,058	6,694	30,446
Effect of movements in exchange rates	5,128	1,693	2,011	8,832
At 31 December 2023	56,033	204,953	127,997	388,983
CARRYING VALUE				
At 31 December 2023	**2,757**	**43,654**	**78,235**	**121,839**

15. PROPERTY AND EQUIPMENT (Contnued)

GROUP

	Motor Vehicles KShs'000	Computers KShs'000	Furniture and equipment KShs'000	Total KShs'000
31-Dec-22				
COST/VALUATION				
At 1 January 2022	58,398	184,333	145,239	387,970
Additions	-	57,817	838	58,655
Disposal-Reclassification	(4,000)	-	-	(4,000)
Effect of movements in exchange rates	759	(1,192)	568	135
At 31 December 2022	55,398	242,208	146,645	442,760
ACCUMULATED DEPRECIATION				
At 1 January 2022	50,220	155,742	117,696	323,658
Charge for the year	2,930	26,135	1,365	30,430
Disposal-Reclassification	(4,000)	-	-	(4,000)
Effect of movements in exchange rates	592	159	113	864
At 31 December 2022	49,742	182,036	119,174	350,952
CARRYING VALUE				
At 31 December 2022	5,415	58,922	27,471	91,808

COMPANY

	Motor Vehicles KShs'000	Computers KShs'000	Furniture and equipment KShs'000	Total KShs'000
31-Dec-23				
COST / VALUATION				
At 1 January 2023	22,803	229,744	117,390	369,937
Additions	-	3,960	4,350	8,310
Transfers from W.I.P	-	-	-	-
Disposal-Reclassification	-	(2,035)	-	(2,035)
At 31 December 2023	22,803	231,669	121,740	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
Disposal-Reclassification	-	-	-	-
31-Dec-23	22,803	192,656	109,720	325,179
CARRYING VALUE				
At 31 December 2023	**-**	**39,013**	**12,020**	**51,033**

15. PROPERTY AND EQUIPMENT (Contnued)

COMPANY	Motor Vehicles KShs'000	Computers KShs'000	Furniture and equipment KShs'000	Total KShs'000
31-Dec-22				
COST / VALUATION				
At 1 January 2022	26,803	177,918	116,552	321,273
Additions	-	51,826	838	52,664
Disposal-Reclassification	(4,000)	-	-	(4,000)
At 31 December 2022	22,803	229,744	117,390	369,937
ACCUMULATED DEPRECIATION				
At 1 January 2022	26,803	149,735	103,246	279,784
Charge for the year	-	24,333	3,240	27,573
Disposal-Reclassification	(4,000)	-	-	(4,000)
31-Dec-22	22,803	174,068	106,486	303,357
CARRYING VALUE				
At 31 December 2022	**-**	**55,676**	**10,904**	**66,580**

16. INVESTMENT PROPERTIES – GROUP AND COMPANY

2023	Reinsurance Plaza Nairobi L.R. No. 209/8770 Kshs '000'	Reinsurance Plaza Kisumu-Kisumu Municipality/ Block 7/378 Kshs '000'	Anniversary Towers Nairobi -LR No. 209/9744 Kshs '000'	Kenya Re Towers Nairobi- LR No. 209/11260 Kshs '000'	Upper Hill Plot -L.R. No.209/12922 Kshs '000'	JKIA Plot- LR No. 9042/222 Kshs '000'	Mbagathi plot- L.R no:209/11976 Kshs '000'	Total 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/losses	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**
2022								
At 1 January	3,057,000	998,000	3,164,000	1,733,000	980,000	720,000	1,598,000	12,250,000
Additions	36,006	7,771	142,945	60,433	-	-	-	247,155
Fair value gains	(6,006)	(6,271)	(99,945)	(37,433)	-	40,000	17,500	(92,155)
Disposals in the year	-	-	-	-	-	-	-	-
At 31 December 2022	**3,087,000**	**999,500**	**3,207,000**	**1,756,000**	**980,000**	**760,000**	**1,615,500**	**12,405,000**

i. 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.

a. The valuation of investment properties was carried out by Geoffrey Kiprotich Koros - P/No. ISK/CGS/ 202488667 of Legend Valuers Ltd, professional independent valuers as at 31 December 2023.

ii. Fair value of the properties was determined using the open market basis and discounted cashflow method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location, or condition of the specific property.

iii. Valuations are performed on an annual basis and the fair value gains and losses are recorded within the profit or loss.

*The Company is the registered owner of Land LR No. 9042/222 within the precinct of Jomo Kenyatta International Airport (JKIA) valued at Kshs.780,000,000 as at 31 December 2023. However, the company has restricted access to the land as imposed by Kenya Airport Authority (KAA) mainly due to security reasons. Therefore, the company is not realizing full potential of the investment.

16. INVESTMENT PROPERTIES – GROUP AND COMPANY (Continued)

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 776 million (2022: KShs 666 million). Future minimum rentals receivable under non-cancellable operating leases as at 31 December are, as follows:

Maturity analysis of operating lease payments

	2023 KShs'000	2022 KShs'000
Year 1	632,098	691,707
Year 2	695,230	734,403
Year 3	758,361	640,638
Year 4	821,492	661,145
Year 5	884,623	660,981
Year 6	947,755	489,847
	4,739,559	3,878,720

The following table presents the amounts reported in profit or loss:

	2023 KShs'000	2022 KShs'000
Lease Income on operating leases	775,587	666,456

17. INVESTMENT IN ASSOCIATE – GROUP AND COMPANY

The group has a 19.76% 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 November1990 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 ZEP Re Limited is accounted for using the equity method in both separate and consolidated financial statements.

	2023 KShs '000	2022 KShs '000
At 1 January	8,043,274	6,770,334
Share of profit for the year	399,063	761492
Less: dividends - received in cash	-	-
- receipt of additional shares	-	-
	8,442,335	7,531,826
Share of revaluation reserve-net of tax	(7,389)	4,705
Share of fair value reserve-net of tax	(159,750)	(106,452)
Currency translation adjustment-net of tax	2,132,252	613,193
Investment in the year -capitalization of dividends		
-Paid in cash	-	-
	1,965,113	511,448
Net carrying amount of the investment	10,407,449	8,043,274

17. INVESTMENT IN ASSOCIATE – GROUP AND COMPANY (Continued)

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:

	2023 KShs	2022 KShs
Closing rate	156.46	123.37
Average rate	139.72	117.84
Ownership	19.764%	20.50%
Summary financial information for ZEP-Re		
Current assets	66,143,540	55,079,929
Non- current assets	9,146,856	7,210,271
Current liabilities	(2,609,028)	(1,755,531)
Non- current liabilities	(19,991,466)	(22,373,479)
Equity	52,689,902	38,161,190
Group's share of net assets of associate	10,413,632	7,823,044
Total Income	34,858,676	19,834,884
Total expense	32,876,446	17,282,556
Profit	1,982,230	2,552,328
Other incomprehensive Income	(830,213)	(497,781)
Total Comprehensive Income	1,152,017	2,054,547
Group's share of profit for the year	399,063	761,492

* The associate company is exempt from all forms of taxation.

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:	
		2023	2022	2023 KShs '000	2022 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
				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-Dec-23		
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**
31-Dec-22		
COST		
At 1 January 2022	987,786	987,786
Additions	47,128	47,128
At 31 December 2022	1,034,914	1,034,914
AMORTISATION		
At 1 January 2022	874,983	874,983
Charge for the year	102,268	102,268
At 31 December 2022	977,251	977,251
NET CARRYING AMOUNT		
At 31 December 2022	**57,663**	**57,663**

20. MORTGAGE LOANS

	GROUP		COMPANY	
	2023 KShs '000	2022 KShs '000	2023 KShs '000	2022 KShs '000
Staff mortgages	602,016	557,566	591,693	552,434
Commercial mortgages	303,020	291,151	299,720	291,151
	905,036	**848,717**	**889,109**	**843,585**
Less: impairment provision ECL	(33,564)	(31,773)	(35,868)	(31,773)
	871,472	**816,944**	**855,545**	**811,812**
Maturity analysis:				
Within 1 year	17,833	5,955	1,855	5,245
Within 1 to 5 years	121,099	92,583	124,722	87,653
Over 5 years	732,540	718,914	728,968	718,914
	871,472	**816,944**	**855,545**	**811,812**
Impairment provision analysis:				
Balance brought forward	31,773	49,360	31,773	49360
Impairment provision	4,095	(17,587)	4,095	(17,587)
Balance carried forward	**35,868**	**31,773**	**35,868**	**31,773**

The weighted average effective interest rate on the mortgages was 7.18% (2022 – 7.18%). Mortgage loans are fully secured.

21. UNQUOTED EQUITY INSTRUMENTS

		GROUP		COMPANY	
		2023	2022	2023	2022
		KShs '000	KShs '000	KShs '000	KShs '000
At 1 January		307,966	401,800	307,966	401,800
Disposal		-	-	-	-
Additions - Uganda Re		1,592	7,375	1,592	7,375
Fair value gain/ (loss)		45,947	(101,209)	45,947	(101,209)
At 31 December		355,505	307,966	355,505	307,966
	Shareholding				
Africa Reinsurance Limited	0.23%	200,391	153,615	200,391	153,615
African Trade Insurance Agency (ATIA)	0.27%	88,858	94,623	88,858	94,623
Uganda Reinsurance Company Limited (Uganda Re)	10.60%	66,256	59,728	66,256	59,728
		355,505	**307,966**	**355,505**	**307,966**

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.

22. QUOTED EQUITY INSTRUMENTS

GROUP and COMPANY	2023	2022
	KShs '000	KShs '000
At 1 January	1,154,071	1,202,463
Fair value gain/(loss)	(112,671)	(48,392)
At 31 December	**1,041,400**	**1,154,071**

23. CORPORATE BONDS HELD TO MATURITY

		GROUP		COMPANY	
		2023	2022	2023	2022
		KShs '000	KShs '000	KShs '000	KShs '000
At 1 January		44,747	44,932	44,747	44,932
Redemptions during the year		-	-	-	-
Purchases during the year		-	-	-	-
Interest received		(5,876)	(5,854)	(5,876)	(5,854)
Interest earned		5,876	5,854	5,876	5,854
Opening ECL Impairment		581	396	581	396
Closing ECL Impairment		(581)	(581)	(581)	(581)
		44,747	**44,747**	**44,747**	**44,747**
Made up as below:	Maturity				
Family bank Limited	24-Dec-2026	44,747	44,747	44,747	44,747
		44,747	**44,747**	**44,747**	**44,747**

The average effective interest rate on the corporate bonds at 31 December 2023 was 13% (2022: 13 %).

24. (a) GOVERNMENT SECURITIES – GROUP AND COMPANY

	GROUP		COMPANY	
	2023	2022	2023	2022
	KShs '000	KShs '000	KShs '000	KShs '000
At 1 January	19,598,061	18,512,966	19,225,790	18,224,503
Purchases during the year	1,781,026	3,410,339	1,542,554	2,969,985
Maturities during the year	(545,847)	(2,023,090)	(682,773)	(1,925,832)
Fair value gain/(loss) on government securities at FVTOCI	(119,453)	(78,205)	(119,453)	(78,205)
Revaluation of bonds at fair value	247,328	67,431	247,328	67,431
Interest received	(2,334,188)	(2,186,698)	(2,279,416)	(2,179,297)
Interest earned	2,356,169	2,187,158	2,297,639	2,173,843
Opening ECL Impairment	45,785	19,146	45,785	19,146
Closing ECL Impairment	(64,238)	(45,165)	(47,018)	(45,785)
Translational differences	84,457	13,564	-	-
	21,049,100	**19,877,447**	**20,230,436**	**19,225,789**
Maturing:				
Within 3 months	611,979	313,958	559,606	155,265
Within 4 to 12 months	56,026	685,161	56,026	685,161
Within 1 to 5 years	8,524,543	4,092,464	7,812,646	3,599,500
Over 5 years	11,856,552	14,785,864	11,802,158	14,785,863
At 31 December	**21,049,100**	**19,877,447**	**20,230,436**	**19,225,789**

Treasury bonds amounting to Kshs 4,723,700,000 (2022 – KShs 2,712,350,000) 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 12.00% (2022 – 12.13%).

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	
	2023	2022	2023	2022
	KShs '000	KShs '000	KShs '000	KShs '000
Fair value (mandatory)				
Unquoted equity instruments	355,505	307,966	355,505	307,966
Quoted equity instruments	1,041,400	1,154,071	1,041,400	1,154,071
Government debt instruments	1,155,352	1,274,658	1,155,352	1,274,658
Total equity and debt instruments at FVOCI	**2,552,257**	**2,736,695**	**2,552,257**	**2,736,695**
Maturing:				
Within 3 months	-	157	-	157
Within 4 to 12 months	-	-	-	-
Within 1 to 5 years	185,870	207,740	185,870	207,740
Over 5 years	2,366,387	2,528,798	2,366,387	2,528,798
At 31 December	**2,552,257**	**2,736,695**	**2,552,257**	**2,736,695**

24 (c) DEBT INSTRUMENTS AT AMORTISED COST

The breakdown of debt instruments measured at amortised cost is as follows.

	GROUP		COMPANY	
	2023	2022	2023	2022
	KShs '000	KShs '000	KShs '000	KShs '000
Debt instruments at amortised cost				
Government debt instruments	19,893,748	18,608,789	19,075,084	17,951,132
Corporate Bond	44,747	44,747	44,747	44,747
Total debt instruments at amortised cost	**19,938,495**	**18,647,536**	**19,119,831**	**17,995,879**
Maturing:				
Within 3 months	559,548	313,801	559,548	155,108
Within 4 to 12 months	295,248	685,161	55,903	685,161
Within 1 to 5 years	7,932,606	3,929,472	7,652,876	3,436,507
Over 5 years	11,151,093	13,719,102	10,851,504	13,719,103
At 31 December	**19,938,495**	**18,647,536**	**19,119,831**	**17,995,879**

25. INVENTORY

	GROUP		COMPANY	
	2023	2022	2023	2022
	KShs '000	KShs '000	KShs '000	KShs '000
As 31 December	**17,981**	**21,616**	**12,055**	**18,912**

26. OTHER RECEIVABLES

	GROUP		COMPANY	
	2023	2022	2023	2022
	KShs '000	KShs '000	KShs '000	KShs '000
Staff advances	47,323	60,932	29,604	45,506
Prepayments	11,355	40,876	5,659	7,372
Gross rental receivables	343,564	352,234	343,564	352,234
Dividend's receivable	695	1,888	695	1,888
Receivable from KURA*	300,150	300,150	300,150	300,150
Impairment of KURA	(71,576)	(36,145)	(71,579)	(36,145)
IDB asset*	21,278	21,278	21,278	21,278
Impairment of IDB	(5,085)	(2,393)	(5,085)	(2,393)
Other receivables	62,452	57,172	36,607	36,965
Rental receivables provisions**	(343,564)	(365,913)	(343,564)	(365,913)
	366,592	**430,079**	**317,329**	**360,942**

26. OTHER RECEIVABLES (Continued)

* 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

Rental receivables provisions decreased by Kshs 9,148,391.68. All the Rental receivables were provided for as per the corporation policy where all balances over 90+ days are provided for.

The movement in Rental receivables provisions is as below:

	GROUP		COMPANY	
	2023	2022	2023	2022
	KShs '000	KShs '000	KShs '000	KShs '000
At 1 January	(365,913)	(362,539)	(365,913)	(362,539)
Additional provision	22,349	(3,374)	9,148	(3,374)
At 31 December	**(343,564)**	**(365,913)**	**(343,564)**	**(365,913)**

Other trade receivables are non-interest bearing and generally on terms of 30 to 120 days.

27. DEPOSITS WITH FINANCIAL INSTITUTIONS

	GROUP		COMPANY	
	2023	2022	2023	2022
	KShs '000	KShs '000	KShs '000	KShs '000
Deposit with financial institutions	16,837,492	12,453,637	12,291,563	9,151,616
Deposit with offshore fund managers	-	-	-	-
	16,837,492	**12,453,637**	**12,291,563**	**9,151,616**

The weighted average effective interest rate on deposits with financial institutions was 8.70% (2022– 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

	2023			2022		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Insurance contracts issued						
Long Term	-	2,257,336	2,257,336	-	1,498,302	1,498,302
Short Term	-	11,766,867	11,766,807	-	12,169,202	12,169,202
Total insurance contracts issued	**-**	**14,024,143**	**14,024,143**	**-**	**13,667,504**	**13,667,504**
Reinsurance contracts held						
Long Term	148,748	-	148,748	204,829	-	204,829
Short Term	582,752	2484	580,268	503,011	-	503,011
Total reinsurance contracts held	**731,500**	**2,484**	**729,016**	**707,840**	**-**	**707,840**

28. INSURANCE AND REINSURANCE CONTRACTS (Continued)

COMPANY

	2023			2022 Restated		
	Assets KShs '000	Liabilities KShs '000	Net KShs '000	Assets KShs '000	Liabilities KShs '000	Net KShs '000
Insurance contracts issued						
Long Term	-	2,204,008	2,204,008	-	1,481,708	1,481,708
Short Term	-	10,210,889	10,210,889	-	10,590,980	10,590,980
Total insurance contracts issued	**-**	**12,414,897**	**12,414,897**	**-**	**12,072,688**	**12,072,688**
Reinsurance contracts held						
Long Term	148,343	-	148,343	201,374	-	201,374
Short Term	463,148	-	463,148	184,287	-	184,287
Total reinsurance contracts issued	**611,491**	**-**	**611,491**	**385,661**	**-**	**385,661**

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.

28. INSURANCE AND REINSURANCE CONTRACTS (Continued)

GROUP – Insurance contracts issued

Analysis by remaining coverage and incurred claims - Short Term Business 2023.

	Liabilities for remaining coverage		Liabilities for incurred claims		
	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	Total KShs '000
Opening assets	(103,409)	-	65,713	4,481	(33,214)
Opening liabilities	(5,677,693)	159,922	15,737,837	1,982,349	12,202,416
Net opening balance	**(5,781,101)**	**159,922**	**15,803,550**	**1,986,830.**	**12,169,202**
Changes in the statement of profit or loss and OCI					
Insurance revenue	(16,982,834)	-	-	-	(16,982,834)
Insurance service expense	-	-	-	-	-
Incurred claims and other insurance service expense	-	-	9,759,678	-	9,759.678
Amortisation of insurance acquisition cash flows	5,769,776	-	-	-	5,769,776
Losses and reversals of losses on onerous contracts	-	19,869	-	-	19,869
Adjustments to liabilities for incurred claims	-	-	687,424	478,521	208,903
	5,769,776	**19,869**	**9,072,254**	**478,521**	**15,340,419**
Investment components and premium refunds	-	-	-	-	-
Insurance service result	**(11,213,058)** -	**19,869**	**9,072,254**	**478,521**	**(1,642,414)**
Net finance expenses from insurance contracts	-	-	789,586	-	789,586
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	**(11,213,058)**	**19,869**	**8,282,668**	**478,521**	**2,432,000**
Cash flows	-	-	-	-	-
Premiums received	16,166,626 -	-	-	-	16,166,626
Claims and other insurance service expenses paid, including investment components	- -	-	(9,013,503)	-	(9,013,503)
Insurance acquisition cash flows	(5,503,471) -	-	-	-	(5,503,471)
Total cash flows	**10,663,155** -	**-**	**(9,013,503)**	**-**	**1,649,652**
Transfer to other items in the statement of financial position	-	-	-	-	-
Translation differences	(272,816)	9,279	603,366	40,121	379,951
Net closing balance	**(6,603,820)**	**189,070**	**15,676,082**	**2,505,473**	**11,766,805**
Closing assets	-	-	-	-	-
Closing liabilities	(6,603,820)	189,070	15,676,082	2,505,473	11,766,805
Net closing balance	**(6,603,820)**	**189,070**	**15,676,082**	**2,505,473**	**11,766,805**

28. INSURANCE AND REINSURANCE CONTRACTS (Continued)

GROUP – Insurance contracts issued

Analysis by remaining coverage and incurred claims - Short Term Business – 2022

	Liabilities for remaining coverage		Liabilities for incurred claims		
	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	Total KShs '000
Opening assets	(1,090)	11	705	71	(302)
Opening liabilities	(446,026)	175,488	9,956,162	1,125,851	10,811,474
Net opening balance	**(447,116)**	**175,498**	**9,956,867**	**1,125,922**	**10,811,172**
Changes in the statement of profit or loss and OCI	-	-	-	-	-
Insurance revenue	(20,998,926)	-	-	-	(20,998,926)
Insurance service expense	-	-	-	-	-
Incurred claims and other insurance service expense	-	-	8,627,649	-	8,627,648.66
Amortisation of insurance acquisition cash flows	5,601,239	-	-	-	5,601,239
Losses and reversals of losses on onerous contracts	-	(17,244)	-	-	(17,244)
Adjustments to liabilities for incurred claims	-	-	4,801,970	854,498	5,656,468
	5,601,239	**(17,244)**	**13,429,619**	**854,498**	**19,868,111**
Investment components and premium refunds	-	-	-	-	-
Insurance service result	**(15,397,687)**	**(17,244)**	**13,429,619**	**854,498**	**(1,130,815)**
Net finance expenses from insurance contracts	-	-	(809,452)	-	(809,452)
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	**(15,397,687)**	**(17,244)**	**12,620,167**	**854,498**	**(1,940,266)**
Cash flows	-	-	-	-	-
Premiums received	13,882,721	-	-	-	13,882,721
Claims and other insurance service expenses paid, including investment components	-	-	(6,866,501)	-	(6,866,501)
Insurance acquisition cash flows	(3,762,999)	-	-	-	(3,762,999)
Total cash flows	**10,119,722**	**-**	**(6,866,501)**	**-**	**3,253,221**
Transfer to other items in the statement of financial position	-				
Effect of movement in exchange difference	(56,021)	1,668	93,017	6,411	45,076
Net closing balance	**(5,781,101)**	**159,922**	**15,803,550**	**1,986,830.**	**12,169,202**
Closing assets	(103,409)	-	65,713	4,481	(33,214)
Closing liabilities	(5,677,693)	159,922	15,737,837	1,982,349	12,202,416
Net closing balance	**(5,781,101)**	**159,922**	**15,803,550**	**1,986,830.**	**12,169,202**

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		
	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	Total KShs '000
Opening assets	-	-	-	-	-
Opening liabilities	(4,484,469)	129,865	13,130,683	1,814,902	10,590,980
Net opening balance	**(4,484,469)**	**129,865**	**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	5,135,838	-	-	-	5,135,838
Losses and reversals of losses on onerous contracts	-	12,111	-	-	12,111
Adjustments to liabilities for incurred claims	-	-	(554,959)	493,004	(61,955)
	5,135,838	**12,111**	**7,698,178**	**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	-	-	(757,531)	-	(757,531)
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	**(9,341,166)**	**12,111**	**7,262,570**	**493,004**	**(1,573,482)**
Cash flows					
Premiums received	13,443,927	-	-	-	13,443,927
Claims and other insurance service expenses paid, including investment components	-	-	(7,529,314)	-	(7,529,3114)
Insurance acquisition cash flows	(4,721,223)	-	-	-	(4,721,223)
Total cash flows	**8,722,704**	-	**(7,529,314)**	-	**1,193,390**
Transfer to other items in the statement of financial position	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	-	-	-	-	-
Net closing balance	**(5,102,931)**	**141,976**	**12,863,939**	**2,307,906**	**10,210,889**
Closing assets	-	-	-	-	-
Closing liabilities	(5,102,931)	141,976	12,863,939	2,307,906	10,210,889
Net closing balance	**(5,102,931)**	**141,976**	**12,863,939**	**2,307,906**	**10,210,889**

28. INSURANCE AND REINSURANCE CONTRACTS (Continued)

COMPANY – Insurance contacts issued

Analysis by remaining coverage and incurred claims – Short Term Business – 2022

	Liabilities for remaining coverage		Liabilities for incurred claims		
	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	Total KShs '000
Opening assets	-	-	-	-	-
Opening liabilities	(131,959)	165,540	8,253,905	1,037,781	9,325,267
Net opening balance	**(131,959)**	**165,540**	**8,253,905**	**1,037,781**	**9,325,267**
Changes in the statement of profit or loss and OCI					
Insurance revenue	(18,225,120)	-	-	-	(18,225,120)
Insurance service expense		-			
Incurred claims and other insurance service expense	-	-	7,566,006	-	7,566,006
Amortisation of insurance acquisition cash flows	4,787,842	-	-	-	4,787,842
Losses and reversals of losses on onerous contracts	-	(35,676)	-	-	(35,676)
Adjustments to liabilities for incurred claims	-	-	4,328,615	777,121	5,105,736
	4,787,842	**(35,676)**	**11,894,621**	**777,121**	**17,423,908**
Investment components and premium refunds	-	-	-	-	-
Insurance service result	**(13,437,278)**	**(35,676)**	**11,894,621**	**777,121**	**(801,212)**
Net finance expenses from insurance contracts	-	-	(761,852)	-	(761,852)
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	**(13,437,278)**	**(35,676)**	**11,132,769**	**777,121**	**(1,563,064)**
Cash flows					
Premiums received	12,409,228	-	-	-	12,409,228
Claims and other insurance service expenses paid, including investment components	-	-	(6,255,991)	-	(6,255,991)
Insurance acquisition cash flows	(3,324,460)	-	-	-	(3,324,460)
Total cash flows	**9,084,768**	-	**(6,255,991)**	-	**2,828,777**
Transfer to other items in the statement of financial position	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	-	-	-	-	-
Net closing balance	**(4,484,469)**	**129,865**	**13,130,683**	**1,814,902**	**10,590,980**
Closing assets	-	-	-	-	-
Closing liabilities	(4,484,469)	129,865	13,130,683	1,814,902	10,590,980
Net closing balance	**(4,484,469)**	**129,865**	**13,130,683**	**1,814,902**	**10,590,980**

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		
	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	Total 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	(2,583,656)	-	-	-	(2,583,656)
Insurance service expense	-	-	-	-	-
Incurred claims and other insurance service expense	-	-	1,969,703	-	1,969,703
Amortisation of insurance acquisition cash flows	678,125	-	-	-	678,125
Losses and reversals of losses on onerous contracts	-	97,712	-	-	-
Adjustments to liabilities for incurred claims	678,125	-	**2,035,717**	60,272	2,871,825
	678,125	**97,712**	**2,035,717**	**60,272**	**2,871,825**
Investment components and premium refunds	-	-	-	-	-
Insurance service result	(1,905,531)	97,712	2,035,717	60,272	**2,871,825**
Net finance expenses from insurance contracts	-	-	(122,443)	-	(122,443)
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	(1,905,531)	97,712	**1,913,274**	**60,272**	**165,726**
Cash flows					
Premiums received	2,772,713	-	-	-	2,772,713
Claims and other insurance service expenses paid, including investment components	-	-	(1,695,902)	-	(1,695,902)
Insurance acquisition cash flows	(493,062)	-	-	-	(493,062)
Total cash flows	**2,279,651**	-	**(1,695,902)**	-	**583,749**
Transfer to other items in the statement of financial position	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	4,340	20	4,583	613	9,556
Net closing balance	**(126,809)**	**119,692**	**2,028,818**	**235,634**	**2,257,336**
Closing assets	-	-	-	-	-
Closing liabilities	(126,809)	119,692	2,028,818	235,634	2,257,336
Net closing balance	**(126,809)**	**119,692**	**2,028,818**	**235,634**	**2,257,336**

28. INSURANCE AND REINSURANCE CONTRACTS (Continued)

GROUP – Insurance contracts issued

Analysis by remaining coverage and incurred claims – Long Term Business – 2022

	Liabilities for remaining coverage		Liabilities for incurred claims		
	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	Total KShs '000
Opening assets	-	-	-	-	-
Opening liabilities	529,022	181,159	1,763,063	119,080	12,248.54
Net opening balance	**529,022**	**181,159**	**1,763,063**	**119,080**	**12,248.54**
Changes in the statement of profit or loss and OCI	-	-	-	-	-
Insurance revenue	(2,134,772)	-	-	-	(2,134,772)
Insurance service expense	-	-	-	-	-
Incurred claims and other insurance service expense	-	-	1,492,744	-	1,492,744
Amortisation of insurance acquisition cash flows	556,129	-	-	-	556,129
Losses and reversals of losses on onerous contracts	-	(159,198)	-	-	(159,198)
Adjustments to liabilities for incurred claims	-	-	507,128	55,624	562,752
	556,129	**(159,198)**	**1,999,872**	**55,624**	**2,452,427**
Investment components and premium refunds	-	-	-	-	-
Insurance service result	**(1,578,643)**	**(159,198)**	**1,999,872**	**55,624**	**317,654**
Net finance expenses from insurance contracts	-	-	58,296	-	58,296
Effect of movement in exchange rates	-	-	(4,400)	-	(4,400)
Total changes in the statement of profit or loss and OCI	**(1,578,643)**	**(159,198)**	**1,941,576**	**55,624**	**259,359**
Cash flows	-	-	-	-	-
Premiums received	1,197,785	-	-	-	1,197,785
Claims and other insurance service expenses paid, including investment components	-	-	1,898,222	-	1,989,222
Insurance acquisition cash flows	653,520	-	-	-	653,520
Total cash flows	**544,265**	**-**	**1,898,222**	**-**	**1,353,957**
Transfer to other items in the statement of financial position	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	89	1	446	45	580
Net closing balance	**(505,268)**	**21,960**	**1,806,863**	**174,750**	**1,498,305**
Closing assets	-	-	-	-	-
Closing liabilities	(505,268)	21,960	1,806,863	174,750	1,498,305
Net closing balance	**(505,268)**	**21,960**	**1,806,863**	**174,750**	**1,498,305**

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		
	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	Total KShs '000
Opening assets	-	-	-	-	-
Opening liabilities	(509,504)	21,812	1,795,702	173,699	1,481,708
Net opening balance	**(509,504)**	**21,812**	**1,795,702**	**173,699**	**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	671,207	-	-	-	671,207
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	-	-	(122,194)	-	(122,194)
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	**(1,890,920)**	**97,880**	**1,900,517**	**58,505**	**165,982**
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	(493,636)	-	-	-	(493,636)
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**

28. INSURANCE AND REINSURANCE CONTRACTS (Continued)

COMPANY – Insurance contracts issued

Analysis by remaining coverage and incurred claims – Long Term Business – 2022

	Liabilities for remaining coverage		Liabilities for incurred claims		
	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	Total KShs '000
Opening assets	-	-	-	-	-
Opening liabilities	523,972	180,862	1,756,652	118,589	2,580,075
Net opening balance	**523,972**	**180,862**	**1,756,652**	**118,589**	**2,580,075**
Changes in the statement of profit or loss and OCI					
Insurance revenue	(2,102,704)	-	-	-	(2,102,704)
Insurance service expense	-	-	-	-	-
Incurred claims and other insurance service expense	-	-	1,490,449	-	1,490,449
Amortisation of insurance acquisition cash flows	546,123	-	-	-	546,123
Losses and reversals of losses on onerous contracts	-	(159,050)	-	-	(159,050)
Adjustments to liabilities for incurred claims	-	-	502,654	55,109	557,763
	546,123	**(159,050)**	**1,993,103**	**55,109**	**2,435,286**
Investment components and premium refunds	-	-	-	-	-
Insurance service result	**(1,556,580)**	**(159,050)**	**1,993,103**	**55,109**	**332,583**
Net finance expenses from insurance contracts	-	-	(58,127)	-	(58,127)
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	**(1,556,580)**	**(159,050)**	**1,934,976**	**55,109**	**274,456**
Cash flows					
Premiums received	1,166,997	-	-	-	1,166,997
Claims and other insurance service expenses paid, including investment components	-	-	(1,763,278)	-	(1,763,278)
Insurance acquisition cash flows	(643,893)	-	-	-	(643,893)
Total cash flows	**523,104**	-	**(1,895,927)**	-	**(1,372,823)**
Transfer to other items in the statement of financial position	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	-	-	-	-	-
Net closing balance	**(509,504)**	**21,812**	**1,795,702**	**173,699**	**1,481,708**
Closing assets	-	-	-	-	-
Closing liabilities	(509,504)	21,812	1,795,702	173,699	1,481,708
Net closing balance	**(509,504)**	**21,812**	**1,795,702**	**173,699**	**1,481,708**

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		
	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	(21,767)	-	514,431	47,697	540,361
Opening liabilities	(38,506)	-	1,120	145	(37,242)
Net opening balance	**(60,273)**	-	**511,550**	**47,842**	503,120
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	(1,086,056)	-	-	-	(1,086,056)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses		-	739,915	-	739,915
Recoveries and reversals of recoveries of losses on onerous underlying contracts		-	-	-	-
Adjustments to assets for incurred claims	-	-	(247,647)	(34,360)	(282,007)
	(1,086,054)	-	**492,268**	**(34,360**	**(627,145**
Investment components and premium refunds	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Amortisation of insurance acquisition cash flows	181,951	-	-	-	181,951
Net expenses from reinsurance contracts	**(903,103)**	-	**504,577**	**(34,360)**	**(432,886)**
Net finance income from reinsurance contracts	-	-	15,900	-	15,900
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	**(903,103)**	-	**504,577**	**(34,360)**	**(432,886)**
Cash flows					
Premiums paid	1,013,764	-	-	-	1,013,764
Other amount paid	-	-	-	-	-
Amounts received	(206,676)	-	(354,298)	-	(560,974)
Total cash flows	**807,089**	-	**(354,298)**	-	**452,790**
Transfer to other items in the statement of financial position	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	3,052	-	46,557	7,635	57,244
Net closing balance	**(153,236)**	-	**712,386**	**21,117**	**580,268**
Closing assets	-	-	-	-	-
Closing liabilities	**(153,236)**	-	**712,386**	**21,117**	**580,268**
Net closing balance	**(153,236)**	-	**712,386**	**21,117**	**580,268**

28. INSURANCE AND REINSURANCE CONTRACTS (Continued)

GROUP – Reinsurance contracts held

Analysis by remaining coverage and incurred claims - Short Term Business – 2022

	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	49,101	-	120,696	37,526	207,324
Opening liabilities	-	-	-	-	-
Net opening balance	**49,101**	**-**	**120,696**	**37,526**	**207,324**
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	(279,748)	-	-	-	(279,748)
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	(279,748)	-	653	(29,105)	(308,200)
Investment components and premium refunds	-	-	(1,943)	-	(1,943)
Effect of changes in non-performance risk of reinsurers	30,311	-	-	-	30,311
Amortisation of insurance acquisition cash flows	(249,438)	-	(1,289)	(29,105	279,8323
Net expenses from reinsurance contracts	**-**	**-**	**24,167**	**-**	**24,167**
Net finance income from reinsurance contracts	-	-	-	-	-
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	**(249,438)**	**-**	**22,877**	**29,105**	**(255,666)**
Cash flows					
Premiums paid	305,677	-	-	-	305,677
Other amount paid	-	-	-	-	-
Amounts received	(34,001)		(75,119)	-	(109,119)
Total cash flows	**271,677**	**-**	**(75,119)**	**-**	**196,558**
Transfer to other items in the statement of financial position	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	-	-	-	-	-
Net closing balance	**71,336**	**-**	**68,947**	**8,465**	**148,748**
Closing assets	-	-	-	-	-
Closing liabilities	71,336	-	68,947	8,465	148,748
Net closing balance	**71,336**	**-**	**68,947**	**8,465**	**148,748**

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		
	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	(88,760)	-	287,441	8,449	207,129
Opening liabilities	(24,102)	-	1,116	144	(22,842)
Net opening balance	**(112,863)**	**-**	**288,557**	**8,593**	**184,287**
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)	(60,708)
	(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	887,169	-	-	-	887,169
Other amount paid	-	-	-	-	-
Amounts received	(201,802)	-	(250,987)	-	(452,789)
Total cash flows	**685,367**	**-**	**(250,987)**	**-**	**434,380**
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	(56,917)
Net closing balance	**(129,546)**	**-**	**588,163**	**4,531**	**463,148**

28. INSURANCE AND REINSURANCE CONTRACTS (Continued)

COMPANY – Reinsurance contracts held

Analysis by remaining coverage and incurred claims - Short Term Business – 2022

	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	58,503	-	449,116	20,157	527,776
Opening liabilities	-	-	-	-	-
Net opening balance	**58,503**	**-**	**449,116**	**20,157**	**527,776**
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	(749,198)	-	-	-	(749,198)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses		-	70,787	-	70,787
Recoveries and reversals of recoveries of losses on onerous underlying contracts		-	-	-	-
Adjustments to assets for incurred claims	-	-	(102,772)	(11,564)	(114,336)
	(749,198)	**-**	**(31,985)**	**(11,564)**	**(792,747)**
Investment components and premium refunds	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Amortisation of insurance acquisition cash flows	45,121	-	-	-	45,121
Net expenses from reinsurance contracts	**(704,077)**	**-**	**(31,985)**	**(11,564)**	**(747,626)**
Net finance income from reinsurance contracts	-	-	17,378	-	17,378
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	**(704,077)**	**-**	**(14,607)**	**(11,564)**	**(730,248)**
Cash flows					
Premiums paid	564,405	-	-	-	564,405
Other amount paid	-	-	-	-	-
Amounts received	(31,694)		(145,952)	-	(177,646)
Total cash flows	**532,711**	**-**	**(145,952)**	**-**	**386,759**
Transfer to other items in the statement of financial position	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	-	-	-	-	-
Net closing balance	**(112,863)**	**-**	**288,557**	**8,593**	**184,287**
Closing assets	(88,760)	-	287,441	8,449	207,129
Closing liabilities	(24,102)	-	1,116	144	(22,842)
Net closing balance	**(112,863)**	**-**	**288,557**	**8,593**	**184,287**

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		
	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	726,331 152,948	-	538,306	35,078	726,331
Opening liabilities	-	-	-	-	-
Net opening balance	**152,948**	**-**	**538,306**	**35,078**	**726,331**
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	(1,374,241)	-	-	-	(1,374,241)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses		-	494,234	-	494,234
Recoveries and reversals of recoveries of losses on onerous underlying contracts		-	-	-	-
Adjustments to assets for incurred claims	-	-	25,272	10,926	36,198
	(1,374,241)	**-**	**519,506**	**10,926**	**(843,809)**
Investment components and premium refunds	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	271,360	-	-	-	271,360
Amortisation of insurance acquisition cash flows	(1,102,881)	-	519,506	10,926	572,449
Net expenses from reinsurance contracts	**-**	**-**	**14,926**	**-**	**14,926**
Net finance income from reinsurance contracts	-	-	(4,068)	-	(4,068)
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	**(1,102,881)**	**-**	**534,431**	**10,926**	**(557,524)**
Cash flows					
Premiums paid	1,137,455	-	-	-	1,137,455
Other amount paid	-	-	-	-	-
Amounts received	(247,209)		(567,526)	-	(814,734)
Total cash flows	**890,246**	**-**	**(567,526)**	**-**	**322,721**
Transfer to other items in the statement of financial position	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	-	-	-	-	-
Net closing balance	**(60,273)**	**-**	**515,462**	**47,819**	**503,008**
Closing assets	-	-	-	-	-
Closing liabilities	(60,273)	-	515,462	47,819	503,008
Net closing balance	**(60,273)**	**-**	**515,462**	**47,819**	**503,008**

28. INSURANCE AND REINSURANCE CONTRACTS (Continued)

GROUP – Reinsurance contracts held

Analysis by remaining coverage and incurred claims - Long Term – 2022

	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	36,279	-	94,192	3,886	134,357
Opening liabilities	-	-	-	-	-
Net opening balance	**36,279**	**-**	**94,192**	**3,886**	**134,357**
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	(91,198)	-	-	-	(91,198)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses		-	76,992	-	76,992
Recoveries and reversals of recoveries of losses on onerous underlying contracts		-	-	-	-
Adjustments to assets for incurred claims	-	-	51,083	4,981	56,064
	(91,198)	**-**	**128,075**	**4,981**	**41,859**
Investment components and premium refunds	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	224,838	-	-	-	224,838
Amortisation of insurance acquisition cash flows	113,641	-	128,075	4,981	266,697
Net expenses from reinsurance contracts	**-**	**-**	**4,499**		**4,499**
Net finance income from reinsurance contracts	-	-	(4,400)	-	(4,400)
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	**133,641**	**-**	**123,576**	**4,981**	**262,197**
Cash flows					
Premiums paid	97,338	-	-	-	97,338
Other amount paid	-	-	-	-	-
Amounts received	(4,644)		(71,102)	-	(75,745)
Total cash flows	**92,695**	**-**	**(71,102)**	**8,882**	**21,593**
Transfer to other items in the statement of financial position	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	-	-	-	-	-
Net closing balance	**49,101**	**-**	**146,846**	**8,882**	**204,829**
Closing assets	49,101	-	146,846	8,882	204,829
Closing liabilities	-	-	-	-	-
Net closing balance	**49,101**	**-**	**146,846**	**8,882**	**204,829**

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		
	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	49,101	-	117,501	37,266	203,868
Opening liabilities	-	-	-	-	-
Net opening balance	**49,101**	**-**	**117,501**	**37,266**	**203,868**
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	-	-	(26,034)	(28,857)	(54,890)
	(279,710)	**-**	**4,065**	**(28,857)**	**(304,501)**
Investment components and premium refunds	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	(1,932)	-	(1,932)
Amortisation of insurance acquisition cash flows	30,295	-	-	-	30,295
Net expenses from reinsurance contracts	**(249,415)**	**-**	**2,133**	**(28,857)**	**(276,138)**
Net finance income from reinsurance contracts	-	-	24,054	-	24,054
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	**(249,415)**	**-**	**26,188**	**(28,857)**	**(252,084)**
Cash flows					
Premiums paid	305,677	-	-	-	305,677
Other amount paid	-	-	-	-	-
Amounts received	(34,001)		(75,119)	-	(109,119)
Total cash flows	**271,677**	**-**	**(75,119)**	**-**	**196,558**
Transfer to other items in the statement of financial position	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	-	-	-	-	-
Net closing balance	**71,363**	**-**	**68,570**	**8,409**	**148,343**
Closing assets	71,363	-	68,570	8,409	148,343
Closing liabilities	-	-	-	-	-
Net closing balance	**71,363**	**-**	**68,570**	**8,409**	**148,343**

28. INSURANCE AND REINSURANCE CONTRACTS (Continued)

COMPANY – Reinsurance contracts held

Analysis by remaining coverage and incurred claims - Long Term – 2022

	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	36,279	-	94,058	3,871	134,208
Opening liabilities	-	-	-	-	-
Net opening balance	**36,279**	**-**	**94,058**	**3,871**	**134,208**
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	(91,198)	-	-	-	(91,198)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses		-	76,992	-	76,992
Recoveries and reversals of recoveries of losses on onerous underlying contracts		-	-	-	-
Adjustments to assets for incurred claims	-	-	48,103	4,750	52,853
	(91,198)	**-**	**125,095**	**4,750**	**38,648**
Investment components and premium refunds	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Amortisation of insurance acquisition cash flows	11,325	-	-	-	11,325
Net expenses from reinsurance contracts	**(79,873)**	**-**	**125,095**	**4,750**	**45,573**
Net finance income from reinsurance contracts	-	-	(4,400)	-	(4,400)
Effect of movement in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	**(79,873)**	**-**	**120,695**	**4,750**	**45,573**
Cash flows					
Premiums paid	97,338	-	-	-	97,338
Other amount paid	-	-	-	-	-
Amounts received	(4,644)		(71,102)	-	(75,745)
Total cash flows	**92,695**	**-**	**(71,102)**	**-**	**21,593**
Transfer to other items in the statement of financial position	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	-	-	-	-	-
Net closing balance	**49,101**	**-**	**143,651**	**8,621**	**201,374**
Closing assets	49,101	-	143,651	8,621	201,374
Closing liabilities	-	-	-	-	-
Net closing balance	**49,101**	**-**	**143,651**	**8,621**	**201,374**

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	
	2023	2022	2023	2022
	KShs '000	KShs '000	KShs '000	KShs '000
Excess depreciation over capital allowances	(141,922)	(168,576)	(141,922)	(168,576)
Leave pay provision	(9,259)	(9,645)	(9,259)	(9,645)
KURA provision	(23,043)	(10,844)	(23,043)	(10,844)
unrealised exchange gain	320,931	68,629	320,931	68,629
Provision for Bonus	(32,218)	(22,876)	(32,218)	(22,876)
Defined benefit liability	(37,100)	(25,246)	(37,100)	(25,246)
Gratuity	(3,431)	(2,498)	(3,431)	(2,498)
ECL provision	(10,487)	-	(10,487)	-
Provision for asset valuation	(19,047)		(19,047)	
Inventory Provision	(118)	(204)	(118)	(204)
Other temporary differences	(12,643)		(12,643)	
Unrealised exchange loss	(87,590)		(87,590)	
Onerous losses provision	(20,237)		(20,237)	
Bad debts provisions	(1,213,304)	(1,281,134)	(1,213,304)	(1,281,134)
	(1,289,468)	(1,452,394)	(1,289,468)	(1,452,394)
Life fund actuarial surplus	3,327,304	3,143,639	3,327,304	3,143,639
Net deferred tax liability	**2,037,836**	**1,691,245**	**2,037,836**	**1,691,245**

The movement on the deferred tax account during the year was as follows:

GROUP and COMPANY	Group		Company	
	2023	2022	2023	2022
	KShs '000	KShs '000	KShs '000	KShs '000
At 1 January	1,691,245	1,552,244	1,691,245	1,552,244
Charge for the year (note 11)	346,591	139,001	346,591	139,001
At 31 December	**2,037,836**	**1,691,245**	**2,037,836**	**1,691,245**

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 liability is attributable to the following items:

GROUP	2023 KShs '000	2022 KShs '000
Leave pay provision	496	-
Provision for Bonus	332	4,516
Other temporary differences	24	66
Unrealised exchange loss	(9,249)	18,026
Bad debts provisions	5,749	-
Other provisions	(64,294)	32,005
	(66,941)	54,613
Life fund actuarial surplus	-	-
Net deferred tax movement	(66,941)	54,613

The movement on the deferred tax account during the year was as follows:

GROUP	2023 KShs '000	2022 KShs '000
At 1 January	100,859	54,990
Charge for the year (note 11)	(66,941)	45,613
At 31 December	**33,918**	**`100,859**

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 2022 is 9.0 (2021: 3.5).

30. RETIREMENT BENEFIT OBLIGATION – GROUP AND COMPANY (Continued)

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:

	2023		2022	
Asset Class	Amount KShs'000	Proportion %	Amount KShs'000	Proportion %
Quoted equity investments	75,345	8.34%	108,973.79	11.23
Fixed deposits, commercial papers and government securities	661,556	73.20%	648,990.81	66.88
Net current assets	1,843	0.20%	47,451.63	4.89
Properties and other fixed assets	165,000	18.26%	164,964.77	17.00
Total	**903,744**	**100%**	**970,381**	**100%**

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:

	Current Discount Rate (13.68% per annum) KShs'000	Discount Rate less (13.68% per annum) KShs'000
Present Value of Obligation at 31 December 2023	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	2023 KShs '000	2022 KShs '000
The actuarial valuation results were as follows:		
Present value of funded obligations	(465,576)	(589,963)
IFRIC 14 Additional Liability	(431,399)	(399,996)
Fair value of scheme assets	903,744	970,381
Net (liability) in the statement of financial position	6,769	(19,578)
Movement in present value of funded obligation:		
As at 1 January	589,963	640,510
Current service costs	10,398	5,275
Administration costs	-	(5,275)
Interest cost	76,310	77,162
Actuarial gain/(loss)	(136,410)	(91,242)
Benefits payment	(74,685)	(36,467)
At 31 December	**465,576**	**589,963**

30. RETIREMENT BENEFIT OBLIGATION – GROUP AND COMPANY (Continued)

Sensitivity of the Scheme: (Continued)

	2023 KShs '000	2022 KShs '000
Movement in fair value of plan assets		
As at 1 January	970,381	966,844
Interest income on plan assets	124,544	117,301
Return on plan assets (excluding amount in interest income)	(93,867)	(72,022)
Administration expenses	-	(5,275)
Employer Contributions	-	-
Benefits and expenses paid	(74,685)	(36,467)
At 31 December	903,744	970,381
Movement in net assets		
As at 1 January	-	(49,000)
Net expense recognised in profit or loss	(19,578)	(11,677)
Company contributions	(31,591)	-
Net charge recognised in other comprehensive income	77,882	41,099
Payment to the Scheme	17,798	-
At 31 December	44,511	(19,578)
Amount recognised in profit or loss:		
Current service cost net of employees' contributions	4,123	5,275
Net interest on obligation and plan assets	4,839	6,402
Prior Year adjustments	22,629	-
Total included in "staff costs" in respect of scheme	31,591	11,677
Amount recognised in other comprehensive income:		
Actuarial (gains)/loss-Financial	(136,410)	(91,242)
Change in additional IFRIC 14 liability	(23,317)	(21,879)
Return on plan assets (excluding amount in interest income)	81,845	72,022
Total charge/(credit) to other comprehensive income	(77,882)	(41,099)
Actuarial assumptions		
Discount rate (% p.a.)	16.50%	13.68%
Future salary increases (% p.a.)	5%	5%
Future pension increases (% p.a.)	3%	3%
Retirement age (years)	60	60

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 2023, the Group contributed KShs 46,909,000 (2022 – KShs 46,909,000) to the defined contribution pension scheme and KShs 2,838 (2022 – KShs 2,838) for NSSF which has been charged to the statement of profit or loss. The Company contributed KShs 37,535,850 (2022 – KShs 35,932,000) to the defined contribution pension scheme and KShs 382,600 (2022 – 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	
	2023	2022	2023	2022
	KShs'000	KShs'000	KShs '000	KShs '000
(a) Transactions and balances with directors and staff				
(i) Directors' remuneration				
Fees	16,229	15,725	16,229	9,245
Other emoluments	12,230	10,344	12,230	8,014
	28,459	**26,069**	**28,459**	**17,259**
(ii) Key management remuneration				
Salaries and other short-term benefits	87,998	90,275	39,494	58,607
Post-employment benefits	-	-	-	-
	39,494	-	39,494	58,607
(iii) Loans to staff	**611,491**	**385,661**	**588,209**	**590,898**

Interest income on these loans was KShs 28,162,232 (2021: KShs 25,020,054). The effective interest on the loans is 5 % (2021 – 5%). Staff mortgages and car loans are fully secured.

	GROUP		COMPANY	
	2023	2022	2023	2022
	KShs'000	KShs '000	KShs '000	KShs '000
(b) Transaction with associate company, ZEP Re				
(i) Net premium written	(32,019)	16,480	(33,879)	(5,842)
(ii) Claims incurred	5,048	(23,881)	5,048	5,044
	(26,971)	**(7,401)**	**(28,831)**	**(7,401)**

(c) Outstanding balances with related parties:

		COMPANY	
		2023	2022
	Relationship	KShs '000	KShs '000
Due from:			
Amount due from Kenya Reinsurance Corporation Cote d'Ivoire	Subsidiary	59,604	30,685
Amount due from Kenya Reinsurance Corporation Zambia	Subsidiary	18,342	14,989
Amount due from Kenya Reinsurance Corporation Uganda	Subsidiary	31,968	24,272
		109,914	69,943
Due to:			
Amount due to Kenya Reinsurance Corporation Cote d'Ivoire	Subsidiary	337,253	285,548

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.

32. OTHER PAYABLES

	GROUP		COMPANY	
	2023 KShs '000	2022 KShs '000	2023 KShs '000	2022 KShs '000
Legal fees deposits	2,776	1,336	2,776	1,336
Rental deposits	171,623	168,704	171,623	168,704
Accrued leave pay	32,513	32,150	30,862	32,150
Accounts payable	277,869	163,106	277,869	163,105
Other creditors and accruals	481,362	344,439	317,372	181,684
	966,143	**709,735**	**800,502**	**546,979**

Other payables are non-interest bearing and have an average term of not more than 1 year.

33. CASH AND CASH EQUIVALENTS

NOTES TO THE STATEMENT OF CASH FLOWS

	GROUP		COMPANY	
	2023 KShs '000	Restated 2022 KShs '000	2023 KShs '000	Restated 2022 KShs '000
Profit before tax	7,034,987	4,592,370	6,248,077	4,086,665
Adjustment for:				
Depreciation (note 15)	30,446	35,353	21,822	27,573
Interest on Corporate bonds	(52,474)	(33,860)	(5,876)	(5,884)
Interest on government securities	(2,396,019)	(2,235,144)	(2,297,639)	(2,173,843)
Interest on staff mortgages and loans	(29,902)	(27,435)	(28,888)	(27,075)
Interest on deposits with financial institutions	(1,140,745)	(587,417)	(1,010,745)	(584,300)
Interest on commercial mortgages	(34,892)	(26,842)	(34,892)	(26,842)
Dividend income	(118,146)	(112,241)	(118,146)	(112,241)
Provision for doubtful debts	56,587	329,029	-	245,200
Amortisation of software (note 19)	29,366	102,268	29,366	102,268
Revaluation of bonds at fair value	119,453	(67,431)	119,453	(67,431)
Realised accumulated fair value gain on available for sale quoted equity instruments	112,671	-	112,671	48,392
Fair value gain on investment properties	(216,055)	92,154	(216,055)	92,154
Fair value loss/(gain) on quoted equity instruments	-	-	-	-
Defined benefit loss recognised in profit or loss	-	11,677	-	11,677
Share of profit of associate	(399,063)	(551,107)	(399,063)	(551,107)
Operating profit before working capital changes	**2,996,214**	**1,521,374**	**2,420,085**	**1,065,206**
Reinsurance contract assets	(23,660)	152,848	(225,830)	276,323
Insurance contract assets	-	-	-	-
Reinsurance contract liabilities	2,484	-	-	-
Other payables	256,408	5,907	253,524	(41,170)
Mortgage loans	(54,528)	26,903	(43,733)	23,518
Other receivables	63,487	29,253	43,612	48,031
Inventories	3,635	(1,882)	6,857	(506)
Defined benefit asset	(44,511)	-	(44,511)	-
Movement in due from related party	-	-	(39,970)	(49,599)
Movement in due to related party	-	-	98,056	125,505
Insurance contract liabilities	356,638	189,049	342,209	167,345
Deferred tax liability	-	-	-	
Defined benefit liability	(19,578)	29,422	(19,578)	11,677
Net cash generated from operations	**3,536,588**	**1,952,874**	**2,790,721**	**1,626,330**

33. CASH AND CASH EQUIVALENTS (Continued)

	GROUP		COMPANY	
	2023	2022	2023	2022
	KShs '000	KShs '000	KShs '000	KShs '000
Cash and bank balances	1,248,996	849,961	267,110	93,863

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	GROUP		COMPANY	
	2023	2022	2023	2022
	KShs '000	KShs '000	KShs '000	KShs '000
Short term bank deposits	6,348,841	6,378,668	4,991,273	2,739,826
Cash and bank balances	1,248,996	849,961	267,110	93,863
	7,597,837	7,228,629	5,258,383	2,833,689

34. DIVIDENDS – GROUP AND COMPANY

The directors propose the payment of a first and final dividend of KShs 0.30 (2022 – KShs 0.20) per share totalling to KShs 840 million in respect of the year ended 31 December 2023 (2022 – KShs 560 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 summarised as follows:

	2023	2022
Proposed dividends per share:		
Dividends appropriations (KShs '000')	839,939	559,959
Number of shares at 31 December	2,799,796,272	2,799,796,272
Dividends per share	0.30	0.20
Dividends per share declared and paid:		
Dividends appropriations (KShs '000')	839,939	559,959
Number of shares at 31 December	2,799,796,272	2,799,796,272
Dividends per share	0.30	0.20

35. PROPERTY UNDER DISPUTE – GROUP AND COMPANY

	2023 KShs '000	2022 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/ restrictions 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. The Company is not realizing the benefit that accrue from ownership of land not will management plan to make long term investment plans.

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. The Company therefore is not realizing the full value of the fund invested in the property.

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. The Company therefore is not realizing the full value of the fund invested in the property.

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. CONTINGNENT LIABILITIES

The company identified contingent liabilities of Ksh.14,166,233 arising from various ongoing court cases as at 31st December 2023. 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.

In the prior year's financial statements, a contingent liability of Ksh.**3,219,271,000** was disclosed. This liability arose from a dispute with the Kenya Revenue Authority regarding withholding tax on cedant acquisition costs and brokerage fees for the periods 2009 to 2012 and 2013 to 2017. In September 2023, the Corporation and KRA reached a mutually agreeable settlement on the disputed tax claim. This settlement required the Corporation to pay a principal amount of Kshs. 595,705,653. Additionally, the settlement included potential penalties of Ksh.303,261,367, which were only payable if the principal amount remained unpaid as of June 30, 2024.

The Company made full provision for the agreed-upon settlement amount and completed payment by January 24, 2024. As a result of this timely payment, the Company does not have any outstanding liabilities related to the penalties associated with the prior year's tax dispute.

38. INCORPORATION

The Company is incorporated and domiciled in Kenya under the Companies Act.

39. CURRENCY

The financial statements are presented in thousands of Kenya shillings (KShs '000).