# Contents

KENINDIA

KENINDIA

# Company Information

| | |
|---|---|
| **Registered Office** | Kenindia House Loita Street<br>P.O. Box 44372-00100<br>Nairobi<br>Kenya |
| **Website** | www.kenindia.com |
| **Email** | kenindia@kenindia.com |
| **Subsidiaries** | Tanzindia Assurance Company Limited<br>Kenya Pravack Limited<br>Kenindia Asset Management Company Limited |

**Board of Directors**

| | |
|---|---|
| Dr M P Chandaria, OBE,CBS, EBS | Chairman<br>(Alternate Mr. Bijal Sunilkumar Chandaria) |
| Mr Leon Nyandusi Nyachae | Director (Vice Chairman) |
| Mr Hemnabh Ranvir Khatau | Director |
| Mr Satyajit Tripathy | Director – Up to 29.02.2024 |
| Mr Bhupesh Sushil Rahul | Director – Appointed 27.06.2024 |
| Mr Ramaswamy Narayanan | Director |
| Mr Siddhartha Mohanty | Director |
| Mrs Elizabeth Musyoka | Director |
| Dr P M Kingori | Director |
| Mr P V S Rao | Director |
| Mr Yogesh Meshram | Managing Director |

| | |
|---|---|
| **Company Secretary** | Adili Corporate Services Kenya<br>ALN House<br>Eldama Ravine Close, Off Eldama<br>Ravine Road Nairobi |
| **Independent Auditor** | Grant Thornton LLP<br>Certified Public Accountants (Kenya) 5th Floor, Avocado Towers<br>Muthithi Road, Westlands P. O. Box 46986-00100,<br>Nairobi |

**Management Team**

| | |
|---|---|
| Mr Yogesh Meshram | Managing Director/Principal Officer |
| Ms Irene A Owiti | Chief Operating Officer |
| Mr Viswanatha Varma Bellapukonda | General Manager - Finance/Financial Controller |
| Mr. Babu Rajan Udinoor Veetile | General Manager - General Division Operations |
| Mr Madhu Vayaliparampil Sreedharan | General Manager - Life Division |

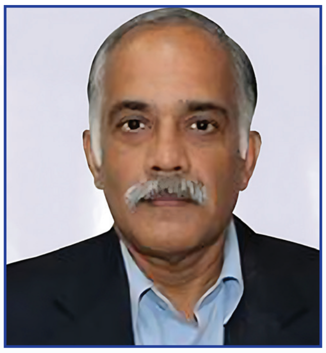
# Board of Directors

KENINDIA

**Dr M. P. Chandaria**
**(OBE, CBS, EBS)**
Chairman

**Leon Nyachae**
Vice Chairman

**Siddhartha Mohanty**
Director



**Ramaswamy Narayanan**
Director

**Bhupesh S.Rahul**
Director

**Hemnabh Khatau**
Director

**Dr. Patricia M. King'ori**
Director

**Elizabeth Musyoka**
Director

**P. V. S. Rao**
Director

**Yogesh Meshram**
Managing Director / Principal Officer

# Senior Management

**Yogesh Meshram**
Managing Director / Principal Officer

**Irene Owiti**
Chief Operating Officer

**B Viswanatha Varma**
General Manager (Finance)
Financial Controller

**Babu Rajan U. V.**
General Manager (General Business)

**V. S. Madhu**
General Manager (Life Business)

KENINDIA

Adili Group

Adili Corporate Services Kenya LLP
ALN House, Eldama Ravine Close
Off Eldama Ravine Road, Westlands
P.O. Box 764 - 00606, Nairobi, Kenya
T: +254 709 676 000
E: info@adili.africa

## AMENDED NOTICE OF THE ANNUAL GENERAL MEETING

**Amended** Notice is hereby given that pursuant to the Companies Act, Cap 486, the Forty-fifth Annual General Meeting of the Company will be held in a hybrid format via electronic communication (**ZOOM**) on Wednesday, 25th June 2025 at the Zen Garden, Lower Kabete Road, Nairobi at 12.30 p.m., to transact the business detailed below.

**Audited financial statements for the year ended 31st December 2024 have been e-mailed to shareholders. Shareholders will be able to follow the meeting and vote electronically in the manner detailed in the notes below. Shareholders are requested to send their questions in respect of the items on the agenda at least 48 hours before the meeting to Ms Phoebe Macharia of Adili Corporate Services Kenya LLP, the Company Secretary, through her email: *Phoebe.Macharia@adili.africa* with the subject "Kenindia Assurance Company Limited – 2025 Annual General Meeting."**

## ORDINARY BUSINESS

1 To read the notice convening the meeting.
2 To receive the proxy forms and confirm the presence of a quorum.
3 To consider and if thought fit, adopt the audited financial statements for the year ended 31 December 2024 together with the Directors' and Auditors' Reports thereon.
4 To declare a dividend.
The Directors recommend a first and final dividend of KShs 75 million @ KShs 7.50 per share, for the year ended 31 December 2024.
5 To approve the Directors' fees.
6 To re-elect the Directors of the Company:
(a) Dr Manilal Premchand Chandaria OBE CBS EBS, retires by rotation in accordance with Article 93a of the Company's Articles of Association and, being eligible, offers himself for re-election; and
(b) Dr Patricia Muthoni King'ori, retires by rotation in accordance with Article 93a of the Company's Articles of Association and, being eligible, offers herself for re-election.
7 To appoint an Auditor
Messrs Grant Thornton LLP have expressed their willingness to continue as auditors of the Company. The Directors recommend that they be re-appointed as the auditors in terms of the Insurance Act, Cap 487 and in accordance with the Companies Act, Cap 486 and that the Directors be authorized to fix their remuneration for the ensuing year.

**By Order of the Board**

**Phoebe Macharia**
**Adili Corporate Services Kenya LLP—the Company Secretary**
**5th June 2025**

## NOTES FOR ZOOM MEETING:

1. The Zoom meeting invite will be sent to all shareholders via email. If the invite is not received within 24 hours to the meeting, kindly reach out to us via e-mail Phoebe.Macharia@adili.africa
2. Annual Reports and Audited Financial Statements for the year ended 31 December 2024, Notice for the Annual General Meeting and proxy form are also available on the Company's Website.
3. Shareholders are requested to submit their questions with respect to items on the agenda, 48 hours before the meeting by email to Ms Phoebe Macharia of Adili Corporate Services Kenya LLP, the Company Secretary, at least 48 hours before the meeting to her email: Phoebe.Macharia@adili.africa with the subject "Kenindia Assurance Company Limited – 2025 Annual General Meeting."
4. A Member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on their behalf. A proxy need not be a member of the Company. A proxy form, which can be printed and emailed to Ms Phoebe Macharia of Adili Corporate Services Kenya LLP or deposited at the Registered Office of the Company at least 24 hours before the time appointed for the meeting to be valid, is attached separately.
5. Corporate Members are requested to appoint representatives by completing and signing the letter of representation to reach the Registered Office not less than 24 hours before the time appointed for holding the meeting or adjourned meeting. Letters of Representation will be sent separately to corporate members.

On behalf of the Board of Directors of Kenindia Assurance Company Limited, I am pleased to present to you the Annual Report and Audited Financial Statements of the Company for the year ended 31st December 2024.

## OVERVIEW OF THE ECONOMY

Kenya's economy declined to 4.7% in 2024 compared to 5.7% in 2023; the decline was caused by several factors such as high interest rates and increased taxation.

The slower growth was primarily driven by reduced private sector activity and fiscal consolidation efforts by the government, which limited public spending. Additionally, political instability during the year, fueled by anti-finance bill protests undermined investor confidence and disrupted economic activities. Severe weather events impacted agriculture and household consumption, further straining economic growth.

Kenya's economy is projected to grow by 5.4% in 2025, driven by strong performance in services and increased consumer activity. Inflation is expected to stabilize at 4.8%, aligning with global trends. The government anticipates continued economic resilience, with growth momentum supported by agriculture, real estate, infrastructure investments and financial services. While the growth outlook remains positive, risks as such as shifting political dynamics, high borrowing costs to government, reducing household incomes, vulnerability to climate change, global geopolitical and economic uncertainty could impact the outlook.

## FINANCIAL MARKETS

The year began with the Central Bank Rate (CBR) at 12.50%. By December 2024 the rate had been cut to close the year at 11.25%. This was mainly due to stable inflation and exchange rate stability.

Further rate cuts are expected in the short to medium term to lower borrowing costs, leading to increased spending and an improvement in the business environment as well as reduced debt servicing costs for the government, and anchoring private sector credit growth.

In 2024, the rate on the 91-day Treasury bill closed at 9.9 % compared to 15.9 % at the end of 2023. The decline in yields was primarily driven by investors perceiving lower risks due to eased inflation, currency appreciation, and improved liquidity positions. As a result, there was less demand for higher returns to compensate for potential losses.

The Kenya Shilling appreciated by 17.4% against the US Dollar to close at Kshs 129.3 in 2024, compared to Kshs 156.5at the end of 2023.

The appreciation of the Kenyan shilling in 2024 was driven by improved forex reserves coupled with the successful issuance of a USD 1.5 billion Eurobond in February 2024 to refinance the maturing June 2024 Eurobond.

## NSE SHARE INDEX

The NSE 20 share index closed the year at 2,010.65 points. This is a 33.94% increase from 1,501.16 points at the beginning of the year.

## INFLATION

The inflation rate for the year 2024 averaged at 4.5%, compared to 7.7% recorded in 2023. This decline was driven by the easing of food and energy prices, pass-through effects from exchange rate appreciation, and the impact of monetary policy actions.

## COMPANY PERFORMANCE

The year 2024 marked the second year of reporting under IFRS 17 accounting standard for Insurance contracts. In the continued application of the standard and gained experience, some areas of accounting and actuarial estimates and judgements were refined therefore making significant strides in standardizing financial reporting and improving comparability.

### (I) GENERAL INSURANCE BUSINESS

The General Insurance business recorded insurance revenue of Kshs 2.179 billion, compared to Kshs 1.79 billion in 2023. Net profit after tax for year 2024 was KShs. 300.59 million whilst that of year 2023 was Kshs 43.7 million.

## (II) LIFE ASSURANCE BUSINESS

The long-term business recorded insurance revenue of Kshs 2.03 billion against Kshs 1.92 billion in 2023, registering a 5.35% increase.

Insurance revenue for Ordinary Life Business was Kshs 743.50 million against Kshs 928.45 million for the year 2023, registering a 19.92% decline.

The Group Life Business registered a 23.55 % increase with insurance revenue of Kshs 85.05 million in 2024 compared to Kshs 68.84 million in 2023.

The Annuities business line recorded a 9.87% increase to Kshs 668.35 million in 2024, from Kshs 608.30 million in 2023.

Deposit Administration and Retirement Fund insurance revenue increased to Kshs 525.18 million in 2024 from Kshs 316.38 million in 2023, recording a 66.0% growth.

During the year 2024, the Income Draw Down product under the Retirement Fund recorded insurance revenue of Kshs. 4.13 million for the year 2024 compared to Kshs 1.38 million recorded for year 2023.
The insurance contract liabilities of the long-term business stood at Kshs 86.80 billion as at 31st December 2024, compared to Kshs 73.13 billion in the previous year representing a growth of 18.69%.

## ACTUARIAL VALUATION

The Company’s Actuarial Valuation for Life Business was carried out at the end of the year. The actuarial surplus inclusive of Annuities, Deposit Administration and Retirement Fund (net of actuarial reserves set aside brought forward) before any allocation for the year 2024 was Kshs 9.455 Billion. The Company declared an interest rate of 10.3% (2023-11.25%) on Retirement Benefit funds, a simple Reversionary Bonus of 6.00% (2023-6.00%) on with-profit Ordinary Life Policies, 4.00% (2023:4.00%) final additional terminal bonus for ordinary Life Policies matured, bonus of 10.00 % (2023 :12.00%) on Capital Advantage policies and 10.00% (2023 : 12.00 %) interest on Bima Account plan.

The Actuary recommended a transfer of Kshs 653.00 million (2023: 653.00 million) out of the actuarial surplus, for the benefit of shareholders.

## INVESTMENT INCOME

The net investment income of the company increased by 24.68%, to Kshs 11.57 billion in 2024 from Kshs 9.28 billion in 2023. The net investment income of the Life business was Kshs 10.96 billion in 2024 compared to Kshs 8.72 billion in 2023, an increase of 25.69%. The net investment income of non-life business was Kshs. 606.18 million in 2024 compared to Kshs 553.55 million, a growth of 9.38%.

## GROUP PERFORMANCE

Insurance revenue accounted by Tanzindia Assurance Company Limited, a subsidiary of the Company was Kshs. 1.18 billion in the year 2024 as compared to Kshs 1.02 billion for the year 2023, being an increase of 15.63% and its net profit after tax was Kshs. 52.86 million in 2024, a decline from Kshs. 150.33 million recorded in the year 2023.
The total assets for the Group stood at Kshs 105.10 billion in 2024 as compared to Kshs 90.99 billion in 2023. The shareholders’ funds increased from Kshs. 7.01 billion in December 2023 to Kshs. 7.73 billion at the end of 2024.

## DIVIDENDS

The Board has recommended a dividend of Kshs 7.50 per share for the year ended 31st December 2024 subject to the members’ approval at the Annual General meeting.

## BOARD

The directors who held office in 2024 are listed on page 1 of these financial statements.

## FUTURE OUTLOOK

The Kenyan insurance sector in 2025 is expected to experience significant transformation driven by digital innovation with the adoption of Artificial Intelligence to enhance data analytics and streamline operations.

Shifts in regulatory policies aimed at improving financial transparency are being implemented locally to align with international standards. Increased customer awareness is expected to grow demand for insurance services.

Sustainability and climate change awareness will also have an impact with Insurers having to adjust their underwriting practices to address climate-related risks while promoting sustainable investment strategies.

The Company maintains a vigilant approach to the evolving regulatory and economic conditions, ensuring agility in strategies to effectively navigate the anticipated shifts in the coming year

The current Company strategic plan enters its final year in 2025. The Board reaffirms its dedication to aiding management in executing this strategic plan in order to ensure that the Company remains on a path of enduring growth and profitability. As the Company navigates the evolving business landscape, our commitment to our customers, sustainable top-line growth, and enhancing shareholder value remains unwavering. Looking ahead, we are confident that our initiatives, will position us for continued success in the coming year.

## APPRECIATION

On behalf of the Board, I extend my heartfelt congratulations and gratitude to the Company's management and staff for their unwavering dedication in executing our strategic plan throughout the year. Their efforts have been instrumental in steering the Company toward progress, even amid challenging circumstances.

I am also deeply grateful to my fellow Board members for their invaluable guidance and steadfast leadership. To our esteemed Shareholders and members, I sincerely appreciate your support, which remains vital to our success.
Additionally, I extend my thanks to our brokers, agents, and associates for their commitment and collaboration.

**Signed**

**M P CHANDARIA (OBE, CBS, EBS)**
**CHAIRMAN**

Corporate governance refers to the system of rules, practices and processes by which a Company is directed and controlled. It encompasses relationships between the Board, the Company's Management and other stakeholders and provides a framework for decision-making and accountability.

The Board of Directors of Kenindia Assurance Company Limited is committed to uphold the highest standards of Corporate Governance. The role of the Board is to determine the Company's policies and strategies, to monitor the attainment of business objectives and to ensure that the Company meets its obligations to the shareholders and all the stakeholders. The Board is responsible to the shareholders for promoting the long-term success of the Company, and in particular, for setting the Company's strategy, monitoring Management's performance against the strategy, establishing the Company's risk appetite, ensuring that the Company has adequate resources and effective controls in place for the business. Further, the Board establishes the values and the culture of the Company and has a duty to protect the interests of the policyholders.

Key elements of the Company's Corporate Governance practices are highlighted below:

## BOARD OF DIRECTORS

The Company has a competent and diverse Board of Directors which provides effective oversight and strategic guidance to the Management team. The roles of the Chairman and the Managing Director are segregated. A non-executive director acts as the Chairman of the Board. The Managing Director is in charge of the day to day operation of the business. The current Board is composed of one Executive Director (Managing Director) and eight non-executive Directors, including three independent Directors. The Board consists of committed individuals with diverse and complementary skills to ensure that there is sufficient wealth of experience in the Board and balanced decision-making.

The Directors are given appropriate and timely information, enabling them to maintain full and effective control over all strategic, financial, operational and compliance issues. In the period under review and up to the date of this statement, none of the Directors have received any benefit from the Company other than Director's fees and emoluments disclosed in the financial statements. Further, no loans have been advanced to the Directors during this period.

## BOARD COMMITTEES

The Board has established 4 Committees, each operating under clearly defined terms of reference, to which specific responsibilities have been delegated. The Committees are instrumental in monitoring business operations, systems and internal controls. The Committees are as follow:

**(i) Executive Committee**

The Committee is chaired by Mr. Leon N. Nyachae. Other committee members are: 2 non-executive Directors, 2 independent Directors and the Managing Director. The Committee reviews the Company's operations, strategies, investments, asset liability management, policyholders' protection amongst others. Its main functions include sanction of insurance claims and capital expenditure in excess of the financial limits set for the Managing Director. The meetings for this Committee are held quarterly.

**(ii) Audit Committee**

The Committee is chaired by an Independent Director, Mrs. Elizabeth M. Musyoka and comprised of 3 Non-Executive Directors and 1 Independent Director. The Managing Director, Financial Controller and Chief Internal Auditor attend meetings of the Committee. Further, the Committee met with the external auditors in accordance with its terms of reference. The Committee meets at least four times in a year.

**(iii) Credit Management Committee**

The Committee is chaired by Dr. M P Chandaria, a non-Executive Director and includes 2 other non-Executive Directors, 1 independent Director and the Managing Director. The Committee's mandate encompasses the review of the Company's Credit Policy, monitoring of outstanding receivables from premium debtors, and assessment of provisions and write-offs for bad and doubtful debts, among other responsibilities. The Committee convenes at least quarterly.

**(iv) Risk Management Committee**

The Committee is chaired by Mr. Venkata Sambasiva Rao Pamidimukkala, a non-Executive Director and includes 3 other non-Executive Directors, 1 independent Director and the Managing Director. The Committee's responsibilities include the ongoing review of potential risks facing the Company, the monitoring of the risk management system, and ensuring that management takes necessary actions to mitigate risk impact, all supported by the Company's Risk Manager. The Committee convenes at least quarterly.

## Board Meeting Attendance

| Name | Position | 17.05.24 | 9.07.24 | 27.09.24 | 18.12.24 |
|---|---|---|---|---|---|
| | | | | | |
| Dr. M. P. Chandaria (OBE CBS EBS) | Chairman | √ | √ | √ | √ |
| Mr. Leon N. Nyachae | Member | √ | √ | √ | √ |
| Mr. Hemnabh Khatau | Member | √ | √ | √ | √ |
| Mr. Ramaswamy Narayanan | Member | √ | √ | × | √ |
| Mr. Bhupesh S. Rahul | Member | × | × | √ | × |
| Mr Siddhartha Mohanty | Member | √ | × | × | √ |
| Dr. Patricia M. King'ori | Member | √ | √ | √ | √ |
| Mrs. Elizabeth M. Musyoka | Member | √ | √ | √ | √ |
| Mr.P.V.S. Rao | Member | √ | √ | √ | × |
| Mr. Yogesh Meshram | Managing Director | √ | √ | √ | √ |

**KEY**

√Attended

×Absent with apologies

## SHAREHOLDERS

The list of 10 major shareholders and their individual holdings (before rights issue of share capital) at the year-end 2024 was as follows

| | Number of Shares | % shareholding |
|---|---|---|
| Life Insurance Corporation of India | 1,020,906 | 10.21 |
| General Insurance Corporation of India | 918,752 | 9.19 |
| The National Insurance Company Limited | 918,752 | 9.19 |
| The New India Assurance Company Limited | 918,752 | 9.19 |
| The United India Insurance Company Limited | 918,752 | 9.19 |
| The Oriental Insurance Company Limited | 899,601 | 9.00 |
| Sansora Investments Limited | 791,350 | 7.91 |
| The Chandaria Foundation Registered Trustees | 776,956 | 7.77 |
| Mehta Group Limited | 617,042 | 6.17 |
| Lex Holdings Limited | 458,204 | 4.58 |
| Others (numbering 30) | 1,760,933 | 17.61 |
| **Total** | **10,000,000** | **100.00** |

# Corporate Social Responsibility

KENINDIA

The Company continues to undertake Corporate Social Responsibility activities by promoting various activities among the local communities in which it operates. The Company is committed to the principle of responsible citizenship and makes Corporate Social Responsibility an integral part of its annual business plans. Under its Corporate Social Responsibility (CSR) programs, the Company conducts community support activities every year. Members of staff participated in various activities. The main activities taken up by the company during the year were the following:

a) Gertrude's Children's Hospital Cancer Charity Walk
b) University of Nairobi Insurance Students' Prize
c) St. John's Walkathon
d) Food for foot for Life
e) Support to Holy Family Children's Home Nakuru

Team Kenindia - at Corporate Social Responsibility - contributing back to Kenyan society

Kenindia is committed to ESG Goals - Contributing to sustainable environment.

*Kenindia flows perennially like the Nile River nourishing millions of people for 47 years....& forever.*

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2024, which disclose the state of financial affairs of the Group comprising Kenindia Assurance Company Limited and its subsidiaries: Tanzindia Assurance Company Limited, Kenya Pravack Limited and Kenindia Asset Management Limited.

## Principal Activities

The Group underwrites all classes of life and non-life insurance risks as defined by the Insurance Act. The Company also provides its customers with asset management solutions for their savings and retirement needs.

## RESULTS

| Group | 2024 (KSh'000) | 2023 (KSh'000) |
|---|---|---|
| Group profit before tax | 1,057,368 | 837,630 |
| Taxation (charge)/credit | 261,469 | 89,485 |
| Group profit after tax | 1,318,836 | 927,115 |
| Non-controlling interest | (18,502) | (52,616) |
| **Net profit for the year** | **1,300,334** | **874,499** |

| Company | 2024 (KSh'000) | 2023 (KSh'000) |
|---|---|---|
| Company profit before tax | 1,010,572 | 622,156 |
| Taxation (charge)/credit | 238,800 | 156,134 |
| **Net profit for the year** | **1,249,372** | **778,290** |

## Business Review

The total insurance service revenue of the Group increased from Ksh 4.730 billion in 2023 to Ksh 5.385 billion in 2024 and for the Company from Ksh 3.709 billion in 2023 to Ksh 4.205 billion in 2024. The profit before tax for the Group was Ksh 1.057 billion in 2024 and Kshs. 837.63 million in year 2023. The Company recorded profit before tax of Kshs. 1.010 billion in 2024 down from Kshs. 622.15 million in 2023.

As at 31 December 2024, the net asset position of the Group increased to 9.743 billion from Ksh 8.807 billion in 2023 and for the Company from Ksh 8.325 billion in 2023 to Ksh 9.254 billion in 2024.

## Key Performance Indicators (Company)

| | Long term assurance business 2024 | Long term assurance business 2023 | Short term insurance business 2024 | Short term insurance business 2023 |
|---|---|---|---|---|
| Retention ratio | 96% | 99% | 61% | 63% |
| Incurred claims ratio | - | - | 79% | 66% |
| Net commission ratio | 2% | 3% | 8% | 8% |
| Management expenses ratio | 5% | 6% | 26% | 35% |
| Combined ratio | - | - | 130% | 144% |

KENINDIA

## Dividend

The directors recommend the payment of a dividend of Ksh 75 million which represents Ksh 7.50 per share in respect of the year ended 31st December 2024 (2023: Ksh 75 million representing Ksh 7.50 per share).

## Events After the Reporting Period

The financial statements were prepared based on management estimates and judgement as at the reporting date.

## Directors

The Board of Directors as at 31st December 2024 is shown on page 1.

## Directors' Indemnities

In line with sound governance practices, the Company maintains Directors' and officers' liability insurance, which gives appropriate cover for legal action, brought against its Directors. The Company has also granted indemnities to each of its Directors and the Secretary to the extent permitted by law.

## 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 Director is aware, no relevant audit information of which the Company's auditor is unaware;

b) the Director has taken all the steps that the Director ought to have taken as a director so as to be aware of any relevant audit information and to establish the Company's auditor is aware of that information.

## Independent Auditor

Grant Thornton continues in office in accordance with section 719 of the Kenyan Companies Act, 2015 and have expressed their willingness to continue in office.

## Approval of Annual Report and Financial Statements

The Report of the Directors was approved by the Board of Directors on 31st March 2025 and signed on its behalf by the Secretary.

By order of the board

**For Adili Corporate Services Kenya LLP**
**Company Secretaries**

# Statement of Directors Responsibilities

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 the group and company as at the end of the financial year and of its profit or loss and other comrehensive income for that year. It also requires the directors to ensure that the group and 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 International Financial Reporting Standards 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 group and company's 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 the group and company's 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 31 March 2025 and signed on its behalf by:

| | | |
|---|---|---|
| **DR. M. P. CHANDARIA** | **DR. PATRICIA KING'ORI** | **MR. YOGESH MESHRAM** |
| Director | Director | Managing Director / Principal Officer |

# Report of the Consulting Actuary

I have conducted an actuarial valuation of the life assurance business and an actuarial valuation of the general insurance business of Kenindia Assurance Company Limited as at 31 December 2024.

The valuation was conducted in accordance with generally accepted actuarial principles and in accordance with the requirements of the Kenyan Insurance Act.

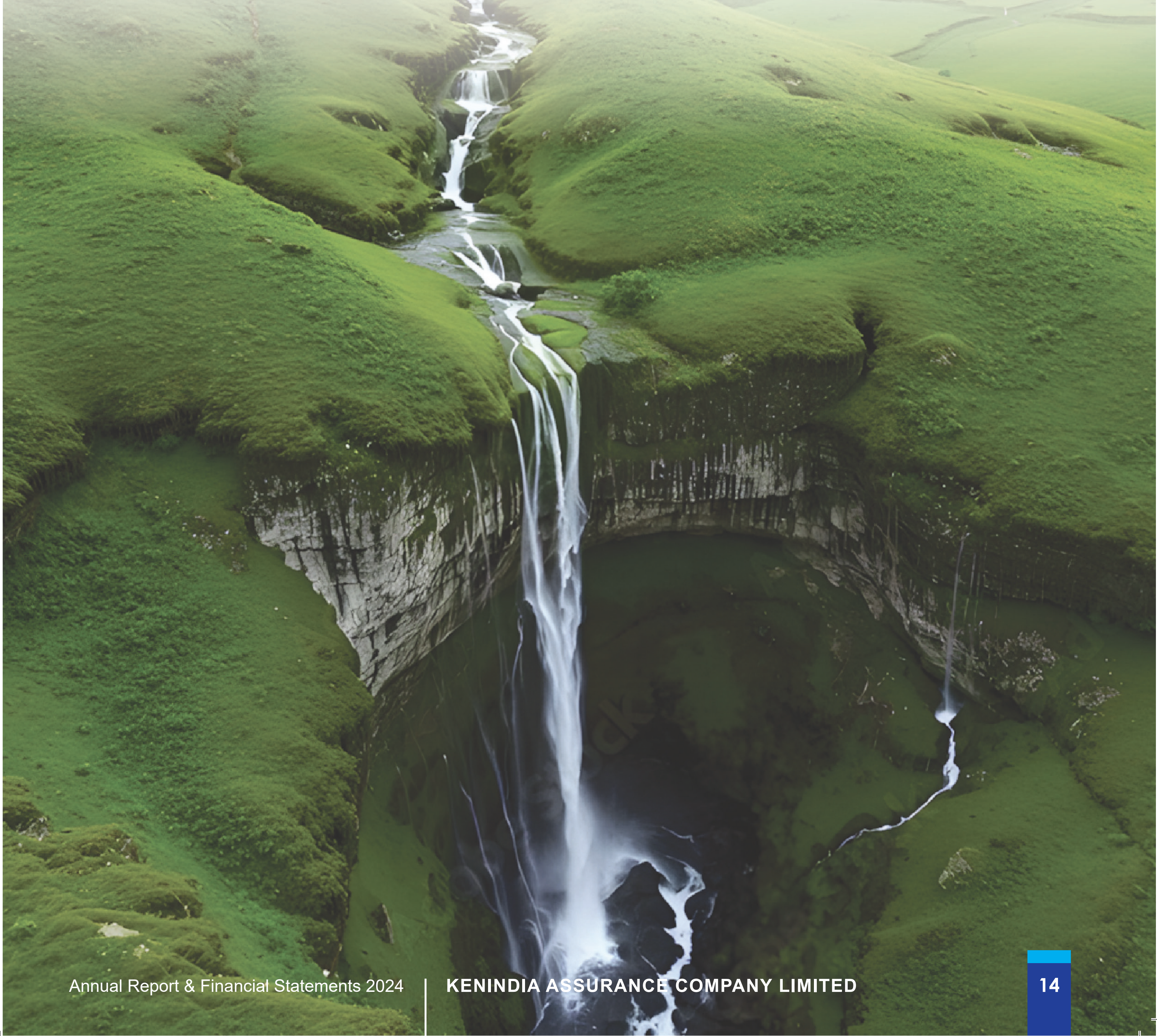
In completing the actuarial valuation, I have relied upon the financial statements of the Company and data and information provided by the Company.

*Gauri Shah*

Gauri Shah<br>
Fellow of the Actuarial Society of Kenya<br>
Fellow of the Institute & Faculty of Actuaries

31 March 2025

*Kenindia flows perennially like River Nile nourishing millions of people for 47 years....& forever.*



GrantThornton

## INDEPENDENT AUDITOR'S REPORT
## TO THE MEMBERS OF KENINDIA ASSURANCE COMPANY LIMITED

### Opinion

We have audited the accompanying financial statements of Kenindia Assurance Company Limited (the "company") and its subsidiaries (together, the group), set out on pages 21 to 148, which comprises the consolidated and company statement of financial position as at 31st December 2024, statements of comprehensive income, statements of changes in equity, statements of cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. we have determined the matters described below to be the key audit matters to be communicated in our report.

| **Valuation of Insurance contract liabilities** | |
|---|---|
| We considered insurance contract liabilities as a key audit matter due to the significant judgment and estimation uncertainty involved in their determination. The key areas of judgment include:<br><br>• Estimation of the liability for incurred claims requires significant judgment due to the inherent uncertainty in predicting expected future outflows for claims incurred. These liabilities are adjusted for the time value of money based on historical settlement patterns, requiring assumptions about future settlement trends and discount rates.<br>• Determination of the risk adjustment for non-financial risk involves complex judgment in estimating the confidence level and assessing the assumption that future claim developments will follow historical patterns. This adjustment represents the compensation for bearing uncertainty in the timing and amount of insured risks.<br>• Calculation of the liability for remaining coverage requires estimating expected future cash flows, valuing the contractual service margin (CSM), and determining coverage units used to allocate the CSM under respective Model. These calculations rely on multiple assumptions and significant judgment.<br>• Onerous contract assessments require estimating fulfillment cash flows related to the remaining coverage period of insurance contracts. The calculation of the loss component involves judgment in forecasting future expected claims and expenses.<br><br>Disclosures on the critical accounting estimates and judgments applied in estimating insurance contract liabilities are set out in notes to the financial statements. | We performed the following procedures to assess the accuracy, completeness, and appropriateness of the insurance contract liabilities:<br><br>• Evaluated and tested controls over claims handling, settlement, and reserving processes.<br>• Reviewed and tested controls around premium recognition and receipting.<br>• Assessed the competence, capabilities, and objectivity of the company's external actuaries, including a review of their terms of engagement to ensure no independence concerns, scope limitations, or conflicts of interest.<br>• Evaluated the consistency of the actuarial approach and methodology to ensure alignment with IFRS, local regulations, and industry norms.<br>• Engaged an auditor's expert to assess the key assumptions and models used in estimating the risk adjustment and discount rate, ensuring their appropriateness in determining the present value of the liability for incurred claims<br>• Reviewed the accuracy of data used in reserve computations by comparing reported values and testing a sample of underlying data inputs to verify reliability and completeness.<br>• Assessed the adequacy of disclosures in the financial statements to ensure they were in compliance with relevant accounting standards. |

| | |
|---|---|
| involves judgment in forecasting future expected claims and expenses.<br><br>Disclosures on the critical accounting estimates and judgments applied in estimating insurance contract liabilities are set out in notes to the financial statements. | financial statements to ensure they were in compliance with relevant accounting standards. |
| **Valuation of investment property** | |
| Valuation of investment property is judgmental and involves the use of assumptions that have a high estimation uncertainty.<br><br>We considered this as a key audit matter owing to the significance of investment property on group and company financial statements. | Our audit procedures in this area included:<br>• Assessing the competencies and objectivity as well as verifying the qualifications of the independent external expert engaged by management;<br>• We reviewed the assumptions and methodologies applied by the expert in determining the fair value of investment property. |
| **Valuation of unquoted equity investments** | |
| The Group holds significant unquoted investments comprising investments in unlisted shares measured at fair value through other comprehensive income.<br><br>The group estimates the fair value of these investments which involves significant judgement and assumptions that have a high estimation uncertainty.<br><br>We considered this as a key audit matter owing to the significance of these investments on group and company financial statements | Our audit procedures in this area included:<br>• We assessed management's processes and controls for determination of the fair values of investments;<br>• We tested the accuracy of the computations; and<br>• We evaluated the adequacy and appropriateness of disclosures in the financial statements. |
| **Allowance for expected credit losses** | |
| The Group applies the IFRS 9 impairment approach in the determination of expected credit losses.<br><br>This was a key audit matter because significant judgement was involved in determining the credit losses on insurance and re-insurance receivables, loans, and deposits with financial institutions among other financial assets.<br><br>Key areas of judgement included:<br>• the interpretation of the requirements to determine impairment under the application of IFRS 9, which is reflected in the group's credit loss model;<br>• identification of exposures with a significant deterioration in credit quality;<br>• assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward-looking macroeconomic factors; and<br>• the need to apply additional overlays to reflect current or future external factors that are not appropriately captured by the expected credit loss model. | Our audit procedures in this area included:<br>• We assessed and tested the design and operating effectiveness of controls over the data used to determine impairment losses on financial assets measured at amortised cost;<br>• We assessed the modelling techniques/ methodology used against the requirements of IFRS 9 Financial Instruments; and<br>• We have assessed the reasonableness of modelling assumptions used in determining the expected credit losses.<br><br>We have reviewed the adequacy of IFRS 9 disclosures in the financial statements. |

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report as required by the Kenyan Companies Act, 2015, which we obtained before the date of this report. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors and Those Charged with Governance for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the company'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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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 our 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

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

- Conclude on the appropriateness of the directors' 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the directors with a statement that we 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 our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Company's financial statements of the current period and are therefore the key audit matters. We describe these matters in out auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would

In our opinion, the information given in the report of the directors on page 2-3 is consistent with the Annual Financial Statements.

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Elizabeth Muhindi, Practicing Certificate No. 2123.

Grant Thornton LLP
Certified Public Accountants

**For and on behalf of**
**Grant Thornton LLP**
**Certified Public Accountants**
**(Kenya) Nairobi**
31st March, 2025
**K/586/1224/AUD**

KENINDIA

# Financial Highlights

For The Year Ended 31 December 2024

| | 2024 KShs '000 | 2023 KShs '000 |
|---|---|---|
| **GROUP** | | |
| **INSURANCE REVENUE** | | |
| (I) SHORT TERM BUSINESS | 3,359,321 | 2,806,653 |
| (II) LONG TERM BUSINESS | 2,026,215 | 1,923,371 |
| **TOTAL** | **5,385,536** | **4,730,024** |
| **INVESTMENT INCOME** | | |
| (I) SHORT TERM BUSINESS | 659,261 | 704,548 |
| (II) LONG TERM BUSINESS | 10,963,443 | 8,723,689 |
| **TOTAL** | **11,622,704** | **9,428,237** |
| PROFIT BEFORE TAX | 1,057,368 | 837,630 |
| PROFIT AFTER TAX | 1,318,836 | 927,115 |
| NON CONTROLLING INTEREST | 18,502 | 52,616 |
| PROFIT ATTRIBUTABLE TO SHAREHOLDERS | 1,300,334 | 874,499 |
| SHARE CAPITAL | 1,000,000 | 1,000,000 |
| SHAREHOLDERS' FUND | 7,729,965 | 7,014,507 |
| **INSURANCE CONTRACT LIABILITIES** | | |
| (I) SHORT TERM BUSINESS | 6,885,920 | 7,301,574 |
| (II) LONG TERM BUSINESS | 86,799,114 | 73,130,561 |
| **TOTAL** | **93,685,034** | **80,432,135** |
| **TOTAL ASSETS** | **105,101,450** | **90,993,461** |
| **COMPANY** | | |
| **INSURANCE REVENUE** | | |
| (I) SHORT TERM BUSINESS | 2,179,469 | 1,786,270 |
| (II) LONG TERM BUSINESS | 2,026,215 | 1,923,371 |
| **TOTAL** | **4,205,684** | **3,709,641** |
| **INVESTMENT INCOME** | | |
| (I) SHORT TERM BUSINESS | 606,182 | 553,545 |
| (II) LONG TERM BUSINESS | 10,963,443 | 8,723,689 |
| **TOTAL** | **11,569,625** | **9,277,234** |
| PROFIT BEFORE TAX | 1,010,572 | 622,156 |
| PROFIT AFTER TAX | 1,249,372 | 778,290 |
| SHARE CAPITAL | 1,000,000 | 1,000,000 |
| SHAREHOLDERS' FUND | 7,422,064 | 6,694,453 |
| **INSURANCE CONTRACT LIABILITIES** | | |
| (I) SHORT TERM BUSINESS | 6,169,771 | 6,002,163 |
| (II) LONG TERM BUSINESS | 86,799,114 | 73,130,561 |
| **TOTAL** | **92,968,885** | **79,132,724** |
| **TOTAL ASSETS** | **103,770,175** | **88,851,699** |

# Glossary of Abbreviations

KENINDIA

| | |
|---|---|
| **ARC** | Asset for Remaining Coverage |
| **CAR** | Capital Adequacy Ratio |
| **CSM** | Contractual Service Margin |
| **DPF** | Discretionary Participation Features |
| **FVTOCI** | Fair Value Through Other Comprehensive Income |
| **FVTPL** | Fair Value Through Profit or Loss |
| **IAS 1** | IAS 1 Presentation of Financial Statements |
| **IFRS** | International Financial Reporting Standards |
| **IFRS 7** | IFRS 7 Financial Instruments: Disclosures |
| **IFRS 9** | IFRS 9 Financial Instruments |
| **IFRS 13** | IFRS 13 Fair Value Measurement |
| **IFRS 17** | IFRS 17 Insurance Contracts |
| **LIC** | Liability for Incurred Claims |
| **LRC** | Liability for Remaining Coverage |
| **OCI** | Other Comprehensive Income |
| **PAA** | Premium Allocation Approach |
| **PV** | Present Value |
| **PVFCF** | Present Value of Future Cash Flows |
| **RA** | Risk Adjustment |

KENINDIA

# Consolidated Statement of Profit or Loss

For The Year Ended 31 December 2024

| | Note | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | Total 2024 Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | Total 2023 Ksh'000 |
|---|---|---|---|---|---|---|---|
| Insurance revenue | 10 | 2,026,215 | 3,359,321 | 5,385,535 | 1,923,371 | 2,806,653 | 4,730,023 |
| Insurance service expenses | 11 | (2,374,889) | (2,528,164) | (4,903,053) | (2,296,414) | (3,072,992) | (5,369,405) |
| **Insurance service result from insurance contracts issued** | | **(348,674)** | **831,157** | **482,483** | **(373,043)** | **(266,339)** | **(639,381)** |
| Insurance service income for reinsurance contracts held | 12 | 8,483 | 487,134 | 495,617 | 48,435 | 511,954 | 560,389 |
| Insurance expenses for reinsurance contracts held | 12 | (66,092) | (1,644,265) | (1,710,357) | (37,654) | (784,373) | (822,027) |
| **Net (expense) / income from reinsurance contracts held** | | **(57,609)** | **(1,157,131)** | **(1,214,740)** | **10,781** | **(272,419)** | **(261,638)** |
| **Insurance service result** | | **(406,283)** | **(325,975)** | **(732,257)** | **(362,262)** | **(538,758)** | **(901,019)** |
| Investment, fees and commission income | 18a | 10,963,443 | 659,261 | 11,622,704 | 8,723,689 | 704,548 | 9,428,237 |
| **Insurance finance expense:** | | | | | | | |
| Finance (expenses) / income from insurance contracts issued | 13 | (9,608,373) | (450,771) | (10,059,144) | (7,556,645) | 62,562 | (7,494,083) |
| Financeincome / (expenses) from reinsurance contracts held | 13 | - | 289,763 | 289,763 | (4,004) | (25,324) | (29,328) |
| **Net insurance income / (finance) expense** | | **(9,608,373)** | **(161,008)** | **(9,769,381)** | **(7,560,649)** | **37,238** | **(7,523,411)** |
| **Net insurance and investment result** | | **948,787** | **172,279** | **1,121,066** | **800,778** | **203,028** | **1,003,808** |
| Other income | 18c | - | 10,171 | 10,171 | - | 35,900 | 35,900 |
| Other expenses | 19 | - | (73,869) | (73,869) | (66,224) | (135,854) | (202,078) |
| **Profit before tax for the year** | | **948,787** | **108,581** | **1,057,368** | **734,554** | **103,074** | **837,630** |
| Taxation / credit | 20 | | 261,469 | 261,469 | - | 89,485 | 89,485 |
| **Profit for the year** | | **948,787** | **370,049** | **1,318,836** | **734,554** | **192,559** | **927,115** |
| **Other comprehensive income** | | | | | | | |
| Items that may be reclassified to reclassified to profit or loss in subsequent periods: | | | | | | | |
| - Government securities | 34b | - | 26,573 | 26,573 | - | (45,708) | (45,708) |
| - Unquoted shares | 30 | (328) | (141,339) | (141,667) | 339 | 99,097 | 99,436 |
| | | (328) | (114,767) | (115,095) | 339 | 53,389 | 53,728 |
| Deferred tax | | - | 640 | 640 | - | (29,729) | (29,729) |
| **Net of Tax** | | **(328)** | **(114,127)** | **(114,455)** | **339** | **23,660** | **23,999** |
| Items that will not be reclassified to reclassified to profit or loss in subsequent periods: | | | | | | | |
| - Revaluation of buildings | | | 1,300 | 1,300 | - | 21,694 | 21,694 |
| Deferred tax on revaluation | | | - | - | - | (6,508) | (6,508) |
| | | **-** | **1,300** | **1,300** | **-** | **15,186** | **15,186** |
| Foreign currency translation reserve | | | (18,614) | (18,614) | - | 18,241 | 18,241 |
| **Net other comprehensive income** | | **(328)** | **(131,441)** | **(131,769)** | **339** | **57,087** | **57,426** |
| **Total comprehensive income for the year** | | **948,459** | **238,609** | **1,187,068** | **734,893** | **249,646** | **984,541** |
| **Profit for the year Attributable to:** | | | | | | | |
| Equity holders of parent | | 948,787 | 351,547 | 1,300,334 | 734,555 | 139,944 | 874,499 |
| Non-controlling interest | | - | 18,502 | 18,502 | - | 52,616 | 52,616 |
| | | **948,787** | **370,049** | **1,318,836** | **734,555** | **192,560** | **927,115** |
| **Basic earnings per share (Ksh)** | 21c | **-** | **-** | **130.03** | **-** | **-** | **83.23** |
| **Diluted earnings per share (Ksh)** | 21c | **-** | **-** | **130.03** | **-** | **-** | **83.23** |

# Company Statement of Profit or Loss

For The Year Ended 31 December 2024

KENINDIA

| | Note | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | Total 2024 Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | Total 2023 Ksh'000 |
|---|---|---|---|---|---|---|---|
| Insurance revenue | 10 | 2,026,215 | 2,179,469 | 4,205,684 | 1,923,371 | 1,786,270 | 3,709,641 |
| Insurance service expenses | 11 | (2,374,889) | (1,881,076) | (4,255,965) | (2,296,414) | (2,509,491) | (4,805,905) |
| **Insurance service result from insurance contracts issued** | | **(348,674)** | **298,393** | **(50,281)** | **(373,043)** | **(723,221)** | **(1,096,264)** |
| Insurance service income for reinsurance contracts held | 12 | 8,483 | 218,624 | 227,107 | 48,435 | 511,954 | 560,389 |
| Insurance expenses for reinsurance contracts held | 12 | (66,092) | (846,693) | (912,785) | (37,654) | (387,905) | (425,559) |
| **Net (expense) / income from reinsurance contracts held** | | **(57,609)** | **(628,069)** | **(685,677)** | **10,781** | **124,049** | **134,830** |
| **Insurance service result** | | **(406,283)** | **(329,676)** | **(735,959)** | **(362,262)** | **(599,172)** | **(961,434)** |
| Investment, fees and commission income | 18b | 10,963,443 | 606,182 | 11,569,625 | 8,723,689 | 553,545 | 9,277,234 |
| **Insurance finance expense:** Finance (expenses) / income from insurance contracts issued | 13 | (9,608,373) | (480,937) | (10,089,310) | (7,556,645) | 62,562 | (7,494,083) |
| Financeincome / (expenses) from reinsur-ance contracts held | 13 | - | 314,074 | 314,074 | - | (25,324) | (25,324) |
| **Net insurance (expense) / income** | | **(9,608,373)** | **(166,863)** | **(9,775,236)** | **(7,556,645)** | **37,238** | **(7,519,407)** |
| **Net insurance and investment result** | | **948,787** | **109,643** | **1,058,430** | **804,782** | **(8,389)** | **796,393** |
| Other income | 18c | - | 6,379 | 6,379 | - | 5,026 | 5,026 |
| Other expenses | 19 | - | (54,237) | (54,237) | (70,228) | (109,035) | (179,263) |
| **Profit before tax for the year** | | **948,787** | **61,785** | **1,010,572** | **734,554** | **(112,398)** | **622,156** |
| Taxation (expense) / credit | 20 | - | 238,800 | 238,800 | - | 156,134 | 156,134 |
| **Profit for the year** | | **948,787** | **300,585** | **1,249,372** | **734,554** | **43,736** | **778,290** |
| **Other comprehensive income** | | | | | | | |
| Items that may be reclassified to reclassified to profit or loss in subsequent periods: | | | | | | | |
| - Government securities | 34b | - | 27,224 | 27,224 | - | (45,708) | (45,708) |
| -Unquoted shares | 30 | (328) | (139,256) | (139,584) | 339 | 99,097 | 99,436 |
| | | (328) | (112,032) | (112,360) | 339 | 53,389 | 53,728 |
| Deferred tax | | | | - | - | (29,729) | (29,729) |
| **Net of Tax** | | **(328)** | **(112,032)** | **(112,360)** | **339** | **23,660** | **23,999** |
| Items that will not be reclassified to reclassified to profit or loss in subsequent periods: | | | | | | | |
| - Revaluation of buildings | | - | 1,300 | 1,300 | - | 21,694 | 21,694 |
| Deferred tax on revaluation | | - | - | - | - | (6,508) | (6,508) |
| | | - | 1,300 | 1,300 | - | 15,186 | 15,186 |
| **Net other comprehensive income** | | **(328)** | **(110,732)** | **(111,060)** | **339** | **38,846** | **39,185** |
| **Total comprehensive income for the year** | | **948,459** | **189,853** | **1,138,312** | **734,893** | **82,582** | **817,475** |
| **Basic earnings per share (Ksh)** | 21c | **-** | **-** | **113.82** | **-** | **-** | **81.75** |
| **Diluted earnings per share (Ksh)** | 21c | **-** | **-** | **113.82** | **-** | **-** | **81.75** |

# Consolidated Statement of Financial Position

For The Year Ended 31 December 2024

| REPRESENTEDBY: | Note | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| Property and equipment | 25a | 18,772 | 850,207 | 868,980 |
| Intangible assets | 26a | 2,277 | 5,681 | 7,958 |
| Prepaid operating lease rentals | 27a | 854,039 | 6,689 | 860,728 |
| Right-of-use assets | 41c | 18,296 | 17,915 | 36,211 |
| Deferred tax asset | | - | 1,115,875 | 1,115,875 |
| Investment properties | 28a | 2,060,400 | 1,316,300 | 3,376,700 |
| Unquoted equity investments - Designated at Fair Value Through Other Comprehensive Income (FVTOCI) | 30a | 32 | 1,003,444 | 1,003,476 |
| Financial assets at fair value through profit or loss | 31a | 776,730 | 56,522 | 833,251 |
| Loans receivable | 32 | 101,563 | 1,880 | 103,443 |
| Reinsurance contract assets | 14 | 52,734 | 3,197,928 | 3,250,661 |
| Other receivables | 33a | 41,698 | 178,228 | 219,926 |
| Taxation recoverable | 20 | - | 64,014 | 64,014 |
| Government securities: | | | | 0 |
| At amortised cost | 34a | 88,294,194 | 3,333,285 | 91,627,479 |
| At fair value through other comprehensive income | 34c | - | 495,053 | 495,053 |
| Investment in Bonds and debentures | 34d | 6,617 | - | 6,617 |
| Deposits with financial institutions | 37a | 186,979 | 709,589 | 896,568 |
| Bank and cash balances | 37a | 232,682 | 101,828 | 334,509 |
| **Total Assets** | | **92,647,012** | **12,454,438** | **105,101,450** |
| **Equity** | | | | |
| Share capital | 21a | 400,000 | 600,000 | 1,000,000 |
| Share premium | 21b | - | 1,198 | 1,198 |
| Fair value reserve | 22a | (537) | 440,059 | 439,523 |
| Revaluation reserve | 22c | - | 456,053 | 456,053 |
| Retained earnings | 23 | 2,176,267 | 3,490,112 | 5,666,379 |
| Foreign currency translation reserve | 22b | - | 10,725 | 10,725 |
| Other reserves | 22f | 156,086 | - | 156,086 |
| **Equity attributable to share holders of parent** | | **2,731,816** | **4,998,148** | **7,729,965** |
| Statutory reserve | 24 | 1,831,974 | - | 1,831,974 |
| Non-controlling interest | 22e | - | 181,443 | 181,443 |
| **Total Equity** | | **4,563,790** | **5,179,591** | **9,743,381** |
| **Liabilities** | | | | |
| Insurance contract liabilities | 14 | 86,799,114 | 6,885,920 | 93,685,034 |
| Reinsurance contract liabilities | 14 | 31,748 | - | 31,748 |
| Taxation payable | 20 | 40,329 | 23,254 | 63,583 |
| Deferred tax liability | 35 | 785,026 | 63,341 | 848,367 |
| Other payables | 36a | 333,723 | 212,532 | 546,255 |
| Bank overdraft | 37 | 72,224 | 67,850 | 140,074 |
| Lease liability | 41c | 21,059 | 21,950 | 43,009 |
| **Total liabilities** | | **88,083,222** | **7,274,847** | **95,358,069** |
| **Total Equity and Liabilities** | | **92,647,012** | **12,454,438** | **105,101,450** |

The annual report and financial statements were approved and authorised for issue by theBoard of Directors on 31st March 2025 and signed on its behalf by

**Dr. M. P. Chandaria**
**Director**

**Dr. Patricia King'ori**
**Director**

**Mr. Yogesh Meshram**
**Managing Director**

# Consolidated Statement of Financial Position

For The Year Ended 31 December 2023

KENINDIA

| REPRESENTEDBY: | Note | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| Property and equipment | 25a | 21,095 | 860,602 | 881,697 |
| Intangible assets | 26a | 3,252 | 8,260 | 11,512 |
| Prepaid operating lease rentals | 27 | 892,780 | 6,808 | 899,588 |
| Right-of-use assets | 41 | 14,150 | 16,697 | 30,847 |
| Deferred tax asset | 29 | - | 868,668 | 868,668 |
| Investment properties | 28 | 2,057,156 | 1,313,900 | 3,371,056 |
| Unquoted equity investments - Designated at Fair Value | 30 | 359 | 1,166,041 | |
| Through Other Comprehensive Income (FVTOCI) | | | | 1,166,400 |
| Financial assets at fair value through profit or loss | 31 | 330,249 | 34,161 | 364,410 |
| Loans receivable | 32 | 82,402 | 9,065 | 91,467 |
| Reinsurance contract assets | 15 | 90,168 | 3,755,121 | 3,845,289 |
| Other receivables | 33 | 72,656 | 166,594 | 239,250 |
| Taxation recoverable | 20 | - | 75,933 | 75,933 |
| Government securities: | | | | |
| At amortised cost | 34a | 73,418,343 | 3,421,740 | 76,840,083 |
| At fair value through other comprehensive income | 34b | - | 430,890 | 430,890 |
| Deposits with financial institutions | 37a | 909,091 | 609,675 | 1,518,766 |
| Bank and cash balances | 37a | 212,496 | 145,109 | 357,605 |
| **Total Assets** | | **78,104,197** | **12,889,264** | **90,993,461** |
| **Equity** | | | | |
| Share capital | 21 | 400,000 | 600,000 | 1,000,000 |
| Share premium | 21 | - | 1,198 | 1,198 |
| Fair value reserve | 22a | - | 552,206 | 552,206 |
| Revaluation reserve | 22c | - | 454,753 | 454,753 |
| Retained earnings | 23 | 1,794,167 | 3,182,844 | 4,977,011 |
| Foreign currency translation reserve | 22b | - | 29,339 | 29,339 |
| **Equity attributable to shareholders of parent** | | **2,194,167** | **4,820,340** | **7,014,507** |
| Statutory reserve | 24 | 1,631,184 | - | 1,631,184 |
| Non-controlling interest | 22 | - | 161,477 | 161,477 |
| **Total Equity** | | **3,825,351** | **4,981,817** | **8,807,168** |
| **Liabilities** | | | | |
| Insurance contract liabilities | 14 | 73,130,561 | 7,301,574 | 80,432,135 |
| Reinsurance contract liabilities | 14 | 23,063 | - | 23,063 |
| Taxation payable | 20 | 91,657 | 17,170 | 108,827 |
| Deferred tax liability | 35 | 699,079 | 115,590 | 814,669 |
| Other payables | 36 | 318,389 | 371,270 | 689,659 |
| Bank overdraft | 37 | - | 81,631 | 81,631 |
| Lease liability | 41 | 16,096 | 20,212 | 36,308 |
| **Total liabilities** | | **74,278,844** | **7,907,446** | **82,186,291** |
| **Total Equity and Liabilities** | | **78,104,197** | **12,889,264** | **90,993,461** |

The annual report and financial statements were approved and authorised for issue by theBoard of Directors on 31st March 2025 and signed on its behalf by

**Dr. M. P. Chandaria**
**Director**

**Dr. Patricia King'ori**
**Director**

**Mr. Yogesh Meshram**
**Managing Director**

KENINDIA

# Company Statement of Financial Position

For The Year Ended 31 December 2024

| | Note | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| Property and equipment | 25b | 18,772 | 841,747 | 860,519 |
| Intangible assets | 26b | 2,277 | 5,120 | 7,397 |
| Prepaid operating lease rentals | 27b | 854,039 | 6,572 | 860,611 |
| Right-of-use assets | 41d | 18,296 | 17,915 | 36,211 |
| Deferred tax asset | 35 | - | 1,115,306 | 1,115,306 |
| Investment properties | 28b | 2,060,400 | 1,294,600 | 3,355,000 |
| Investment in subsidiaries | 29 | - | 105,611 | 105,611 |
| Unquoted equity investments - Designated at Fair Value Through Other Comprehensive Income (FVTOCI) | 30b | 32 | 831,737 | 831,769 |
| Financial assets at fair value through profit and loss | 31b | 776,730 | 45,820 | 822,550 |
| Loans receivable | 32 | 101,563 | 1,637 | 103,201 |
| Reinsurance contract assets | 14 | 52,734 | 2,538,987 | 2,591,721 |
| Other receivables | 33b | 41,698 | 149,948 | 191,646 |
| Taxation recoverable | 20 | - | 40,892 | 40,892 |
| Government securities: | | | | - |
| At amortised cost | 34b | 88,294,194 | 3,271,518 | 91,565,712 |
| At fair value through other comprehensive income | 34c | - | 480,992 | 480,992 |
| Investment in Bonds and debentures | 34d | 6,617 | - | 6,617 |
| Deposits with financial institutions | 37b | 186,979 | 347,676 | 534,655 |
| Bank and cash balances | 37b | 232,682 | 27,085 | 259,766 |
| **Total Assets** | | **92,647,012** | **11,123,163** | **103,770,175** |
| | | | | |
| **Equity** | | | | |
| Share capital | 21a | 400,000 | 600,000 | 1,000,000 |
| Share premium | 21b | - | 1,198 | 1,198 |
| Fair value reserve | 22a | (537) | 441,590 | 441,053 |
| Revaluation reserve | 22c | - | 456,053 | 456,053 |
| Retained earnings | 23 | 2,176,267 | 3,191,407 | 5,367,674 |
| Other reserves | 22f | 156,086 | - | 156,086 |
| **Total ordinary shareholders' equity** | | **2,731,816** | **4,690,248** | **7,422,064** |
| Statutory reserve | 24 | 1,831,974 | - | 1,831,974 |
| | | | | |
| **Total equity** | | **4,563,790** | **4,690,248** | **9,254,038** |
| | | | | |
| **Liabilities** | | | | |
| Insurance contract liabilities | 14 | 86,799,114 | 6,169,771 | 92,968,885 |
| Reinsurance contract liabilities | 14 | 31,748 | - | 31,748 |
| Taxation payable | 20 | 40,329 | - | 40,329 |
| Deferred tax liability | 35 | 785,026 | 54,307 | 839,333 |
| Other payables | 36b | 333,723 | 139,805 | 473,527 |
| Bank overdraft | 37b | 72,224 | 47,083 | 119,307 |
| Lease liability | 41d | 21,059 | 21,950 | 43,009 |
| **Total Liabilities** | | **88,083,222** | **6,432,915** | **94,516,137** |
| **Total Equity and Liabilities** | | **92,647,012** | **11,123,163** | **103,770,175** |

The annual report and financial statements were approved and authorised for issue by theBoard of Directors on 31st March 2025 and signed on its behalf by

**Dr. M. P. Chandaria**
**Director**

**Dr. Patricia King'ori**
**Director**

**Mr. Yogesh Meshram**
**Managing Director**

# Company Statement of Financial Position

For The Year Ended 31 December 2023

KENINDIA

| | Note | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| Property and equipment | 25b | 21,095 | 847,256 | 868,351 |
| Intangible assets | 26b | 3,252 | 7,315 | 10,567 |
| Prepaid operating lease rentals | 27 | 892,780 | 6,688 | 899,468 |
| Right-of-use assets | 41 | 14,150 | 16,697 | 30,847 |
| Deferred tax asset | 35 | - | 868,097 | 868,097 |
| Investment properties | 28 | 2,057,156 | 1,292,400 | 3,349,556 |
| Investment in subsidiaries | 29 | - | 105,612 | 105,612 |
| Unquoted equity investments - Designated at Fair Value Through Other Comprehensive Income (FVTOCI) | 30 | 359 | 964,671 | 965,030 |
| Financial assets at fair value through profit and loss | 31 | 330,249 | 25,474 | 355,723 |
| Loans receivable | 32 | 82,402 | 3,569 | 85,971 |
| Reinsurance contract assets | 14 | 90,168 | 2,561,697 | 2,651,865 |
| Other receivables | 33 | 72,656 | 149,120 | 221,776 |
| Taxation recoverable | 20 | - | 51,098 | 51,098 |
| Government securities: | | | | |
| At amortised cost | 34a | 73,418,343 | 3,333,159 | 76,751,502 |
| At fair value through other comprehensive income | 34b | - | 430,890 | 430,890 |
| - | - | - | | |
| Deposits with financial institutions | 37 | 909,091 | 65,358 | 974,449 |
| Bank and cash balances | 37b | 212,496 | 18,399 | 230,895 |
| **Total Assets** | | **78,104,199** | **10,747,500** | **88,851,699** |
| | | | | |
| **Equity** | | | | |
| Share capital | 21 | 400,000 | 600,000 | 1,000,000 |
| Share premium | 21 | - | 1,198 | 1,198 |
| Fair value reserve | 22a | (109) | 553,622 | 553,513 |
| Revaluation reserve | 22c | - | 454,753 | 454,753 |
| Retained earnings | 23 | 1,794,167 | 2,890,822 | 4,684,989 |
| **Total ordinary shareholders' equity** | | **2,194,058** | **4,500,395** | **6,694,453** |
| Statutory reserve | 24 | 1,631,184 | - | 1,631,184 |
| | | | | |
| **Total equity** | | **3,825,242** | **4,500,395** | **8,325,637** |
| | | | | |
| Liabilities | | | | |
| Insurance contract liabilities | 14 | 73,130,561 | 6,002,163 | 79,132,724 |
| Reinsurance contract liabilities | 14 | 23,063 | - | 23,063 |
| Taxation payable | 20 | 91,657 | - | 91,657 |
| Deferred tax liability | 35 | 699,081 | 52,307 | 751,388 |
| Other payables | 36 | 318,498 | 129,500 | 447,998 |
| Bank overdraft | 37 | - | 42,924 | 42,924 |
| Lease liability | 41 | 16,096 | 20,212 | 36,308 |
| **Total Liabilities** | | **74,278,956** | **6,247,106** | **80,526,062** |
| | | | | |
| **Total Equity and Liabilities** | | **78,104,199** | **10,747,500** | **88,851,699** |

The annual report and financial statements were approved and authorised for issue by theBoard of Directors on 31st March 2025 and signed on its behalf by

**Dr. M. P. Chandaria**
**Director**

**Dr. Patricia King'ori**
**Director**

**Mr. Yogesh Meshram**
**Managing Director**

# Consolidated Statement of Changes in Equity

For The Year Ended 31 December 2024

KENINDIA

| | Share capital (Note 21) Ksh'000 | Share premium (Note21) Ksh'000 | Fair value reserve (Note 22a) Ksh'000 | Revaluation reserve (Note 22) Ksh'000 | Retained earnings (Note 23) Ksh'000 | Foreign currency translation reserve (Note 23) Ksh'000 | Non-controlling interest Ksh'000 | Total ordinary shareholders' equity Ksh'000 | Retained earnings Life Business (Note 23) Ksh'000 | Fair value reserve (Note 2b) Ksh'000 | Statutory reserve (Note24) Ksh'000 | Other reserves (Note24) Ksh'000 | Total equity and reserves Ksh'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 January 2024** | **1,000,000** | **1,198** | **554,185** | **454,753** | **3,182,844** | **29,339** | **161,477** | **5,383,796** | **1,794,167** | **(109)** | **1,631,184** | **-** | **8,809,038** |
| - Short term business | - | - | - | - | 370,049 | - | 18,501 | 388,550 | - | - | - | - | **388,550** |
| - Long term business | - | - | - | - | - | - | - | | - | - | 948,787 | - | **948,787** |
| Other comprehensive income | - | - | (114,126) | 1,300 | - | (18,614) | 1,465 | (129,975) | - | (428) | - | - | **(130,403)** |
| **Total comprehensive income** | - | - | (114,126) | **1,300** | **370,049** | (18,614) | **19,966** | **258,575** | - | (428) | **948,787** | - | **1,206,934** |
| Transfer of excess depreciation | - | - | - | - | - | - | - | - | - | - | - | - | **-** |
| Reclassification to / from insurance liabilities | - | - | - | - | (62,781) | - | - | **(62,781)** | - | - | 690,136 | - | **627,354** |
| Transactions with owners: | | | | | | | | | | | | | **-** |
| Dividends paid for 2023 | - | - | - | - | - | - | - | - | (75,000) | - | - | - | **(75,000)** |
| Transfers, net of tax | - | - | - | - | - | - | - | - | 653,000 | - | (653,000) | - | **-** |
| Tax charged on transfer from re-serves | - | - | - | - | - | - | - | - | (195,900) | - | - | - | **(195,900)** |
| Deferred tax liability on the stat-utory reserves | - | - | - | - | - | - | - | - | - | - | (785,132) | - | **(785,131)** |
| Unallocated share capital | - | - | - | - | - | - | - | - | - | - | - | 156,086 | **156,086** |
| **At 31 December 2024** | **1,000,000** | **1,198** | **440,059** | **456,053** | **3,490,112** | **10,725** | **181,443** | **5,579,590** | **2,176,267** | **(537)** | **1,831,975** | **156,086** | **9,743,381** |

# Consolidated Statement of Changes in Equity

For The Year Ended 31 December 2023

KENINDIA

| | Share capital (Note 21) Ksh'000 | Share premium (Note21) Ksh'000 | Fair value reserve (Note 22a) Ksh'000 | Revaluation reserve (Note22) Ksh'000 | Retained earnings (Note23) Ksh'000 | Foreign currency Translation reserve (Note23) Ksh'000 | Non-controlling interest Ksh'000 | Total ordinary shareholders' equity Ksh'000 | Fair value reserve Life Business (Note 22a) Ksh'000 | Retained earnings Life Business (Note23) Ksh'000 | Statutory reserve (Note24) Ksh'000 | Total equity reserves Ksh'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Restated balance as at 1 January 2023** | **1,000,000** | **1,198** | **528,546** | **459,207** | **2,934,661** | **11,098** | **108,658** | **5,043,368** | **(448)** | **1,387,067** | **1,541,039** | **7,971,026** |
| Profit for the year | | | | | | | | | | | | |
| -Short term business | - | - | - | - | 139,944 | - | 52,616 | **192,560** | - | - | - | 192,560 |
| - Long term business | - | - | | - | - | - | - | - | - | - | 734,555 | 734,555 |
| Other comprehensive income | - | - | 23,660 | 15,186 | - | 18,241 | - | 57,087 | 339 | - | - | 57,426 |
| **Total comprehensive income** | **-** | **-** | **23,660** | **15,186** | **139,944** | **18,241** | **52,616** | **249,647** | **339** | **0** | **734,555** | **984,541** |
| Transfer of excess depreciation | - | - | | (19,640) | 19,640 | - | - | - | - | - | - | - |
| Reclassification to/from insurance liabilities | - | - | - | - | 88,599 | - | - | 88,599 | - | | 707,669 | 796,268 |
| Transactions with owners: | | | | | | | | | | | | |
| Dividends paid for 2022 | - | - | - | - | - | - | - | - | - | (50,000) | | (50,000) |
| Transfers, net of tax | - | - | - | - | - | - | - | - | - | 653,000 | (653,000) | - |
| Tax charged on transfer from reserves | - | - | - | - | - | - | - | - | - | (195,900) | - | (195,900) |
| Deferred tax liability on the statutory reserves | - | - | - | - | - | - | - | - | - | - | (699,079) | (699,079) |
| **At 31 December 2023** | **1,000,000** | **1,198** | **552,206** | **454,753** | **3,182,844** | **29,339** | **161,274** | **5,381,614** | **(109)** | **1,794,167** | **1,631,184** | **8,806,856** |

# Company Statement of Changes in Equity

For The Year Ended 31 December 2024

KENINDIA

| | Share capital | Share premium | Fair value reserve | Revaluation reserve | Retained earnings | Total ordinary shareholders' equity | Fairvalue reserve | Retained earnings | Statutory reserve | Other reserves | Total equity and reserves |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | (Note 21) | (Note 21) | (Note 22b) | (Note 22) | (Note 23) | | (Note 22b) | (Note 23) | (Note 24) | (Note 24) | |
| | Ksh'000 | Ksh'000 | Ksh'000 | Ksh'000 | Ksh'000 | Ksh'000 | Ksh'000 | Ksh'000 | Ksh'000 | Ksh'000 | Ksh'000 |
| **Balance as at 1January 2024** | **1,000,000** | **1,198** | **553,622** | **454,753** | **2,890,822** | **4,900,395** | **(109)** | **1,794,167** | **1,631,184** | **-** | **8,325,637** |
| Profit for the year | | | | | | | | | | | |
| - Short term business | - | - | - | - | 300,585 | 300,585 | - | - | - | - | **300,585** |
| - Long term business | - | - | - | - | - | - | - | - | 948,787 | - | **948,787** |
| Other comprehensive income | - | - | (112,032) | 1,300 | - | (110,732) | (428) | - | - | - | **(111,160)** |
| **Total comprehensive income** | **-** | **-** | **(112,032)** | **1,300** | **300,585** | **189,853** | **(428)** | **-** | **948,787** | | **1,138,212** |
| Transfer of excess depreciation | - | - | - | - | - | - | - | - | - | - | **-** |
| Reclassification to/from insurance liabilities | - | - | - | - | - | - | - | - | **690,136** | - | **690,134** |
| Transactions with owners: | - | - | - | - | - | - | - | | - | - | **-** |
| Dividends paid for 2023 | | | | | | | | **(75,000)** | | | **(75,000)** |
| Transfers,net of tax | - | - | - | - | - | - | - | **653,000** | **(653,000)** | - | **-** |
| Tax charged on transfer from reserves | - | - | - | - | - | - | - | **(195,900)** | - | - | **(195,900)** |
| Deferred tax liability on the statutory reserves | - | - | - | - | - | - | - | - | **(785,132)** | - | **(785,132)** |
| Unallocated share capital | - | - | - | - | - | - | - | - | - | 156,086 | **156,086** |
| **At 31 December 2024** | **1,000,000** | **1,198** | **441,590** | **456,053** | **3,191,407** | **5,090,248** | **(537)** | **2,176,267** | **1,831,975** | **156,086** | **9,254,037** |

# Company Statement of Changes in Equity

For The Year Ended 31 December 2023

KENINDIA

| | Share capital (Note 21) Ksh'000 | Share premium (Note 21) Ksh'000 | Fair value reserve (Note 22b) Ksh'000 | Revaluation reserve (Note 22) Ksh'000 | Retained earnings (Note 23) Ksh'000 | Total ordinary shareholders' equity Ksh'000 | Fair value reserve (Note 22b) Ksh'000 | Retained earnings (Note 23) Ksh'000 | Statutory reserve (Note 24) Ksh'000 | Total equity and reserves Ksh'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Restated balance as at 1January 2023** | **1,000,000** | **1,198** | **529,962** | **459,207** | **2,796,745** | **4,787,112** | **(448)** | **1,387,067** | **1,541,039** | **7,714,770** |
| Profit for the year | | | | | | | | | | |
| - Short term business | - | - | - | - | 43,735 | **43,735** | - | - | - | **43,735** |
| - Long term business | - | - | - | - | - | - | - | - | 734,555 | **734,555** |
| Other comprehensive income | - | - | 23,660 | 15,186 | - | 38,846 | 339 | - | - | 39,185 |
| **Total comprehensive income** | **-** | **-** | **23,660** | **15,186** | **43,735** | **82,581** | **339** | **-** | **734,555** | **817,475** |
| Transfer of excess depreciation | - | - | - | **(19,640)** | **19,640** | - | - | - | - | - |
| Reclassification to/from insurance liabilities | - | - | - | - | **30,702** | **30,702** | - | - | **707,669** | **738,371** |
| Transactions with owners: | | | | | | | | | | |
| Dividends paid for 2022 | - | - | - | - | - | - | - | **(50,000)** | | **(50,000)** |
| Transfers,net of tax | - | - | - | - | - | - | - | **653,000** | **(653,000)** | - |
| Tax charged on transfer from reserves | - | - | - | - | - | - | - | **(195,900)** | - | **(195,900)** |
| Deferred tax liability on the statutory reserves | - | - | - | - | - | - | - | - | **(699,079)** | **(699,079)** |
| **At 31 December 2023** | **1,000,000** | **1,198** | **553,622** | **454,753** | **2,890,822** | **4,900,395** | **(109)** | **1,794,167** | **1,631,184** | **8,325,637** |

# Consolidated Statement of Cash Flows

For The Year Ended 31 December 2024

| | Note | 2024 Ksh'000 | 2023 Ksh'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Profit before tax** | | **1,057,368** | **749,886** |
| Adjustments for: | | | |
| Depreciation on property and equipment | 25 | 18,418 | 42,082 |
| Amortisation of intangible assets | 26 | 3,554 | 4,933 |
| Amortisation of prepaid lease | 27 | 38,860 | 36,388 |
| Depreciation on right-of-use assets | 41 | 10,730 | 11,889 |
| Fair value gain on investment property | 18 | (5,644) | (17,516) |
| Exchange adjustment on property and equipment | 25 | - | 2,182 |
| Exchange adjustment on intangible assets | 26 | - | 2,418 |
| Fair value loss on quoted investments | 31a | (468,841) | 42,794 |
| Fair value loss on government securities | | (138,495) | - |
| Gain on disposal of property and equipment | 18c | 956 | (14,806) |
| Expected credit losses on government bonds | | 183,002 | - |
| Accrued interest on government bonds | | (710,371) | - |
| **Working capital changes;** | | | |
| Changes in insurance contract liabilities | 14 | 13,252,899 | 10,968,895 |
| Changes in reinsurance contract assets | 14 | 594,628 | (323,768) |
| Changes in reinsurance contract liabilities | 14 | 8,685 | (176,518) |
| Decrease in other receivables | 33 | 19,324 | 104,163 |
| Decrease / (increase) in other payables | 36 | (143,404) | - |
| **Cash generated from operations** | | **13,721,667** | **11,433,022** |
| Income tax paid | 20 | (271,958) | (204,683) |
| **Net cashflows generated from operating activities** | | **13,449,709** | **11,228,339** |

# Consolidated Statement of Cash Flows

For The Year Ended 31 December 2024

KENINDIA

| | Note | 2024 Ksh'000 | 2023 Ksh'000 |
|---|---|---|---|
| Cash flows from investing activities | | | |
| Purchase of property and equipment | 25 | (10,469) | (30,054) |
| Purchase of intangible assets | 26 | - | (1,458) |
| Increase in right of use assets | 41 | (16,094) | (975) |
| Proceeds from disposal of property and equipment | | 10,155 | 2,101 |
| Other movement in property and equipment | | 5,386 | - |
| Movement in unquoted equity investments | 30 | 162,924 | (232,258) |
| (Increase) / decrease in loans receivable | 32 | (11,976) | 14,874 |
| Net investment in government securities carried at amortised cost: | | | |
| - Additions | 34a | (17,347,028) | (10,925,783) |
| Net investment in government securities carried at fair value through other comprehensive income | | 3,048,650 | - |
| - Maturities | 34b | - | 110931 |
| - Disposals | 34b | - | 50,000 |
| Change in deposits with financial institutions (maturing after 90 days of date of acquisitition | 37 | | (103,239) |
| Change in bonds and debentures | | (6,617) | - |
| Net cash flows used in investing activities | | (14,165,069) | (11,115,861) |
| Cash flows from financing activities | | | |
| Net movement in lease liability | 41 | 6,701 | 1,757 |
| Dividends paid | 21d | (75,000) | (50,000) |
| Proceeds from right issue | | 156,086 | - |
| Net cash flows used in financing activities | | 87,787 | (48,243) |
| **Increase in cash and cash equivalents** | | **(627,573)** | **109,234** |
| **Movement in cash and cash equivalents** | | | |
| **Cash and cash equivalents at the beginning of the year** | | 1,876,371 | 1,785,378.00 |
| **Increase in cash and cash equivalents** | | (627,573) | 109,234.00 |
| Exchange differences on translation of foreign operations | 22 | (17,721) | (18,241) |
| Cash and cash equivalents at the end of the year (Note 37) | 37 | 1,231,077 | 1,876,371 |

# Company Statement of Cash Flows

For The Year Ended 31 December 2024

| | Note | 2024 Ksh'000 | 2023 Ksh'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Profit before tax** | | 1,010,572 | 622,156 |
| Adjustments for: | | | |
| Depreciation on property and equipment | 25 | 15,830 | 38,080 |
| Depreciation on right of use assets | 41 | 10,730 | 11,889 |
| Amortisation of intangible assets | 26 | 3,170 | 4,528 |
| Amortisation of prepaid lease | 27 | 38,857 | 36,388 |
| Fair value loss / (gains) on investment property | 18 b | (5,444) | (17,016) |
| Fair value loss / (gains) on quoted equity investments | 18 b | (466,827) | 149,199 |
| Loss on sale of property and equipment | | - | 7,601 |
| Loss on sale of government bonds | | - | 7,205 |
| Fair value loss on government securities | 18 c | - | 45,708 |
| Gain on disposal of government securities | | - | 1,189 |
| Expected credit losses on government bonds | | 182,975 | - |
| Accrued interest on government bonds | | (695,530) | - |
| **Working capital changes;** | | | |
| Changes in insurance contract liabilities | 15 | 13,836,161 | 10,907,323 |
| Changes in reinsurance contract assets | 14 | 60,144 | (233,777) |
| Changes in reinsurance contract liabilities | 14 | 8,685 | (176,518) |
| Changes in other payables | 36 | 29,329 | (175,359) |
| Changes in other receivables | 33 | 30,130 | 80,823 |
| **Cash generated from operations** | | **14,058,782** | **11,309,419** |
| Income tax paid | | (256,380) | (191,823) |
| **Net cash flows generated from operating activities** | | **13,802,402** | **11,117,596** |

# Company Statement of Cash Flows

For The Year Ended 31 December 2024

KENINDIA

| | Note | 2024 Ksh'000 | 2023 Ksh'000 |
|---|---|---|---|
| Cash flows from investing activities | | | |
| Purchase of property and equipment | 25 b | (8,739) | (27,223) |
| Purchase of intangible assets | 26 | - | (1,458) |
| Changes in right of use assets | 41 | (16,094) | (12,864) |
| Proceeds from disposal of property and equipment | | 6,308 | 4,804 |
| Other movement in property and equipment | | (4,268) | (19,754) |
| Movement in investment property | | - | (16,625) |
| Change in unquoted equity investments | 30 | (6,322) | (149,006) |
| (Increase)/decrease in loans receivable | 32 | (17,229) | (1,729) |
| Net movement in investment in government securities at amortised cost: | | | |
| - Additions | 34 | (17,345,205) | (11,105,040) |
| - Maturities | | 3,043,550 | - |
| Net (increase) / decrease in investment in government securities through other comprehensive income | | (22,878) | 160,931 |
| Change in deposits with financial institutions (maturing after 90days of date of acquisition) | 37 | - | 155,095 |
| Change in bonds and debentures | | (6,617) | |
| **Net cash flows used in investing activities** | | **(14,377,494)** | **(11,012,869)** |
| **Cash flows from financing activities** | | | |
| Net movement in lease liability | 41 | 6,701 | 1,757 |
| Movement in overdraft facility | 37 | 0 | - |
| Dividends paid | 21d | (75,000) | (50,000) |
| Proceeds from right issue | | 156,086 | 0 |
| Net cashflows used in financing activities | | 87,787 | (48,243) |
| Increase in cash and cash equivalents | | (487,305) | 56,485 |
| Movement in cash and cash equivalents | | | |
| Cash and cash equivalents at the beginning of the year | | 1,162,420 | 1,105,934 |
| Increase in cash and cash equivalents | | (487,305) | 56,485 |
| **Cash and cash equivalents at the end of the year (Note37)** | **37** | **675,115** | **1,162,419** |

## 1. General information

Kenindia Assurance Company Limited ("the Company") carries out insurance business, both life and non-life. It is incorporated in Kenya under the Companies Act as a private limited liability company. The Company is domiciled in Kenya and the address of its registered office is disclosed below:
Kenindia Assurance Company Limited Kenindia House, Loita Street Nairobi

## 2. Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). They were authorised for issue by the Company's board of directors on 21st March 2025.Details of the Company's material accounting policy information are included in disclosed in Note 9.

## 3. Functional and presentation currency

These financial statements are presented in Kenya Shillings, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

## 4. Critical accounting judgements and key sources of estimation uncertainty

In preparing these financial statements, management has made judgements and estimates that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

### a) Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (addressed separately below), that the directors have made in the process of applying the Company's accounting policies and that will have the most significant effect on the amounts recognized in financial statements:

- Note 6 E impairment of financial assets: establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL;

- Note 9 B classification of insurance, reinsurance and investment contracts:assessing whether the contract transfers significant insurance risk and whether an insurance contract contains direct participation features;

- Note 9 c (ii)– level of aggregation of insurance and reinsurance contracts: identifying portfolios of contracts and determining Company's contracts that are onerous on initial recognition and those that have no significant possibility of becoming onerous subsequently;

- Note 9(c)(v) – measurement of insurance and reinsurance contracts: determining the techniques for estimating risk adjustments for non-financial risk and the coverage units provided under a contract;

### b) Key sources of estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2024 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Notes 6(E) and 9(E)(iii) – impairment of financial assets: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward- looking information;

- Notes 8(ii)– measurement of the fair value of financial instruments, investment properties and owner- occupied properties with significant unobservable inputs;

- Insurance contract assets and liabilities and reinsurance contract assets and liabilities.

By applying IFRS 17 to measurement of insurance contracts issued (including investment contracts with DPF and reinsurance contracts held, the Company has made estimations in the following key areas. They form part of the overall balances of insurance contract assets and liabilities and reinsurance contract assets and liabilities:

- Future cash flows
- Discount rates
- Allocation rate for insurance finance income or expenses
- Risk adjustment for non-financial risk
- Allocation of asset for insurance acquisition cash flows to current and future groups of contracts

### Sensitivity analysis of carrying amounts to changes in assumptions

Presented below is the sensitivity analysis to the key assumptions that could result in material adjustment to the carrying amounts of assets and liabilities within the next financial year. The sensitivity analysis considers impact on profit or loss and equity.

| **Insurance Contract liabilities** | | **2024** | **2023** |
|---|---|---|---|
| | | **Shs '000** | **Shs'000** |
| Base | | 86,799,114 | 73,127,136 |
| **Change in assumption** | | | |
| Mortality rates | +6% increase | 86,812,133 | 73,134,409 |
| Longevity rates | -7% decrease of mortality rates | 86,783,677 | 73,118,553 |
| Morbidity / disability rates | +40% increase in the first year followed by +15% increase in subsequent years and -10% decrease | | 73,127,136 |
| | | 86,803,361 | 73,202,277 |
| Expenses | +5% increase in expenses. +1% increase in expense inflation. | 86,828,220 | |
| | | | 73,116,548 |
| Lapses rates | 15% increase for new business. +5% increase for in force business | 86,801,708 | |
| Interest rate | 10% decrease | 87,339,693 | 73,848,541 |
| Catastrophe | +1 .5 per mille increase in mortality rates | 86,814,350 | 73,168,625 |

### Technique for estimation of future cash flows

In estimating fulfilment cash flows included in the contract boundary, the Company considers the range of all possible outcomes in an unbiased way specifying the amount of cash flows, timing and probability of each scenario reflecting conditions existing at the measurement date, using a probability-weighted average expectation. The probability-weighted average represents the probability-weighted mean of all possible scenarios. In determining possible scenarios, the Company uses all the reasonable and supportable information available to them without undue cost and effort, which includes information about past events, current conditions and future forecasts.

Cash flow estimates include both market variables directly observed in the market or derived directly from markets and non-market variables such as mortality rates, accident rates, average claim costs, probabilities of severe claims, policy surrender rates. The Company maximises the use of observable inputs for market variables and utilises internally generated group-specific data. For life insurance contracts, the Company uses national statistical data for estimating the mortality rates as the national statistical data is more current than internal mortality statistics.

In measuring investment-linked life insurance contracts' cash flows or a portion of those cash flows, the Company uses a fair value of a 'replicating asset' or a 'replicating portfolio of assets' where cash flows exactly match the cash flows (or some of the cash flows) of a group of insurance contracts in all scenarios in terms of timing, amount and uncertainty. The fair value of the asset reflects both the expected present value of the cash flows and their associated risk, and this matches the characteristics of the group of insurance contracts in all scenarios.

### Method of estimating discount rates

The company has opted to use the top-down approach for the Annuities portfolio to ensure that the discount rate better matches the reference asset portfolio. The discount rate for the Annuities portfolio is therefore based on the investment returns earned on the assets backing the portfolio's liabilities. For all other life portfolios, the company has opted to use the bottom-up approach for discounting. The risk-free rate has been taken as the Nairobi Securities Exchange Yield Curve as at each measurement date. A liquidity adjustment of 0% has been applied to the risk-free rate as the contracts under all other life insurance portfolios (except Annuities) are deemed to be liquid due to the exit and cancellation terms of the contracts.

For the general business, the bottom-up approach has been used to determine the discount rates for all classes of business. No adjustment for illiquidity premium has been applied. The company assessed the illiquidity of all classes of business written and determined that all general insurance policies they underwrite can be terminated and/or exited and as such would not require an illiquidity premium adjustment. The Nairobi Securities Exchange (NSE) government bond yield curve has been used as the risk-free discount rates. The table below shows the impact of discounting by class of business.

The Company used the following yield curves to discount cash flows:

| 2024 | Currency | 1 year | 5 years | 10 years | 20 years | 30 years |
|---|---|---|---|---|---|---|
| Life | KShs | 11.41% | 14.14% | 13.60% | 14.78% | 14.78% |

| 2023 | Currency | 1 year | 5 years | 10 years | 20 years | 30 years |
|---|---|---|---|---|---|---|
| Life | KShs | 16.10% | 17.45% | 15.70% | 15.73% | 16.10% |

### Estimation of allocation rate for insurance finance income or expenses

The Company uses either the constant or crediting rate in the systematic allocation of insurance finance income or expenses.

The constant rate used in a period is calculated applying the formula which uses three variables: the estimate of future cash flows at the end of the reporting period (not discounted), the present value of future cash flows brought forward discounted by the constant rate used in the previous period, and the expected duration of the group contracts. In determining the constant rate, the Company estimates the expected insurance finance income or expenses over the remaining duration of the group that is partly implicit in the estimated cash flows.
For direct participating contracts for which the Company does not hold the underlying items, the Company uses the crediting rate for the systematic allocation of insurance finance income or expenses. In determining the crediting rate, the Company estimates the constant factor.

### Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows arising from insurance risk and other non-financial risks such as lapse risk and expense risk. It measures the degree of variability of expected future cash flows and the Company- specific price for bearing that risk and reflects the degree of the Company's risk aversion. The Company determines the risk adjustment for non-financial risk at the groups of insurance contracts level.

In estimating the risk adjustment for the Life business, the Company has used the cost of capital approach to determine the risk adjustment for all portfolios with a confidence level of 90% for the purposes of IFRS 17 reporting. The cost of capital has been calculated as discounted future capital requirements based on IRA Risk Based Capital guidelines excluding financial risk components. The resultant risk adjustment factor is approximately 5% of future expected claims and expenses across all portfolios except pensions.

For the non-life business, the has chosen the Value-at-Risk approach to estimate the risk adjustment for non-financial risk (RA) for all portfolios within their general insurance business. This utilises the bootstrapping approach using the Over Dispersed Poisson (ODP) model to come up with a distribution. The confidence interval was set at 99.5%. The table below shows the RA estimated for each class of business.

### Allocation of asset for insurance acquisition cash flows to current and future groups of contracts

The Company allocates the asset for insurance acquisition cash flows to an associated group of contracts and to any future groups that include the contracts that are expected to arise from the renewals of the contracts in that group using a systematic and rational method. In doing so, the Company estimates the expected contracts to be included within a future group or the number of renewals that may arise from an original group when allocating the asset.

The Company's total carrying amount of insurance and reinsurance contract assets and liabilities is included in Note 26 and 36 as below:

| | 2024<br>Total<br>Shs'000 | 2023<br>Total<br>Shs'000 |
|---|---:|---:|
| Insurance contract assets | | |
| Insurance contract liabilities | 92,968,885 | 73,130,561 |
| **Net** | **92,955,167** | **73,130,561** |
| | | |
| Reinsurance Contract assets | 2,590,651 | 2,536,341 |
| Reinsurance Contract Liabilities | - | |
| **Net** | **2,591,388** | **2,536,341** |

## 5. Adoption of new and revised standards and interpretations

### (i) Relevant new standards and amendments to published standards effective for the year ended 31 December 2024

The following new and revised IFRSs were effective in the current year.

### Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The company has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The adoption of the amendments has not had any material impact on the disclosures or on the amounts reported in these financial statements.

### Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The company has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable

profit.
Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The adoption of the amendments has not had any material impact on the disclosures or on the amounts reported in these financial statements.

**Amendments to IAS 12 Income Taxes— International Tax Reform — Pillar Two Model Rules**

The company has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.
The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following the amendments, the group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

The adoption of the amendments has not had any material impact on the disclosures or on the amounts reported in these financial statements.

**Amendments to IAS 8 Accounting Polices, Changes in Accounting Estimates and Errors—
Definition of Accounting Estimates**

The company has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.
The adoption of the amendments has not had any material impact on the disclosures or on the amounts reported in these financial statements.

**(ii) New and revised IFRS Standards in issue but not yet effective**

**Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—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 IASB; however, earlier application of the amendments is permitted. The directors of the parent company 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.

**Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non- current**

The amendments to IAS 1, published in January 2020, affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments 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.

### 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 (e.g., a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).
The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

### Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures— Supplier Finance Arrangements

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.

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; and
- liquidity risk information.

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

### Amendment to IFRS 16 Leases - Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.
The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.
A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

### Early adoption

The company did not early adopt any new standards and/or interpretation that are in issue but not yet effective.

## 6. Insurance and financial risk management

Risk management forms an important part of the governance structures for the Company. This section outlines the various types of risks faced by the Company and the strategies adopted to minimise the effect of the risks.
Management of risk is the responsibility of the Board of Directors but the daily monitoring has been delegated to the executive committee with a dedicated risk and compliance officer. Through its risk management structure, the Company seeks to manage the following key risks: Liquidity, Market, Interest rate, Credit, Insurance and Capital risks. Operational and reputational risks are inherent in the business and are managed through internal processes and controls. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

The Board Risk and Compliance committee is responsible for monitoring compliance with group risk management policies and procedures and for reviewing the robustness of the risk management framework. The Company is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that proceeds from its financial assets may not be sufficient to fund the obligations arising from its insurance and investment contracts.

### Financial risk management strategy and policy

The Company manages these positions within an asset liability (ALM) framework that has been developed to achieve long-term investment returns in excess of its obligations under benefits payable to contract holders, as well as seeking to maximise the return on shareholders' funds, all within an acceptable framework. For each distinct category of liabilities, a separate portfolio of assets is maintained.

The insurance contracts retain substantial exposure to the extent that the benefits payable to policyholders are not linked to the performance of the underlying assets and/or contract holders enjoy options embedded in their contracts which are not matched by identical options in the underlying investments. These exposures include duration risk, credit risk and market risk. The notes below explain how financial risks are managed using the categories utilised in the ALM framework.

### A. Underwriting risk

### Underwriting risk management

Underwriting risk consists of insurance risk, persistency risk and expense risk. Insurance risk is the risk of the loss event occurrence, or the timing and amount of the loss being different from expectation. The Company's main income generating activity is the issuance of insurance contracts and therefore insurance risk is a principal risk.
The Company is exposed to different elements of insurance risks:

- For life insurance policies:
  - Mortality risk: the risk of losses arising from death of life insurance policyholders being earlier than expected
  - Morbidity risk: the risk of losses from medical claims occurring higher than expected

  - Longevity risks: the risk of losses arising from longer life of policyholders than expected
- Other policies:
  - Premium risk: the risk that premiums charged to policyholders are less than claims cost on business written
  - Reserve risk: the risk that the claims reserves are insufficient to cover all claims

For life insurance policies where death or disability is the insured risk, the most significant factors that could increase the amount and frequency of claims are epidemics or widespread changes in lifestyle, resulting in earlier or more claims than expected.
For annuity contracts where longevity is the main insurance risk, the most significant factor which could increase the amount and frequency of claims is improvement in medical science.

The Company is exposed to reserve risk and premium risk arising on all insurance contracts issued.
The Company mitigates its exposure by applying its underwriting strategy to diversify the type of insurance risks accepted and the level of insured benefit.
The Company also mitigates these risks by purchasing excess of loss reinsurance programmes against large individual claims and catastrophe losses and quota-share reinsurance arrangements to reduce the overall exposure for certain classes of business. The Company has a variety of approved reinsurers to mitigate reinsurance risk, the risk of placement of ineffective reinsurance arrangements.

The Company is exposed to longevity risk on its fixed annuity contracts issued, deferred variable annuity contracts issued, and universal life contracts with embedded guaranteed annuity options and related quota share reinsurance contracts.
The Company is exposed to mortality and morbidity risk on its term life assurance contracts issued and direct participating investment-linked insurance policies and related quota-share reinsurance contracts.

### Concentration by class of business

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Insurance contracts issued | Reinsurance contracts Issued | Net | Insurance contracts issued | Reinsurance contracts Issued | Net |
| **Concentration by class of business** | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 |
| Life Assurance | 8,071,629 | 1,355,251 | 6,716,378 | 7,841,006 | 480,292 | 7,360,713 |
| Group life Assurance | 17,565,499 | 12,175,910 | 5,389,589 | 17,140,199 | 11,938,249 | 5,201,951 |
| Annuity and Income Draw Down | - | - | - | 3,499,345 | - | 3,499,345 |
| Pension | - | - | - | - | - | - |
| | **25,637,127** | **13,531,161** | **12,105,967** | **615,021,369** | **310,820,099** | **304,201,270** |
| **Short term business** | | | | | | |
| Aviation | | | | - | - | - |
| Engineering | 36,673,763 | 28,390,581 | 8,283,182 | 18,222,639 | 12,612,406 | 5,610,233 |
| Fire Domestic | 37,392,463 | 7,732,543 | 29,659,920 | 32,893,147 | 3,973,929 | 28,919,218 |
| Fire Industrial | 458,068,711 | 387,943,157 | 70,125,554 | 327,214,407 | 265,125,115 | 62,089,292 |
| Motor Private | 153,336,957 | 10,877 | 153,326,080 | 101,727,067 | 5,481 | 101,721,587 |
| Motor Commercial | 9,556,385 | 214,407 | 9,341,978 | 10,027,888 | 159,457 | 9,868,431 |
| Liability | 12,296,420 | 9,975,029 | 2,321,391 | 11,825,178 | 9,994,045 | 1,831,134 |
| Marine | 84,075,322 | 16,841,495 | 67,233,827 | 68,381,462 | 11,378,581 | 57,002,881 |
| Medical | 537,559 | 380,041 | 157,518 | 532,059 | 372,141 | 159,918 |
| Personal Accident | 4,145,406 | 3,075,568 | 1,069,838 | 3,036,308 | 2,070,418 | 965,890 |
| Theft | 6,263,168 | 4,064,830 | 2,198,337 | 5,189,125 | 3,342,424 | 1,846,700 |
| Workmen's Compensation | 47,904,643 | (2,531,812) | 50,436,455 | 34,510,916 | 718,386 | 33,792,530 |
| Miscellaneous | 1,657,765 | 1,295,220 | 362,546 | 1,461,171 | 1,067,715 | 393,455 |
| **Total** | **643,155,417** | **325,413,856** | **317,741,562** | **643,501,918** | **323,238,640** | **320,263,279** |

| December 31, 2024 | Insurance contract liabilities Kshs. '000 | Reinsurance contract asset Kshs. '000 |
|---|---|---|
| Indirect Participating features | 2,878,948 | 2,871 |
| Direct Participating features | 0 | - |
| Investment contract with DPF | 16,463,431 | 256,816 |
| Non-Participating features | 4,827,367 | - |
| Group Life | 75,467 | 49,273 |
| Deposit Administration | 62,553,902 | - |
| Short term business | 6,169,771 | 2,538,987 |
| **Insurance Contract Liabilities** | **92,968,885** | **2,847,947** |

| December 31, 2023 | Insurance contract liabilities Kshs. '000 | Reinsurance contract asset Kshs. '000 |
|---|---|---|
| Indirect Participating features | 2,275,961 | - |
| Direct Participating features | - | 117,081 |
| Investment contract with DPF | 16,248,647 | 4,175 |
| Non-Participating features | 4,337,514 | - |
| Group Life | 107,743 | 82,848 |
| Deposit Administration | 50,160,697 | - |
| Short term business | 5,929,381 | 2,446,174 |
| **Insurance Contract Liabilities** | **79,059,942** | **2,650,277** |

The Company is also exposed to the following two risks which are not insurance risks but related to insurance contracts:

- Lapse or persistency risk – the risk that the counterparty will cancel the contract earlier or later than the Company had expected in pricing the contract
- Expense risk – the risk of unexpected increases in the administrative costs associated with the servicing of a contract, rather than in costs associated with insured events.

These risks arise from all insurance contracts. A sensitivity analysis to changes in lapse and expense rates has been presented under Key sources of estimation uncertainty.
The Company manages persistency risk based on the underwriting policy and guidelines on persistency management which are reviewed by the Reserving Committee regularly. The Company frequently monitors the expense level of each business unit to address expense risk.
The Company's Reserving Committee is responsible for managing the Company's insurance and reinsurance risk by:

### Concentration risk

- Ensuring that the Company has appropriate underwriting and reinsurance strategy within an overall risk management framework, including an effective system of internal control
- Identifying, assessing and measuring insurance risk across the Company, from an individual policy to a portfolio level
- Establishing a robust control framework regarding the authorization structure for the approval and renewal of insurance and reinsurance policies
- Ensuring that risk management policies and procedures are reviewed regularly to reflect changes in the Company's activities and market conditions
- Monitoring that individual and aggregate claims reserves are reviewed regularly by internal actuaries using a variety of actuarial techniques
- Ensuring reinsurance is purchased to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital
- Monitoring that reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis
- Limiting concentrations of exposure by class of business, counterparties, geographic location etc.

The internal audit function performs regular audits ensuring that the established controls and procedures are adequately designed and implemented.
There were no significant changes in the Company's objectives, policies and processes for managing the risks and the methods used to measure the risks from the previous period.
The Company monitors insurance risk per class of business. An analysis of the Company's insurance risk concentration (both before and after reinsurance) per class of business is provided in the following tables

| Concentration by class of business | 2024 Insurance contracts issued Shs'000 | 2024 Reinsurance contracts issued Shs'000 | 2024 Net Shs'000 | 2023 Insurance contracts issued Shs'000 | 2023 Reinsurance contracts issued Shs'000 | 2023 Net Shs'000 |
|---|---|---|---|---|---|---|
| Life assurance | 8,071,629 | 1,355,251 | **8,071,629** | 7,841,006 | 480,292 | **7,360,713** |
| Group life assurance | 17,565,499 | 12,175,910 | **17,565,499** | 17,140,199 | 11,938,249 | **5,201,951** |
| Annuity and income draw down | 4,420,524 | - | **4,420,524** | 3,499,345 | - | **3,499,345** |
| Pension | - | - | **-** | - | - | **-** |
| Short term business | 643,155,417 | 325,413,856 | **317,741,562** | 615,021,369 | 310,820,099 | **304,201,270** |
| **Total** | **629,412,869** | **318,093,289** | **311,319,580** | **643,501,918** | **323,238,640** | **320,263,279** |

| Groups of reinsurance contract assets | 2024 | 2023 |
|---|---|---|
| Concentration by reinsurer | Shs'000 | Shs'000 |
| Africa Reinsurance Corporation | 4,032 | 3,032 |
| Kenya Reinsurance Corporation | 37,757 | 27,757 |
| ZEP Reinsurance Corporation Ltd | 76 | 56 |
| **Total** | **41,865** | **30,845** |

The Directors do not believe that there are significant concentrations of insurance or reinsurance risks.

## Sensitivities

The following table details the impact of changes in key assumptions on the Company's profit or loss, equity and CSM before and after risk mitigation from reinsurance contracts held. This analysis is based on a change in one risk variable with all other variables held constant. Sensitivity analysis assumes that changes to variables can be made independently, which is very unlikely to occur in practice. There were no changes made from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

### 31 December 2024

| Change in assumption | | Best Estimate Liability Shs'000 | CSM Shs'000 | Profit Before Tax Shs'000 |
|---|---|---|---|---|
| Mortality rates | +6% increase | 86,812,133 | 961,845 | 1,006,245 |
| Longevity rates | -7% decrease of mortality rates | 86,783,677 | 962,160 | 1,006,574 |
| Morbidity / disability rates | +40% increase in the first year followed by +15% increase in subsequent years and -10% decrease | 86,803,361 | 961,942 | 1,006,346 |
| Expenses | +5% increase in expenses. +1% increase in expense inflation. | 86,828,220 | 961,667 | 1,006,058 |
| Lapses rates | 15% increase for new business. +5% increase for in force business | 86,801,708 | 961,961 | 1,006,365 |
| Interest rate | 10% decrease | 87,339,693 | 955,998 | 1,000,128 |
| Catastrophe | +1 .5 per mille increase in mortality rates | 86,814,350 | 961,821 | 1,006,219 |

| Change in assumption | | Best Estimate Liability Shs'000 | CSM Shs'000 | Profit Before Tax Shs'000 |
|---|---|---|---|---|
| Mortality rates | +6% increase | 73,134,409 | 7,273 | 741,828 |
| Longevity rates | -7% decrease of mortality rates | 73,118,553 | (8,583) | 725,972 |
| Morbidity / disability rates | +40% increase in the first year followed by +15% increase in subsequent years and -10% decrease | 73,127,136 | - | 734,555 |
| Expenses | +5% increase in expenses. +1% increase in expense inflation. | 73,202,277 | 75,141 | 809,696 |
| Lapses rates | 15% increase for new business. +5% increase for in force business. | 73,116,548 | (10,588) | 723,967 |
| Interest rate | 10% decrease | 73,848,541 | 721,405 | 1,455,960 |
| Catastrophe | +1 .5 per mille increase in mortality rates | 73,168,625 | 41,489 | 776,044 |

### Claims development

The table below summarizes actual claims compared with previous estimates of the undiscounted amount of the claims. The Company presents information on the gross and net claims development for claims incurred 6 years before the reporting period. The Company reconciles the LIC presented in the table with the aggregate carrying amount of the groups of insurance contracts.

### 31 December 2024

**Gross claims development**

| | | | | Claim year | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Total |
| | Shs'000 | Shs'000 | Shs'000 | Shs'000 | Shs'000 | Shs'000 | Shs'000 | Shs'000 |
| At end of claim year | 6,774,299 | 363,433 | 444,298 | 372,177 | 284,409 | 345,781 | 387,494 | 8,971,892 |
| One year later | 7,419,146 | 429,986 | 388,310 | 413,119 | 670,716 | 388,141 | - | 9,709,418 |
| Two years later | 5,373,627 | 86,967 | 165,562 | 161,580 | 151,754 | - | - | 5,939,490 |
| Three years later | 3,525,668 | 77,229 | 161,530 | 130,391 | - | - | - | 3,894,818 |
| Four years later | 1,141,809 | 57,904 | 100,072 | - | - | - | - | 1,299,784 |
| Five years later | 1,078,545 | 42,634 | - | - | - | - | - | 1,121,179 |
| Six years later | 3,291,898 | - | - | - | - | - | - | 3,291,898 |
| **Gross cumulative Paid Claims – accident years from 2018 to 2024** | **28,604,991** | **1,058,152** | **1,259,772** | **1,077,268** | **1,106,879** | **733,923** | **387,494** | **34,228,479** |
| Less: Cumulative Ultimate to date | 32,437,364 | 1,217,684 | 1,468,831 | 1,263,940 | 1,455,895 | 1,099,657 | 901,951 | 39,845,323 |
| Total Outstanding Claim Reserve | 3,832,373 | 159,532 | 209,059 | 186,672 | 349,016 | 365,735 | 514,457 | 5,616,844 |
| Outstanding Claims Reserves (OCR) | 1,810,828 | 66,825 | 213,000 | 203,791 | 205,201 | 270,688 | 449,028 | 3,219,359 |
| Incurred But Not Reported (IBNR) | 1,348,539 | 49,765 | 158,623 | 151,765 | 152,815 | 201,583 | 334,395 | 2,397,485 |
| Effect of discounting | (483,452) | (17,841) | (56,866) | (54,408) | (54,784) | (72,268) | (119,881) | (859,499) |
| Effect of the risk adjustment margin for non-financial risk | 478,989 | 17,676 | 56,341 | 53,905 | 54,278 | 71,601 | 118,774 | 851,565 |
| **Gross LIC for the contracts originated** | **3,154,905** | **116,425** | **371,097** | **355,053** | **357,510** | **471,604** | **782,316** | **5,608,911** |

**31 December 2023**

**Gross claims development**

| | | | | Claim year | | | | |
|---|---|---|---|---|---|---|---|---|
| | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **Total** |
| | **Shs'000** | **Shs'000** | **Shs'000** | **Shs'000** | **Shs'000** | **Shs'000** | **Shs'000** | **Shs'000** |
| At end of claim year | 6,321,648 | 452,651 | 363,433 | 444,298 | 372,177 | 284,409 | 1,199,515 | 1,199,515 |
| One year later | 13,249,277 | 944,168 | 793,419 | 832,608 | 785,296 | 1,540,782 | - | 1,540,782 |
| Two years later | 18,383,764 | 1,183,308 | 880,385 | 998,170 | 1,521,601 | - | - | 1,521,601 |
| Three years later | 21,815,397 | 1,277,342 | 957,614 | 1,696,081 | - | - | - | 1,696,081 |
| Four years later | 22,885,071 | 1,349,478 | 1,257,594 | - | - | - | - | 1,257,594 |
| Five years later | 29,372,389 | 1,590,351 | - | - | - | - | - | 1,590,351 |
| Six years later | 29,463,119 | - | | | | | | 29,463,119 |
| **Gross cumulative ultimate claims liabilities – accident years from 2017 to 2023** | **29,463,120** | **1,590,351** | **1,257,594** | **1,696,081** | **1,521,601** | **1,540,782** | **1,199,515** | **38,269,043** |
| Less: Cumulative payments to date | 26,988,235 | 1,393,504 | 1,015,518 | 1,159,700 | 946,876 | 955,125 | 345,781 | 32,804,740 |
| Total outstanding claim reserve | 1,748,722 | 111,615 | 135,126 | 317,137 | 312,813 | 332,327 | 515,206 | 3,472,946 |
| Outstanding Claims Reserves (OCR) | 726,163 | 85,232 | 106,951 | 219,244 | 261,911 | 253,330 | 338,528 | 1,991,358 |
| Incurred But Not Reported (IBNR) | (427,042) | (49,879) | (67,298) | (135,052) | (154,313) | (152,609) | (180,947) | (1,167,139) |
| Effect of discounting | 635,454 | 43,861 | 51,436 | 119,875 | 124,413 | 128,727 | 205,088 | 1,308,854 |
| Effect of the risk adjustment margin for non-financial risk | 2,683,296 | 190,829 | 226,215 | 521,204 | 544,824 | 561,775 | 877,876 | 5,606,019 |
| **Gross LIC for the contracts originated** | **29,463,120** | **1,590,351** | **1,257,594** | **1,696,081** | **1,521,601** | **1,540,782** | **1,199,515** | **38,269,043** |

### i) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents and fixed deposits held in banks, interest bearing investments with Government of Kenya and commercial paper and corporate bonds with various entities.

The Government of Kenya (GoK) has a long-term rating of B+ (Stable) by Standard and Poor's and has not defaulted on debt obligation in the past.

The Company has appointed an investments manager who takes overall responsibility for carrying out a quarterly due diligence investigation on banks to determine those that qualify for deposits placement.

The criteria used in the due diligence process is rigorous and adopts parameters such as capital adequacy, liquidity, non-performing loan ratio and other non-financial ratios in determining qualified institutions. Based on the outcome of this investigation a maximum exposure is set for each financial institution. To invest in the corporate bond, the bond must in addition to Capital Markets Authority approval be guaranteed by an approved bank or by an international financial institution whose rating meets set requirements.

The Company classifies counterparties without an external credit rating as below:

Group 1 - new customers/related parties.
Group 2 - existing customers/related parties with no defaults in the past.
Group 3 - existing customers/related parties with some defaults in the past

Maximum exposure to credit risk before collateral held

| **31 December 2024** | **External credit rating*** | **Internal Credit rating** | **12-month or lifetime ECL** | **Gross carrying amount Shs 000** | **Loss allowance Shs 000** | **Net carrying amount Shs 000** |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Mortgage loans receivable | None | | Nil | - | - | 4,239 |
| Loans on life insurance policies | | | | 96,603 | - | 79,552 |
| within their surrender values | None | Group 2 | Nil | | | |
| Government Securities | B+ | | Life time | 91,748,687 | (182,975) | 91,565,713 |
| Other investments | B+ to A+ | | 12 | 537,064 | 4,208 | 541,272 |
| Reinsurance Contract Assets | BBB to AA | | 12 | 2,540,174 | - | 2,540,174 |
| Other receivables | None | Group 2 | 12 | 306,689 | (115,043) | 191,646 |
| Due from related parties | None | Group 2 | Nil | - | - | - |
| Cash and bank | B2 to AA | Group 3 | Life time | 257,766 | - | 187,542 |
| **Total** | | | | **95,488,983** | **-293,810** | **95,110,138** |

| 31 December 2023 | External credit rating* | Internal Credit rating | 12-month or lifetime ECL | Gross carrying amount Shs 000 | Loss allowance Shs 000 | Net carrying amount Shs 000 |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Mortgage loans receivable | None | | Nil | 4,239 | - | 4,239 |
| Loans on life insurance policies within their surrender values | None | Group 2 | Nil | 79,552 | - | 79,552 |
| Government Securities | B+ | | Life time | 77,195,054 | (12,660) | 77,182,394 |
| Other investments | B+ to A+ | | 12 | 993,897 | (19,442) | 974,455 |
| Reinsurance Contract Assets | BBB to AA | | 12 | 2,536,341 | - | 2,536,341 |
| Other receivables | None | Group 2 | 12 | 309,431 | - | 309,431 |
| Due from related parties | None | Group 2 | Nil | - | - | - |
| Cash and bank | B2 to AA | Group 3 | Life time | 230,895 | - | 230,895 |
| **Total** | | | | **81,349,409** | **(32,102)** | **81,317,307** |

*The external credit ratings are as per rating agencies Moody's, Standard and Poor's, AM Best and Fitch.

**Reconciliation of Loss Allowance Accounts**

| | Government Bonds at amortised cost KShs '000 | Other investments KShs '000 | Cash and bank balances KShs '000 | Other receivables KShs '000 | Total KShs '000 |
|---|---|---|---|---|---|
| **31 December 2024** | | | | | |
| **At 1 January 2024** | **(12,660)** | **(19,442)** | **-** | **(96,546)** | **(128,648)** |
| (Increase)/decrease in loss allowance arising from new financial assets (recognised)/ derecognised in the year | (182,975) | 4,208 | - | (115,043) | (293,810) |
| **At 31 December 2024** | **(195,635)** | **(15,234)** | **-** | **(211,589)** | **(422,458)** |
| 31 December 2023 | | | | | |
| **At 1 January 2023** | **(10,766)** | **(20,785)** | **-** | **(39,001)** | **(70,552)** |
| (Increase)/decrease in loss allowance arising from new financial assets (recognised)/ derecognised in the year | (1,894) | 1,343 | - | (57,545) | (58,096) |
| **At 31 December 2023** | **(12,660)** | **(19,442)** | **-** | **(96,546)** | **(128,648)** |

### ii) Market risk

Market risk is the risk that changes in market prices, which include currency exchange rates, interest rates and share prices (NSE index), will affect the value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, both of which are exposed to general and specific market movements and changes in the level of volatility. The objective of market risk management is to manage and control risk exposures within acceptable limits, while optimising return. Overall responsibility for the management of market risk rests with the Assets Manager. The Company through its Board of Directors defines investment mandates to be used by the Asset Manager.

### a) Price risk

The Company is exposed to the equity markets, which present a risk of partial or total loss of capital. The price of the units is directly linked to the price of the underlying securities and any loss on the value of the underlying securities will result in a diminution of the unit price. The Investment Manager moderates this risk through a careful selection and diversification of securities and other financial instruments within specified limits.

The Investment manager conducts research on overall economic performance and determines probable sector performances and, therefore, asset allocation. Typically, the choice of investment involves the following steps tailored to minimize the level of exposure to asset classes and specific securities:

- **Strategic Asset Allocation (SAA)**

SAA is the first step in the selection process and sets the minimum and maximum for each asset class. During this process a long-term guideline is developed taking into account the investment objectives, which include the asset and liability profile and the maturity profile of funds. All this is done under the guide of in-depth research by the asset manager's research department.

- **Tactical Asset Allocation (TAA)**

TAA sets the short-term objectives (quarterly) in terms of ranges for each asset class allowing the manager to take advantage of prevailing market conditions. The manager then identifies actual assets invested within each investment class but within the overall strategic range. The selection of the specific securities invested in is reviewed monthly by an investment committee.
Each asset class is benchmarked against appropriate market indices with the primary objective of outperforming the indices over the medium to longer term.

### Sensitivity analysis

As at 31 December 2024, if the prices at the Nairobi Securities Exchange had appreciated/ depreciated by 5% with all other factors held constant, the impact on profit as a result of the listed equity investments would have been an increase/decrease by KShs 10,049,050 (2023:10,049,050).

### a) Interest rate risk

The Company is exposed to various risks associated with the effects of fluctuations in prevailing levels of market interest rates on both fair values and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The individual life and employees benefit businesses have due regard to the nature of the liabilities and guarantees given to policyholders. The interest rate risk of such liabilities is managed by investing in assets of similar duration. The asset manager through the investment committee closely monitors interest rate trends to minimise the potential adverse impact of rate changes. However, the risk has a low impact on the performance of the Company.

The tables below set out the carrying amounts, by maturity, of the Company's financial instruments that are exposed to interest rate risk.

| | Effective interest rate % | 3 months or less | 4 – 12 months | 1 – 2 years | More Than 2 years | Loss Allowance | Total |
|---|---|---|---|---|---|---|---|
| | | Shs'000 | Shs'000 | Shs'000 | Shs'000 | Shs'000 | Shs'000 |
| **31 December 2024** | | | | | | | |
| Government securities | 14 | 962,558 | 1,426,729 | 3,573,576 | 86,279,476 | (195,635) | 92,046,704 |
| Loan secured by mortgages on | | | | | | | |
| real property | | - | - | - | - | - | - |
| Deposits with banks | 14 | 141,818 | 408,071 | | | (15,234) | 534,655 |
| Corporate bonds | | - | - | 6,617 | - | - | 6,617 |
| Loans on life insurance policies | 15 | - | | | 96,603 | - | 96,603 |
| **Total** | | **1,104,376** | **1,834,800** | **3,580,193** | **86,376,079** | **(210,869)** | **92,684,579** |

| | Effective interest rate % | 3 months or less Shs'000 | 4 – 12 months Shs'000 | 1 – 2 years Shs'000 | More Than 2 years Shs'000 | Loss Allowance Shs'000 | Total Shs'000 |
|---|---|---|---|---|---|---|---|
| **31 December 2023** | | | | | | | |
| Government securities | 13 | 333,205 | 1,070,792 | 1,520,333 | 74,270,105 | (12,660) | 77,181,775 |
| Loan secured by mortgages on real property | - | - | - | - | 4,239 | - | 4,239 |
| Deposits with banks | 12 | 928,204 | 65,693 | - | - | (19,442) | 974,455 |
| Corporate bonds | | - | - | - | | | |
| Loans on life insurance policies | 15 | - | 79,552 | - | - | - | 79,552 |
| **Total** | | **1,261,409** | **1,216,037** | **1,520,333** | **74,274,344** | **(32,102)** | **78,240,021** |

*Sensitivity analysis*

As at 31 December 2024, if interest rates had changed by 5% with all other variables remaining constant, the impact on profit and equity would have been an increase/decrease of KShs 60.297 million (2023: KShs 60.297 million).

### c) Foreign Exchange Risk

The Company operates within Kenya. The Company primarily transacts in the Kenya shilling and its assets and liabilities are denominated in the same currency. The Company's exposure to currency risk is minimal.

### iii) Liquidity risk

Expected cash demands arise day-to-day to fund anticipated policyholder benefits, expenses and investment activities. Under stressed conditions, unexpected cash demands could arise primarily from an increase in the level of policyholders either terminating policies with material cash surrender values, or not renewing them when they mature, and from an increase in the level of borrowers renewing or extending their loans when they mature.

To manage this risk, liquidity management policies and procedures have been designed to ensure we have adequate liquidity available to cover financial obligations as they fall due, and to sustain and grow operations in both normal and stressed conditions. These take into account any legal, regulatory, tax, operational or economic impediments. Liquidity risk is reduced by having policy liabilities that are well-diversified by product, market, and policyholder.

We design insurance products to encourage policyholders to maintain their policies in-force, thereby generating a diversified and stable flow of recurring premium income. We establish and implement investment strategies that match the term profile of the assets to the liabilities they support, taking into account the potential for the unexpected. We forecast and monitor actual daily operating liquidity and cash movements in local operations as well as centrally, to ensure liquidity is available and cash is employed optimally.

| 31 December 2024 | Current KShs'000 | Non-current KShs'000 | Total KShs'000 |
|---|---|---|---|
| *Financial assets* | | | |
| Deposits with banks | 534,655 | - | 534,655 |
| Government securities | 480,991 | 91,565,713 | 92,046,704 |
| Corporate bonds | 6,617 | | 6,617 |
| Due from related parties | | 43,708 | 43,708 |
| Loans secured by mortgages on real property | - | - | - |
| Loans on life insurance policies within their surrender values | | 96,603 | 96,603 |
| Bank balances | 187,542 | - | 187,542 |
| | **1,209,805** | **91,706,024** | **92,915,829** |
| *Financial liabilities* | | | |
| Amounts due to reinsurers | | | - |
| Due to related parties | | 234,595 | 234,595 |
| Due to Tax | | | - |
| Other payables | 636,793 | - | 636,793 |
| Lease liabilities | | 43,009 | 43,009 |
| | 636,793 | 277,604 | 914,397 |
| **Net liquidity** | **573,012** | **91,428,420** | **92,001,432** |
| | | | |
| **31 December 2023** | | | |
| *Financial assets* | | | |
| Deposits with banks | 974,455 | - | 974,455 |
| Government securities | 1,403,997 | 75,777,778 | 77,181,775 |
| Corporate bonds | - | - | - |
| Due from related parties | - | 50,891 | 50,891 |
| Loans secured by mortgages on real property | - | 4,239 | 4,239 |
| Loans on life insurance policies within their surrender values | 79,552 | - | 79,552 |
| Bank balances | 230,895 | - | 230,895 |
| | **2,688,899** | **75,832,908** | **78,521,807** |
| Financial liabilities | | | |
| Amounts due to reinsurers | 23,064 | - | 23,064 |
| Due to related parties | 295,327 | - | 295,327 |
| Due to Tax | 91,658 | - | 91,658 |
| Other payables | 154,318 | - | 154,318 |
| Lease liabilities | 36,309 | - | 36,309 |
| | **600,676** | **-** | **600,676** |
| **Net liquidity** | **2,088,223** | **75,832,908** | **77,921,131** |

### iv) Insurance risk management

Insurance risk under any one insurance contract is 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. Insurance contracts may also transfer financial risk. Financial risk is the risk of a possible change in one or more of a specified rate of interest, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable, that the variable is not specific to a party to the contract.

By the very nature of an insurance contract, this risk is random and therefore unpredictable. For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments will 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 compared to the estimate established using statistical techniques.

The main risks that the Company is exposed to are as follows:

- Mortality risk – risk of loss arising due to policyholder death experience being different than expected;
- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected;
- Longevity risk – risk of loss arising due to the annuitant living longer than expected;
- Investment return risk – risk of loss arising from actual returns being different than expected;
- Expense risk – risk of loss arising from expense experience being different than expected; and
- Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The Company 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 following tables disclose the concentration of insurance risks by class of business and product in which the contract holder operates and by the maximum insured loss limit included in the terms of the policy. The amounts are the maximum insured loss limit of the insurance liabilities (gross of reinsurance) arising from insurance contracts.

| **Policy Type** | **Best Estimate reserves** | **Risk Adjustment** | **CSM** | **Liability for Incurred Claims** | **Total Reserves** |
|---|---|---|---|---|---|
| | **KShs '000** | **KShs '000** | **KShs '000** | | **KShs '000** |
| December 31, 2024 | | | | | |
| Group 1 - Indirect Participating features | 2,288,346 | 242,797 | 305,711 | 42,093 | **2,878,948** |
| Group 2- Direct Participating features | | | | | |
| Group 3 Investment contract with DPF | 78,972,069 | 24,780 | 2,165 | 18,319 | **79,017,333** |
| Group 4 – Non-Participating features | 3,929,241 | 195,112 | 718,668 | 59,812 | **4,902,833** |
| Group 5 – Short term business | 5,318,206 | 851,565 | - | - | **6,169,771** |
| **Total Liabilities (Individual Life and Annuity)** | **90,507,862** | **1,314,254** | **1,026,544** | **120,224** | **92,968,885** |

| **Policy Type** | **Best Estimate reserves** | **Risk Adjustment** | **CSM** | **Liability for Incurred Claims** | **Total Reserves** |
|---|---|---|---|---|---|
| **December 31, 2023** | **KShs '000** | **KShs '000** | **KShs '000** | | **KShs '000** |
| Group 1 - Indirect Participating features | 1,792,046 | 215,962 | 211,034 | 56,919 | **2,275,961** |
| Group 2- Direct Participating features | - | - | - | - | **-** |
| Group 3 Investment contract with DPF | 66,365,913 | 21,728 | - | 21,702 | **66,409,343** |
| Group 4 - Non-Participating features | 3,433,401 | 176,910 | 745,000 | 89,946 | **4,445,257** |
| Group 5 – Short term business | 323,362 | 1,308,854 | | 4,297,164 | **5,929,381** |
| **Total Liabilities (Individual Life and Annuity)** | **71,914,723** | **1,723,455** | **956,033** | **4,465,731** | **79,059,942** |

i) Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides information about how the fair values of these financial assets and liabilities are determined (in, valuation technique(s) and inputs used)

| Financial assets | Fair values as at 2024 Shs'000 | Fair values as at 2023 Shs'000 | Fair value hierarchy | Valuation techniques and key inputs |
|---|---|---|---|---|
| Financial assets at fair value through profit or loss | | | | |
| - Listed investments | 822,550 | 355,708 | Level 1 | Quoted bid prices in an active market |
| Financial assets at fair value through other comprehensive income | 1,257,350 | 355,708 | | |
| - Unlisted investments | - | - | Level 3 | Cost plus post-acquisition changes in net asset value |

ii) Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

**Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities;

**Level 2**: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

**Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There were no transfers between level 1 and 2 during the current or prior year.

## Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as the risks of mis-selling of products, modelling errors and non-compliance with legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective in managing operational risk is to balance the avoidance of financial losses and damage to the Company's reputation with overall cost-effectiveness and innovation. In all cases, Company policy requires compliance with all applicable legal and regulatory requirements.
The Company risk committee is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

– requirements for appropriate segregation of duties, including the independent authorisation oftransactions;
– requirements for the reconciliation and monitoring of transactions;
– compliance with regulatory and other legal requirements;
– documentation of controls and procedures;
– requirements for the periodic assessment of operational risks faced, and the adequacy ofcontrols and procedures to address the risks identified;
– requirements for the reporting of operational losses and proposed remedial action;
– development of contingency plans;
– training and professional development;

– ethical and business standards;
– IT, data security and cyber risks; and
– risk mitigation, including insurance where this is cost-effective.

A programme of periodic reviews undertaken by internal audit supports compliance with Company standards. The results of internal audit reviews are discussed with the Company risk committee, with summaries submitted to the Company's audit committee and senior management.

### I) Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated, but is also subject to local minimum regulatory capital requirements. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation by the Company's risk department and is subject to review by the Board.
Although maximisation of the return on capital is the principal basis used in determining how capital is allocated within the Company to particular operations or activities, it is not the sole basis used for decision making. Account is also taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Company's longer-term strategic objectives. A Company-wide capital management standard sets out minimum standards and guidelines for capital management, including governance and requirements for management information. The capital management standard is reviewed regularly by the board of directors.

## 7. Fair value measurement

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

### A. Valuation models

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes unobservable inputs that have a significant effect on the valuation.
- Instrument's: This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change occurs.

Valuation techniques include discounted cash flow models, comparison with similar instruments for which observable market prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, exchange rates, bond and equity prices and expected price volatilities and correlations.

The objective of the valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The fair value of a liability reflects the effect of non-performance risk.

### A. Valuation framework

The Company has an established control framework for the measurement of fair values. This framework includes a valuation team, which reports to the Board Risk and Audit Committee, with overall responsibility for overseeing and independently verifying all significant fair value measurements. Specific controls include:

- verification of observable pricing;
- re-performance of model valuations;
- a review and approval process for new models and changes to models;
- biannual calibration and back-testing of models against observed market transactions;
- analysis and investigation of significant daily valuation movements; and
- review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous month.

When third party information – e.g. broker quotes, pricing services or independent property valuations – is used to measure fair value, the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS Standards. This includes:

- verifying that the broker, pricing service or independent property valuer is approved by the Company for use in pricing the relevant type of asset or liability;
- understanding how the fair value has been arrived at, the extent to which it reflects actual market transactions and whether it represents a quoted price in an active market for an identical instrument;
- when prices for similar assets or liabilities are used to measure fair value, understanding how these prices have been adjusted to reflect the characteristics of the asset or liability subject to measurement; and
- if a number of quotes for the same asset or liability have been obtained, then understanding how fair value has been determined using those quotes.

Significant valuation issues are reported to the Company audit committee.

The Company classifies its financial assets in the following measurement categories:
- Those to be measured subsequently at fair value through either OCI or through profit or loss, and
- Those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the collateral terms of the cash flows

For assets measured at fair value, gains and losses will be recorded in profit or loss. For investments in unquoted equity instruments that are not held for trading, the Company has made an irrevocable election at the time of initial recognition to account for them at Fair Value Through Other Comprehensive Income (FVOCI).

## 8. Financial instruments

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

### i. Recognition and derecognition

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Company 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 Company has transferred substantially all risks and rewards of ownership.

### ii. Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

### Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:

**– 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.
**FVTPL:** Assets that do not meet the criteria for amortised cost are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss.

**Equity instruments**

The Company subsequently measures quoted equity investments at fair value. Changes in the fair value of financial assets at FVTPL are recognised in other gains/ (losses) in the statement of profit or loss as applicable.

Generate investment returns- when this election is used, fair value gains and losses are recognised in OCI and are subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversals of impairment losses) are not reported separately from other changes in fair values. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Company's right to receive payment is established.

Gains and losses on equity investments at FVPL are included in the "Net trading income" line in the statement of profit or loss.

**iii) 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). The quoted market price used for financial assets held by the Company is the current bid price.

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.

For example, a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position. Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Company at the end of the reporting period during which the change occurred.

## 9. Accounting standards and policies

### A Foreign currency

Transactions in foreign currencies are translated into the respective functional currencies 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 exchange rate at the reporting date. Groups of insurance and reinsurance contracts that generate cash flows in a foreign currency, including the CSM, 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 exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the 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 (see 'Insurance finance income and expenses' under (E)(viii)). 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 insurance finance income and expenses in profit or loss in the year in the functional currency at the beginning of the year, adjusted for accreted interest and payments during the year, and the same measurement in the foreign currency translated at the exchange rate at the end of the year;
– equity investments designated as at FVOCI;
– available-for-sale equity investments that had been derecognised at 1 January 2023 (except on impairment, in which case foreign currency differences that had been recognised in OCI were 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 2023 is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest, impairment and payments during the year, and the amortised cost in the foreign currency translated at the exchange rate at the end of the year.

## B. Insurance, reinsurance and investment contracts definitions and classifications

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Company to financial risk.

The Company does not accept insurance risk from other insurers.

Insurance contracts may be issued and reinsurance contracts may be initiated by the Company, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the Company, unless otherwise stated.

Some contracts entered into by the Company have the legal form of insurance contracts but do not transfer significant insurance risk. These contracts are classified as financial liabilities and are referred to as 'investment contracts.

Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts for which, at inception:

– the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
– the Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
– the Company expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.
– All other insurance contracts and all reinsurance contracts are classified as contracts without direct participation features. Some of these contracts are measured under the PAA.

## C. Insurance and reinsurance contracts

### i) Separating components from insurance and reinsurance contracts

At inception, the Company separates the following components from an insurance or reinsurance contract and accounts for them as if they were stand-alone financial instruments.

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument; and
- distinct investment components: i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Company separates any promises to transfer to policyholders' distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Company provides a significant service of integrating the good or service with the insurance component.

### ii) Aggregation and recognition of insurance and reinsurance contracts

#### Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

Contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains the Company's practical ability to set a different price or level of benefits for policyholders with different characteristics are included in the same group. This applies to contracts issued in Europe that are required by regulation to be priced on a gender-neutral basis.

An insurance contract issued by the is recognised from the earliest of:
- the beginning of its coverage period (i.e. the period during which the Company provides services in
- respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

An insurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

#### Reinsurance contracts

Groups of reinsurance contracts are established such that each group comprises a single contract. Some reinsurance contracts provide cover for underlying contracts that are included in different groups. However, the Company concludes that the reinsurance contract's legal form of a single contract reflects the substance of the Group's contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying groups.

A group of reinsurance contracts is recognised on the following date.
- Reinsurance contracts initiated by the Company that provide proportionate coverage: The date on which any underlying insurance contract is initially recognised. This applies to the Group's quota share reinsurance contracts.
- Other reinsurance contracts initiated by the: The beginning of the coverage period of the group of reinsurance contracts. However, if the Company recognises an onerous group of underlying insurance contracts on an earlier

date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date (see 'Reinsurance of onerous underlying insurance contracts' under (v)). This applies to the Company excess of loss and stop loss reinsurance contracts.

– Reinsurance contracts acquired: The date of acquisition.

### iii) Insurance acquisition cash flows

– Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.
– If insurance acquisition cash flows are directly attributable to a group of contracts (e.g. non- refundable commissions paid on issuance of a contract), then they are allocated to that group and to the groups that will include renewals of those contracts. The allocation to renewals only applies to non-life contracts and certain term assurance and critical illness contracts that have a one-year coverage period. The Company expects to recover part of the related insurance acquisition cash flows through renewals of these contracts. The allocation to renewals is based on the manner in which the Company expects to recover those cash flows.
– If insurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio using a systematic and rational method.
– Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17.
– Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts (see (v)).

When the Company acquires insurance contracts in a transfer of contracts or a business combination, at the date of acquisition it recognizes an asset for insurance acquisition cash flows at fair value for the rights to obtain:

– renewals of contracts recognised at the date of acquisition; and
– other future contracts after the date of acquisition without paying again insurance acquisition cash flows that the acquiree has already paid.

At each reporting date, the Company revises the amounts allocated to Company to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

Recoverability assessment
At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Company:

– recognises an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and
– if the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under (a).

The Company reverses any impairment losses in profit or loss and increases the carrying amount of the asset to the extent that the impairment conditions have improved.

### iv) Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows.

| | |
|---|---|
| Insurance contracts | Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and any investment services).<br><br>A substantive obligation to provide services ends when:<br>- The Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or<br>- the Company 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 up to the reassessment date does not take into account risks that relate to periods after the reassessment date.<br><br>The reassessment of risks considers only risks transferred from policyholders to the Company, which may include both insurance and financial risks, but exclude lapse and expense risks. |
| Reinsurance contracts | Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.<br><br>A substantive right to receive services from the reinsurer ends when the reinsurer:<br><br>- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or<br>- has a substantive right to terminate the coverage |

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Company's substantive rights and obligations and, therefore, may change over time.

### v) Measurement – Contracts not measured under the PAA

#### Insurance contracts – Initial measurement

On initial recognition, the Company measures a group of insurance contracts as the total of;

a) thefulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the timevalue of money and the associated financial risks, and a risk adjustment for non-financial risk; and

b) the CSM. The fulfilment cash flows of a group of insurance contracts do not reflect the Company'snon-performance risk.

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The CSM of a group of insurance contracts represents the unearned profit that the Company will recognise as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of;

a) the fulfilment cash flows,

b) any cash flows arising at that date and

c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows under (iv)) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

#### Contract boundaries

For groups of contracts acquired in a transfer of contracts or a business combination, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. In

a business combination, the consideration received is the fair value of the contracts at that date.
If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss, or as an adjustment to goodwill or a gain on a bargain purchase if the contracts are acquired in a business combination. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue (see (vii)).

### Insurance contracts – Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims.
The liability for remaining coverage comprises;

a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and
b) any remaining CSM at that date.

The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of therisk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows.

| | |
|---|---|
| Changes relating to future services | Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous) |
| Changes relating to current or past services | Recognised in the insurance service result in profit or loss |
| Effects of the time value of money, financial risk changes therein on estimated future cash flows | Recognised as insurance finance income or expenses |

The CSM of each group of contracts is calculated at each reporting date as follows.

### Insurance contracts without direct participation features

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
- any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component.
- any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss.
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year.

Changes in fulfilment cash flows that relate to future services comprise:

- experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;
- differences between (a) any investment component expected to become payable in the year, determined as the payment expected at the start of the year plus any insurance finance income or expenses related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the year;
- differences between any loan to a policyholder expected to become repayable in the year and the actual amount that becomes repayable in the year; and
- changes in the risk adjustment for non-financial risk that relate to future services.
- Changes in discretionary cash flows are regarded as relating to future services and accordingly adjust the CSM.

### Direct participating contracts

Direct participating contracts are contracts under which the Company obligation to the policyholder is the net of:
- the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- a variable fee in exchange for future services provided by the contracts, being the amount of the Company's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. The Company provides investment services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage.

When measuring a group of direct participating contracts, the Company adjusts the fulfilment cash flows for the whole of the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. The Company then adjusts any CSM for changes in the amount of the Company's share of the fair value of the underlying items, which relate to future services, as explained below.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:
- the CSM of any new contracts that are added to the Company in the year;
- the change in the amount of the Company's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:
- the Company has applied the risk mitigation option to exclude from the CSM changes in the effect of financial risk on the amount of its share of the underlying items or fulfilment cash flows;
- a decrease in the amount of the Company's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM,

giving rise to a loss in profit or loss (included in insurance service expenses) and creating a loss component or an increase in the amount of the Company's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in insuranceservice expenses);

- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year.

Changes in fulfilment cash flows that relate to future services include the changes relating to future services specified above for contracts without direct participation features (measured at current discount rates) and changes in the effect of the time value of money and financial risks that do not arise from underlying items – e.g. the effect of financial guarantees.

### Reinsurance contracts

To measure a group of reinsurance contracts, the Company applies the same accounting policies as are applied to insurance contracts without direct participation features, with the following modifications. The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims.

The asset for remaining coverage comprises;

a. the fulfilment cash flows that relate to services that will be received under the contracts in future periods and
b. any remaining CSM at that date.

The Company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

The risk adjustment for non-financial risk is the amount of risk being transferred by the Company to the reinsurer.
On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of;
a. the fulfilment cash flows,
b. any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the Company,

c. any cash flows arising at that date and
d. any income recognised in profit or loss because of onerous underlying contractsrecognised at that date

However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the Company recognises the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:
- the CSM of any new contracts that are added to the Company in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- income recognised in profit or loss in the year on initial recognition of onerous underlying contracts
- reversals of a loss-recovery component to the extent that they are not changes in the fulfilment cash flows of the group of reinsurance contracts;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates
- determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component.
- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss because of the services received in the year.

The Company adjusts the CSM of the group to which a reinsurance contract belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying:
- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Company expects to recover from the reinsurance contracts.

For reinsurance contracts acquired in a transfer of contracts or a business combination covering onerous underlying contracts, the adjustment to the CSM is determined by multiplying:
- the amount of the loss component that relates to the underlying contracts at the date of acquisition; and
- the percentage of claims on the underlying contracts that the Company expects at the date of acquisition to recover from the reinsurance contracts.

For reinsurance contracts acquired in a business combination, the adjustment to the CSM reduces goodwill or increases a gain on a bargain purchase.

If the reinsurance contract covers only some of the insurance contracts included in an onerous group of contracts, then the Company uses a systematic and rational method to determine the portion of losses recognised on the onerous group of contracts that relates to underlying contracts covered by the reinsurance contract.

A loss-recovery component is created or adjusted for the group of reinsurance contracts to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid ‘Net expenses from reinsurance contracts’.

### vi) Measurement – Contracts measured under the PAA

The Company uses the PAA to simplify the measurement of groups of contracts when the following criteria are met at inception.
- Insurance contracts: The coverage period of each contract in the group is one year or less. Some of these contracts provide compensation for the cost of rebuilding or repairing a property after a fire; for these contracts, the Company determines the insured event to be the occurrence of a fire and the coverage period to be the period in which a fire can occur for which a policyholder can make a valid claim.
- Loss-occurring reinsurance contracts: The coverage period of each contract in the group is one year or less.
- Risk-attaching reinsurance contracts: The Company reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the accounting policies in (v). When comparing the different possible measurements, the Company considers the impact of the different release patterns of the asset for remaining coverage to profit or loss and the impact of the time value of money. If significant variability is expected in the fulfilment cash flows during the period before a claim is incurred, then this criterion is not met.

However, certain groups of insurance contracts are acquired in their claims settlement period. The claims from some of these groups are expected to develop over more than one year.

**Insurance contracts**

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition minus any insurance acquisition cash flows
allocated to the group at that date, and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the Company (including assets for insurance acquisition cash flows.
Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortization of insurance acquisition cash flows recognised as expenses, and decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition. On initial recognition of each group of contracts, the Company expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Company has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.
If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognizes a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flow that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are discounted (at current rates) if the liability for incurred claims is also discounted (see below).
The Company recognizes the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows are discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

**Reinsurance contracts**

The Company applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.
If a loss-recovery component is created for a group of reinsurance contracts measured under the PAA, then the Company adjusts the carrying amount of the asset for remaining coverage instead of adjusting the CSM.

**vii) Derecognition and contract modification**

The Company derecognizes a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The Company also derecognizes a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

On derecognition of a contract from within a group of contracts not measured under the PAA:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the CSM of the group is adjusted for the change in the fulfilment cash flows, except where such changes are allocated to a loss component; and
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group.
- If a contract is derecognised because it is transferred to a third party, then the CSM is also adjusted for the premium charged by the third party, unless the group is onerous.
- If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Company entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the Company received the premium that it would have charged less any additional premium charged for the modification.

### viii) Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related of contracts (including any assets for insurance acquisition cash flows under are included in the carrying amount of the related portfolios of contracts.

The Company disaggregates amounts recognised in the statement of profit or loss and OCI into
a) an insurance service result, comprising insurance revenue and insurance service expenses; and
b) insurance finance income or expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.
Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows;

### Insurance revenue – Contracts not measured under the PAA

The Company recognizes insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the Company expects to receive consideration, and comprises the following items.

- A release of the CSM, measured based on coverage units provided (see 'Release of the CSM' below).
- Changes in the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts, which are recognised as insurance revenue and insurance service expenses at that date.
- Other amounts, including experience adjustments for premium receipts for current or past services for the life risk segment and amounts related to incurred policyholder tax expenses for the participating segment.

In addition, the Company allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Company recognizes the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue and an equal amount as insurance service expenses

### Release of the CSM

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each year is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognizing in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

Services provided by insurance contracts include insurance coverage and, for all direct participating contracts, investment services for managing underlying items on behalf of policyholders. In addition, life savings contracts may also provide investment services for generating an investment return for the policyholder, but only if:
- an investment component exists or the policyholder has a right to withdraw an amount (e.g. the policyholder's right to receive a surrender value on cancellation of a contract);
- the investment component or withdrawal amount is expected to include an investment return; and
- the Company expects to perform investment activities to generate that investment return.

The expected coverage period reflects expectations of lapses and cancellations of contracts, as well as the likelihood of insured events occurring to the extent that they would affect the expected coverage period. The period of investment services ends no later than the date on which all amounts due to current policyholders relating to those services have been paid.

### Insurance revenue – Contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period.

### Loss components

For contracts not measured under the PAA, the Company establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenuewhen they occur. When the fulfilment cash flows are incurred, they are allocated between theloss component and the liability for remaining coverage excluding the loss component on a systematic basis.

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non-financial risk at the beginning of each year (or on initial recognition if a group of contracts is initially recognizedin the year).

Changes in fulfilment cash flows relating to future services and changes in the amount of the Company's share of the fair value of the underlying items for direct participating contracts are allocated solely to the loss component. If the loss component is reduced to zero, then any excessover the amount allocated to the loss component creates a new CSM for the Company of contracts.

### Insurance service expenses

Insurance service expenses arising from insurance contracts are recognized in profit or loss generally as they are incurred. They exclude repayments of investment components and comprisethe following items.

- Incurred claims and other insurance service expenses: For some life risk contracts, incurred claims also include premiums waived on detection of critical illness.
- Amortization of insurance acquisition cash flows: For contracts not measured under the PAA, this is equal to the amount of revenue recognised in the year that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Company under insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts.
- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.
- Net expenses from reinsurance contracts.

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paidless amounts recovered from reinsurers.

The Company recognizes an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period representsthe total of the changes in the asset for remaining coverage that relate to services for which the Company expects to pay consideration.

For contracts measured under the PAA, the allocation of reinsurance premiums paid for eachperiod is the amount of expected premium payments for receiving services in the period.
For a group of reinsurance contracts covering onerous underlying contracts, the Company establishesa loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognized:

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
- for changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Company expects to recover from the reinsurance contracts.

### Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in insurance service expenses (see (v). They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

For life risk and life savings contracts, the Company has chosen to disaggregate insurance finance income or expenses between profit or loss and OCI The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The systematic allocation is determined using the following rates:

- life risk contracts: the discount rates determined on initial recognition of the group of contracts; and
- life savings contracts: for insurance finance income or expenses arising from the estimates of future cash flows, a rate that allocates the remaining revised expected finance income or expenses over the remaining duration of the group of contracts at a constant rate (i.e. the effective yield); and for insurance finance income or expenses arising from the CSM, the discount rates determined on initial recognition of the group of contracts.

Amounts presented in OCI are accumulated in the insurance finance reserve. If the Company derecognizes a contract without direct participation features as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated OCI for the contract are reclassified to profit or loss as a reclassification adjustment

For participating and non-life contracts, the Company presents insurance finance income or expenses in profit or loss.

### ix) Transition

At 1 January 2022, the Company applied the following approaches to identify and measure certain groups of contracts in the life risk, life savings and participating segments on transition to IFRS 17.

| Year of issue | Transition approach |
|---|---|
| On or before 2021 | – Fair value approach |
| On or after 31.12.2021 | – Full retrospective approach |

In addition, the Company applied the modified retrospective approach or the fair value approach to identify and measure certain assets for insurance acquisition cash flows in the life risk segment.

### Assessments at inception or on initial recognition

For groups of deferred fixed annuity, the Company determined how to identify discretionary cash flows using information available at 1 January 2022.

### Contracts without direct participation features

The Company applied the following modifications to certain groups of contracts.

- For groups of contracts issued, initiated or acquired between 2004 and 2015, the future cash flows on initial recognition were estimated by adjusting the amount at 1 January 2016 or an earlier date (determined retrospectively) for the cash flows that were known to have occurred before that date. The earliest date on which future cash flows could be determined retrospectively for any group of contracts was 1 January 2012.
- For groups of contracts issued, initiated or acquired between 2004 and 2011 (except for some groups of immediate fixed annuity contracts issued before 2007; see above), the illiquidity premiums applied to the risk-free yield curves on initial recognition were estimated by determining an average spread between the risk-free yield curves and the discount rates determined retrospectively for the period between 1 January 2012 and 1 January 2022.

- For some groups of contracts, the risk adjustment for non-financial risk on initial recognition was determined by adjusting the amount at 1 January 2022 for the expected release of risk before 1 January 2022. The expected release of risk was determined with reference to the release of risk for similar contracts that the Company issued at 1 January 2022.

When any of these modifications was used to determine the CSM (or the loss component) on initial recognition:

- the amount of the CSM recognized in profit or loss before 1 January 2022 was determined by comparing the coverage units on initial recognition and the remaining coverage units at 1 January 2022; and
- the amount allocated to the loss component before 1 January 2022 was determined using the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non-financial risk on initial recognition.

For all life savings contracts measured under the modified retrospective approach, the amount of insurance finance income or expenses accumulated in the insurance finance reserve at 1 January 2022 was determined to be zero.

**Direct participating contracts**

Groups of contracts issued or acquired between 2004 and 2015, the Company determined the CSM (or the loss component) at 1 January 2022 by calculating a proxy for the total CSM for all services to be provided under the group as follows.

- The fair value of the underlying items at 1 January 2022 minus the fulfilment cash flows at 1 January 2022, adjusted for:
- amounts charged to the policyholders (including charges deducted from the underlying items) before 1 January 2022;
- amounts paid before 1 January 2022 that would not have varied based on the underlying items;
- the change in the risk adjustment for non-financial risk caused by the release from risk before 1 January 2022, which was estimated based on an analysis of similar contracts that the Group issued at 1 January 2022; and
- Insurance acquisition cash flows arising before 1 January 2022 that were allocated to the Company

If the calculation resulted in a CSM, then the Company measured the CSM at 1 January 2022 by deducting the CSM related to services provided before 1 January 2022. The CSM related to services provided before 1 January 2022 was determined by comparing the coverage units oninitial recognition and the remaining coverage units at 1 January 2022.

If the calculation resulted in a loss component, then the Company adjusted the loss component to zero and increased the liability for remaining coverage excluding the loss component by the sameamount at 1 January 2022.

**Reinsurance of onerous underlying contracts**

For groups of reinsurance contracts covering onerous underlying contracts that were entered into before or at the same time as the onerous underlying contracts, the Company established a loss-recovery component at 1 January 2022. For some groups of contracts measured under the modified retrospective approach, the Company determined the loss- recovery component by multiplying:

- the amount of the loss component that relates to the underlying contracts at 1 January 2022; and
- the percentage of claims on the underlying contracts that the Company expected to recover from the reinsurance contracts.

For reinsurance contracts initiated or acquired, the Company did not identify a loss-recovery component because it did not have reasonable and supportable information to do so.

**D. Investment contracts and collective investment schemes**

Investment contracts comprise unit-linked and other investment-linked contracts that do not transfer significant insurance risk (see (C)). Such contracts are separated into two components: a financial liability (investment contract) and an investment management service contract. Recurring fees are conditional on the provision of investment management services and are attributed to the investment management service contract component. If an amount received from a customer exceeds the fair value of the investment contract issued, then the excess is attributed to the investment services component as an up-front fee.

Related parties also charge recurring fees for investment management services to a number of collective investment schemes. Interests in consolidated funds held by unrelated third parties are classified as financial liabilities.

### i) Financial liabilities

The Company recognizes a financial liability, representing its contractual obligation to pass on the return on the underlying investments after the deduction of investment management fees (see (ii)), when the Company becomes a party to the contractual provisions. It derecognizes the financial liability when the obligations specified in the contract expire or are discharged or cancelled.

Amounts collected and paid that are attributable to the financial instrument component are adjusted against the financial liability.

Financial liabilities arising from investment contracts and third-party interests in consolidated funds are designated as at FVTPL on initial recognition. This is because these liabilities as well as the related assets are managed and their performance is evaluated on a fair value basis (see (F) (ii)). The fair value is the amount payable on demand because the holders can cancel their contracts at any time after contract inception.

### ii) Investment management service contracts

Recurring fees are calculated and recognized as revenue on a daily basis. Non-refundable up-front fees give rise to material rights for future investment management services and are recognized as revenue over the period for which a customer is expected to continue receiving investment management services.

### Incremental contract costs

Commissions and fees paid to brokers for securing new customers are generally recognized as assets ('contract costs'), unless the Company does not expect to recover these costs. Contract costs are amortized over the estimated duration of the contracts on a straight-line basis and are reviewed for impairment regularly. They are included in 'other assets' in the statement of financialposition and the amortization and any impairment losses thereon are included in 'other operating expenses' in profit or loss.

## E. Financial assets and financial liabilities

### i) Recognition and initial measurement

The Company recognizes 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 recognized on the trade date, which is the date on which the Company 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.

### ii) Classification and subsequent measurement

Financial assets not derecognized before 1 January 2023

### Classification

On initial recognition, a financial asset is classified as measured at amortized cost, FVOCI or FVTPL
Financial assets are not reclassified subsequent to their initial recognition unless the Company 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 amortized 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 SPPI.

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 SPPI.

The Company elects to present changes in the fair value of certain equity investments that are not held for trading in OCI. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.
All financial assets not classified or measured at amortized cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company has designated certain debt investments in the participating 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 recognized in profit or loss. The assets would otherwise be measured at FVOCI.

**Business model assessment**

The Company 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 realizing cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

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 Company's continuing recognition of the assets

For a majority of debt investments, the objective of the Company's business model is to fund insurance contract liabilities. The Company's undertakes significant buying and selling activity on a regular basis to rebalance its portfolio of assets and to ensure that contractual cash flows from the financial assets are sufficient to settle insurance contract liabilities. The Company determines that both collecting contractual cash flows as they come due and selling financial assets to maintain the desired asset profile are integral to achieving the business model's objective.

Certain debt securities are held in separate portfolios for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Company considers that the securities are held within a business model whose objective is to hold assets to collect the cash flows.

Portfolios of financial assets that are managed and whose performance is evaluated on a fair value basis, which include underlying items of participating contracts, and portfolios of 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.

**Subsequent measurement and gains and losses**

| | |
|---|---|
| **Financial assets at FVTPL** | Measured at fair value. Net gains and losses, including any interest or dividend income and foreign exchange gains and losses, are recognized in profit or loss. |
| **Debt investments at FVOCI** | Measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI and accumulated in the fair value reserve. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss |
| **Equity investments at FVOCI** | Measured at fair value. Dividends are recognized as income in profit or loss when the Company's right to receive payment is established, unless they clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss. Cumulative gains and losses recognized in OCI are transferred to retained earnings on disposal of an investment |
| **A Financial asset at amortized cost** | Measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss. |

Financial assets derecognized before 1 January 2023 Classification
The Company classified its financial assets into one of the following categories:
- financial assets at FVTPL, and within this category as:
- held-for-trading;
- derivative hedging instruments; or
- designated as at FVTPL;
- held-to-maturity investments;
- loans and receivables; and
- Available-for-sale financial assets.

**Subsequent measurement and gains and losses**

| | |
|---|---|
| **Financial assets at FVTPL** | Measured at fair value. Net gains and losses, including any interest or dividend income and foreign exchange gains and losses, were recognized in profit or loss. |
| **Held-to-maturity investments** | Measured at amortized cost using the effective interest method |
| **Loans and receivables** | Measured at amortized cost using the effective interest method |
| **Available-for-sale financial assets** | Measured at fair value. Interest income calculated using the effective interest method, dividends, foreign exchange gains and losses and impairment were recognized in profit or loss. Other net gains and losses were recognized in OCI and accumulated in the fair value reserve. On derecognition, gains and losses accumulated in OCI were reclassified to profit or loss |

**Financial liabilities**

**Classification**

The Company classifies its financial liabilities, into one of the following categories:
- Financial liabilities at FVTPL, and within this category as:
- Held-for-trading;
- designated as at FVTPL; and
- Financial liabilities at amortized cost.

The Company has designated investment contract liabilities and third-party interests in consolidated funds as at FVTPL on initial recognition. This is because these liabilities as well as the related assets are managed and their performance is evaluated on a fair value basis.

All investment contract liabilities and third-party interests in consolidated funds have a unit-linking feature whereby the amount due to contract holders is contractually determined on the basis of specified assets. The effect of the unit-linking feature on the fair value of the liability is asset- specific performance risk and not credit risk, and the liabilities are fully collateralized. The Company has determined that any residual credit risk is insignificant and has not had any impact on the fair value of the liabilities.

| | |
|---|---|
| **Financial liabilities at FVTPL** | Measured at fair value. Net gains and losses, including any interest expenses and foreign exchange gains and losses, are recognized in profit or loss. |
| **Financial liabilities at amortized cost** | Measured at amortized cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss |

**Interest on financial instruments**

Interest income and expenses are recognized in profit or loss using the effective interest method. The effective interest rate is calculated on initial recognition of a financial instrument and is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating- rate instruments to reflect movements in market rates of interest.

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The gross carrying amount of a financial asset is its amortized cost before adjusting for any loss allowance.

| | |
|---|---|
| **Financial assets not credit- impaired on initial recognition** | If the financial asset is not credit-impaired, then interest income is calculated by applying the effective interest rate to the gross carrying amount of the asset. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the asset, but not ECL. |
| | If the financial asset has become credit-impaired subsequent to initial recognition, then interest income is calculated by applying the effective interest rate to the amortized cost of the asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.<br><br>For information on when financial assets are credit-impaired see (iii) |
| **Financial assets credit- impaired on initial recognition** | Interest income is calculated by applying a credit-adjusted effective interest rate to the amortised cost of the asset. The credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves |
| **Financial liabilities** | Interest expenses are calculated by applying the effective interest rate to the amortised cost of the liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the liability. |

### Interest on financial instruments not derecognized before 1 January 2023

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest revenue calculated using the effective interest method and other finance costs presented in profit or loss include interest on financial assets and financial liabilities measured at amortized cost and debt investments measured at FVOCI.

Interest income and expenses were recognized in profit or loss using the effective interest method. The effective interest rate was the rate that exactly discounted the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimated future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate included transaction costs and fees and points paid or received that were an integral part of the effective interest rate. Transaction costs were incremental costs that were directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest revenue calculated using the effective interest method and other finance costs presented in profit or loss included interest on financial assets and financial liabilities measured at amortized cost and available-for-sale financial assets.

### iii. Impairment

### Financial assets not derecognized before 1 January 2023

The Company recognizes loss allowances for ECL on:
- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- lease receivables.

The Company measures loss allowances at an amount equal to lifetime ECL, except in the following cases, for which the amount recognized is 12-month ECL:
- debt securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) for which credit risk has not increased significantly since initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

Financial instruments for which 12-month ECL are recognized are referred to as ‘Stage 1 financial. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Financial instruments for which lifetime ECL are recognized because of a significant increase in credit risk since initial recognition but that are not credit-impaired are referred to as ‘Stage 2 financial instruments. Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument.

Financial instruments for which lifetime ECL are recognized and that are credit-impaired are referred to as ‘Stage 3 financial instruments.
In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

### Measurement of ECL (Expected Credit Losses)

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Companyexpects to receive).

### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets measured at amortised cost, debt investments at FVOCI and lease receivables are credit-impaired. A financial asset is credit- impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the debtor;
- a breach of contract such as a default or past-due event;
- the restructuring of an amount due to the Company on terms that the Company would not otherwise consider;
- the debtor entering bankruptcy or other financial reorganisation becoming probable; or
- the disappearance of an active market for a security because of financial difficulties.

A financial asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In assessing whether an investment in sovereign debt is credit-impaired, the Company considers the following factors:
- the market's assessment of credit worthiness as reflected in bond yields;
- the rating agencies' assessments of credit worthiness;
- the country's ability to access the capital markets for new debt issuance;
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness; and
- the international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of
- governments and agencies to use those mechanisms, including an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

### Presentation of loss allowances in the statement of financial position

Loss allowances for ECL are presented as follows:
- financial assets measured at amortized cost: the loss allowance is deducted from the gross carrying amount of the assets; and
- debt investments measured at FVOCI: the loss allowance does not reduce the carrying amount of the financial assets (which are measured at fair value) but gives rise to an equal and opposite gain in OCI.

*Write-off*

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Although the Company expects no significant recovery from amounts written off, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

In addition, for an investment in an equity instrument, a significant or prolonged decline in its fair value below its cost was objective evidence of impairment.

Impairment losses on financial assets were recognised as follows.

| | |
|---|---|
| **Financial assets at amortised cost** | The Company considered evidence of impairment for these assets at both individual asset and collective levels. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics. |
| | In assessing collective impairment, the Company used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends |
| | An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Company considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss |
| **Financial Assets at fair value through other comprehensive income** | Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified was the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increased and the increase was related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available- for-sale were not reversed through profit or loss. |

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On Derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. For debt investments at FVOCI and financial assets that had already been derecognised at 1 January 2023, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. The cumulative gain or loss on equity investments designated as at FVOCI is not reclassified to profit or loss.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised
In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

If the terms of a financial asset are modified, then the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows.

- Fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the new asset.
- Other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the debtor is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual cash flows rather than to originate a new asset with substantially different terms. If the Company plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see 'Write-off' under (iii).

If a financial asset measured at amortized cost or FVOCI is modified but not substantially, then the financial asset is not derecognised. If the asset had not been derecognised at 1 January 2023, then the Company recalculates the gross carrying amount of the financial asset by discounting the modified contractual cash flows at the original effective interest rate and recognizes the resulting adjustment to the gross carrying amount as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. If such a modification is carried out because of financial difficulties of the borrower (see (iii)), then the gain or loss is presented together with impairment losses; in other cases, it is presented as interest revenue Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset

The Company generally derecognizes a financial liability when its contractual obligations expire or are discharged or cancelled. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Notwithstanding the above, when, and only when, the Company repurchases its financial liability and includes it as an underlying item of direct participating contracts, the Company may elect not to derecognize the financial liability. Instead, the Company may elect to continue to account for that instrument as a financial liability and to account for the repurchased instrument as if it were a financial asset and measure it at FVTPL. This election is irrevocable and is made on an instrument- by-instrument basis.

If a financial liability measured at amortized cost is modified but not substantially, then it is not derecognised.

- For financial liabilities that had not been derecognised at 1 January 2023, the Company recalculates the amortized cost of the financial liability by discounting the modified contractual cash flows at the original effective interest rate and recognizes any resulting adjustment to the amortized cost as a modification gain or loss in 'other finance costs' in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred adjust the carrying amount of the modified financial liability and are amortized over the remaining term of the modified financial liability.
- For financial liabilities that had been derecognised at 1 January 2023, the Company recognised any difference in present value as an adjustment to the effective interest rate and amortized it over the remaining life of the modified financial liability, with no immediate gain or loss recognised.

### v. Cash and cash equivalents

Cash and cash equivalents include cash balances and call deposits with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

### vi. Capital instruments

The Company classifies capital instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

### vii. Financial guarantees issued

Financial guarantees are contracts that require the Company to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make a payment when it is due in accordance with the terms of a debt instrument.

Financial guarantees issued by the Company are accounted for as insurance contracts and are under 'insurance contract liabilities'

### viii. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when it is required or permitted by a standard – e.g. gains and losses arising from a group of similar transactions such as the gains and losses on financial assets measured at FVTPL.

### F. Revenues

Revenues comprise:
- insurance revenue
- rent income
- Commissions and fees
- 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 owner- occupied properties

### G. Other finance costs

Other finance costs comprise:
- interest expenses and exchange differences on financial liabilities measured at amortized cost, including dividends on preference shares classified as financial liabilities and interest on lease liabilities
- unwinding of the discount on provisions.

### H. Earnings per share

The Company 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 bythe 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 ordinaryshares, which comprise share options granted to employees.

### I. Employee benefits Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

### i) Long service award

Employee entitlements to long service awards are recognized when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the reporting date. The estimated monetary liability for employees accrued annual leave entitlement at the reporting date is recognized as an expense accrual

### ii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

### iii) Short Term employees' benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## J. Income tax expense

Income tax expense is the aggregate amount charged/(credited) in respect of current income tax and deferred income tax in determining the profit or loss for the year. Tax is recognised in the profit or loss except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

### *Current income tax*

Current income tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Kenyan Income Tax Act.

### *Deferred income tax*

Deferred income tax is provided in full on all temporary differences except those arising on the initial recognition of an asset or liability, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit nor loss. Deferred income tax is determined using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the related deferred income tax asset is realized or the deferred tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized.

## K. Investment property

Investment property comprises land and buildings held to earn rentals and/or for capital appreciation. They are carried at fair value, determined at the reporting date by valuation experts with experience and knowledge of the locations where the properties are located. Fair value is based on active market prices as adjusted, if necessary, for any difference in the nature, condition or location of the specific asset.
Investment property is not subject to depreciation. Changes in their carrying amount between end of reporting periods are dealt with, through profit or loss for the year. Upon disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss for the year.

## L. Property and equipment

All equipment is initially recorded at cost less depreciation and any accumulated impairment losses. The depreciation rates used in determining depreciation charges are as follows:

| | |
|---|---|
| Motor vehicles | 5 years |
| Office machinery and equipment | 7 years |
| Computer equipment | 4 years |
| Office partitions, furniture, and fittings | 8 years |
| Land and buildings | Not depreciated |

The residual values of items of equipment and their estimated useful lives are reviewed at the reporting date and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amounts.

### M. Intangible assets

Computer software programmes are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their useful lives which are estimated to be 5 years.
Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the acquisition of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Intangible assets are derecognised on disposal or when no future benefits are expected from their use or disposal. 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.

### N. 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.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.
Shares are classified as equity when there is no obligation to transfer cash or other assets.

### O. Leases

#### The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less). For any short-term leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- Fixed lease and variable lease payments
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.
The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there are any changes in lease terms.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.
The right-of-use assets are presented as a separate line in the statement of financial position.
The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

### The Company as lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.
When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

### P. Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

### Q. Statutory reserve

The statutory reserve represents accumulated life fund inclusive of surplus whose distribution is subject to restrictions imposed by the Kenyan Insurance Act. The Act restricts the amounts of surplus of the long-term business available for distribution to shareholders to 30% of actuarially determined valuation surplus of the life business.

## 10. Insurance revenue

The following tables present an analysis of the insurance revenue recognised in the period.

| Group 2024 | Non-participating Life Kshs '000 | Indirect participating contracts Kshs '000 | Investment contracts with DPF Kshs '000 | Long term assurance business Kshs '000 | Short term insurance business Kshs '000 | TOTAL Kshs '000 |
|---|---|---|---|---|---|---|
| Contracts not measured under the PAA | | | | | | |
| Amounts relating to changes in liabilitiesfor remaining coverage | | | | | | |
| Expected incurred claims and other expenses after loss component allocation | 499,615 | 582,155 | 461,954 | 1,543,724 | - | **1,543,724** |
| Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation | 22,420 | 36,565 | (7,039) | 51,946 | - | **51,946** |
| CSM recognised in profit or loss for the services provided | 117,238 | 86,725 | 25 | 203,989 | - | **203,989** |
| Premium (and other related cash flows) experience adjustments relating to current service | 6,465 | 115,062 | - | 121,527 | - | **121,527** |
| Insurance acquisition cash flow recovery | (172) | - | 20,145 | 19,974 | - | **19,974** |
| | **645,567** | **820,507** | **475,086** | **1,941,160** | | **1,941,160** |
| **Insurance revenue from contracts measured under the PAA** | **85,055** | - | - | **85,055** | 3,359,321 | **3,444,375** |
| **Total insurance revenue** | **730,622** | **820,507** | **475,086** | **2,026,215** | **3,359,321** | **5,385,535** |

| 2023 | Non-participating Life Kshs '000 | Indirect participating contracts Kshs '000 | Investment contracts with DPF Kshs '000 | Long term assurance business Kshs '000 | Short term business Kenya Kshs '000 | TOTAL Kshs '000 |
|---|---|---|---|---|---|---|
| Contracts not measured under the PAA | | | | | | |
| Amounts relating to changes in liabilitiesfor remaining coverage | | | | | | |
| Expected incurred claims and other expenses after loss component allocation | 448,652 | 671,791 | 231,606 | 1,352,049 | - | **1,352,049** |
| Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation | 22,433 | 33,437 | - | 55,870 | - | **55,870** |
| CSM recognised in profit or loss for the services provided | 99,535 | 38,376 | - | 137,911 | - | **137,911** |
| Premium (and other related cash flows) experience adjustments relating to current service | (383) | (123,885) | (20,568) | (144,836) | - | **(144,836)** |
| Insurance acquisition cash flow recovery | 81,101 | 185,440 | 186,988 | 453,529 | - | **453,529** |
| | **651,338** | **805,159** | **398,026** | **1,854,523** | **-** | **1,854,523** |
| **Insurance revenue from contracts measured under the PAA** | 68,848 | | | 68,848 | 2,806,653 | **2,875,501** |
| **Total insurance revenue** | **720,186** | **805,159** | **398,026** | **1,923,371** | **2,806,653** | **4,730,024** |

**10. Insurance revenue (Continued)**

The following tables present an analysis of the insurance revenue recognised in the period.

| Company 2024 | Non-participating Life Kshs '000 | Indirect participating contracts Kshs '000 | Investment contracts with DPF Kshs '000 | Long term assurance business Kshs '000 | Short term insurance business Kshs '000 | TOTAL Kshs '000 |
|---|---|---|---|---|---|---|
| **Contracts not measured under the PAA** | | | | | | |
| ***Amounts relating to changes in liabilitiesfor remaining coverage*** | | | | | | |
| Expected incurred claims and other expenses after loss component allocation | 499,615 | 582,155 | 461,954 | **1,543,724** | - | **1,543,724** |
| Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation | 22,420 | 36,565 | (7,039) | **51,946** | - | **51,946** |
| CSM recognised in profit or loss for the services provided | 117,238 | 86,725 | 25 | **203,989** | - | **203,989** |
| Premium (and other related cash flows) experience adjustments relating to current service | 6,465 | 115,062 | - | **121,527** | - | **121,527** |
| Insurance acquisition cash flow recovery | (172) | - | 20,145 | **19,974** | - | **19,974** |
| | **645,567** | **820,507** | **475,086** | **1,941,160** | **-** | **1,941,160** |
| **Insurance revenue from contracts measured under the PAA** | **85,055** | **-** | **-** | **85,055** | 2,179,469 | **2,264,524** |
| **Total insurance revenue** | **730,622** | **820,507** | **475,086** | **2,026,215** | **2,179,469** | **4,205,684** |

| 2023 | Non-participating Life Kshs '000 | Indirect participating contracts Kshs '000 | Investment contracts with DPF Kshs '000 | Long term assurance business Kshs '000 | Short term insurance business Kshs '000 | TOTAL Kshs '000 |
|---|---|---|---|---|---|---|
| **Contracts not measured under the PAA** | | | | | | |
| ***Amounts relating to changes in liabilitiesfor remaining coverage*** | | | | | | |
| Expected incurred claims and other expenses after loss component allocation | 448,652 | 671,791 | 231,606 | **1,352,049** | - | **1,352,049** |
| Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation | 22,433 | 33,437 | - | **55,870** | - | **55,870** |
| CSM recognised in profit or loss for the services provided | 99,535 | 38,376 | - | **137,911** | - | **137,911** |
| Premium (and other related cash flows) experience adjustments relating to current service | (383) | (123,885) | (20,568) | **(144,836)** | - | **(144,836)** |
| Insurance acquisition cash flow recovery | 81,101 | 185,440 | 186,988 | **453,529** | - | **453,529** |
| | **651,338** | **805,159** | **398,026** | **1,854,523** | **-** | **1,854,523** |
| **Insurance revenue from contracts measured under the PAA** | 68,848 | - | - | **68,848** | 1,786,270 | **1,855,118** |
| **Total insurance revenue** | **720,186** | **805,159** | **398,026** | **1,923,371** | **1,786,270** | **3,709,641** |

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### 11. Insurance service expenses

The tables below show an analysis of insurance service expenses recognised in the period.

| Group 2024 | Non-participating contracts Life | Indirect participating contracts | Investment contracts with DPF | Long term assurance business | Short term insurance business | TOTAL |
|---|---|---|---|---|---|---|
| | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 |
| Incurred claims and other directly attributable expenses | (657,885) | (646,622) | (527,234) | (1,831,741) | (2,592,596) | (4,424,337) |
| Changes that relate to past service - adjustments to the LIC | 29,137 | 57,416 | 3,383 | 89,936 | 570,684 | 660,620 |
| Losses on onerous contracts and reversal of those losses | (92,646) | (179,130) | (29,558) | (301,334) | 32,339 | (268,996) |
| Insurance acquisition cash flows amortisation | (10,000) | (115,088) | (206,662) | (331,750) | (538,591) | (870,341) |
| | | | | - | | |
| **Total insurance expenses** | **(731,394)** | **(883,424)** | **(760,071)** | **(2,374,889)** | **(2,528,164)** | **4,903,053)** |

| 2023 | Non-participating contracts Life | Indirect participating contracts | Investment contracts with DPF | Total | Short term insurance business | TOTAL |
|---|---|---|---|---|---|---|
| | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 |
| Incurred claims and other directly attributable expenses | (742,938) | (565,285) | (171,920) | (1,480,143) | (3,670,081) | 5,150,224) |
| Changes that relate to past service - adjustments to the LIC | 10,410 | - | - | 10,410 | 1,233,548 | 1,243,958 |
| Losses on onerous contracts and reversal of those losses | (79,957) | (282,479) | (5,290) | (367,726) | (184,407) | (552,133) |
| Insurance acquisition cash flows amortisation | (86,526) | (185,440) | (186,989) | (458,955) | (452,052) | (911,007) |
| **Total insurance expenses** | **(899,011)** | **(1,033,204)** | **(364,199)** | **(2,296,414)** | **(3,072,992)** | **5,369,406)** |

## 11. Insurance service expenses (Continued)

The tables below show an analysis of insurance service expenses recognised in the period.

| Company 2024 | Non-participating contracts Life | Indirect participating contracts | Investment contracts with DPF | Long term assurance business | Short term insurance business | TOTAL |
|---|---|---|---|---|---|---|
| | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 |
| Incurred claims and other directly attributable expenses | (657,885) | (646,622) | (2,384,199) | (3,668,706) | (2,056,668) | (5,745,374) |
| Changes that relate to past service - adjustments to the LIC | 29,137 | 57,416 | 1,927,592 | 2,014,145 | 478,044 | 2,492,189 |
| Losses on onerous contracts and reversal of those losses | (92,448) | (179,130) | (283,318) | (554,896) | 16,758 | (538,138) |
| Insurance acquisition cash flows amortisation | (10,000) | (115,088) | (20,344) | (145,432) | (319,211) | (464,643) |
| **Total insurance expenses** | **(731,196)** | **(883,424)** | **(760,269)** | **(2,374,889)** | **(1,881,076)** | **(4,255,965)** |

| 2023 | Non-participating contracts Life | Indirect participating contracts | Investment contracts with DPF | Total | Short term insurance business | TOTAL |
|---|---|---|---|---|---|---|
| | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 |
| Incurred claims and other directly attributable expenses | (742,938) | (565,285) | (171,920) | (1,480,143) | 2,442,500) | (3,922,643) |
| Changes that relate to past service - adjustments to the LIC | 10,410 | - | - | 10,410 | 375,617 | 386,027 |
| Losses on onerous contracts and reversal of those losses | (79,957) | (282,479) | (5,290) | (367,726) | (184,407) | (552,133) |
| Insurance acquisition cash flows amortisation | (86,526) | (185,440) | (186,989) | (458,955) | (258,201) | (717,156) |
| **Total insurance expenses** | **(899,011)** | **(1,033,204)** | **(364,199)** | **(2,296,414)** | **2,509,491)** | **4,805,905)** |

## 12. Income or expenses from reinsurance contracts held

An analysis of allocation of reinsurance premiums paid and amounts recovered from reinsurers, are presented in the tables below:

| Group 2024 | Reinsurance contracts held for: Non-participating contracts | Indirect participating contracts | Investment contracts with DPF | Total | Short term insurance business | Total |
|---|---|---|---|---|---|---|
| | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 |
| Insurance service income for reinsurance contracts held | 8,049 | 329 | 105 | **8,483** | 487,134 | **495,617** |
| Insurance expenses for reinsurance contracts held | (63,701) | (2,088) | (303) | **(66,092)** | (1,644,265) | **(1,710,358)** |
| **Net income/ (expense) from reinsurance contracts held** | **(55,652)** | **(1,760)** | **(198)** | **(57,609)** | **(1,157,131)** | **(1,214,741)** |

| 2023 | Reinsurance contracts held for: Non-participating contracts | Indirect participating contracts | Investment contracts with DPF | Total | Short term insurance business | TOTAL |
|---|---|---|---|---|---|---|
| | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 |
| Insurance service income for reinsurance contracts held | 48,435 | - | - | **48,435** | 511,954 | **560,389** |
| Insurance expenses for reinsurance contracts held | (37,654) | - | - | **(37,654)** | (784,373) | **(822,027)** |
| **Net income/ (expense) from reinsurance contracts held** | **10,781** | **-** | **-** | **10,781** | **(272,419)** | **(261,638)** |

## 12. Income or expenses from reinsurance contracts held

An analysis of allocation of reinsurance premiums paid and amounts recovered from reinsurers, are presented in the tables below:

**Reinsurance contracts held for:**

| Group 2024 | Non-participating contracts Kshs '000 | Indirect participating contracts Kshs '000 | Investment contracts with DPF Kshs '000 | Total Kshs '000 | Short term insurance business Kshs '000 | TOTAL Kshs '000 |
|---|---|---|---|---|---|---|
| Insurance service income for reinsurance contracts held | 8,049 | 329 | 105 | **8,483** | 218,624 | **227,107** |
| Insurance expenses for reinsurance contracts held | (63,701) | (2,088) | (303) | **(66,092)** | (846,693) | **(912,785)** |
| **Net income/ (expense) from reinsurance contracts held** | **(55,652)** | **(1,760)** | **(198)** | **(57,609)** | **(628,069)** | **(685,678)** |

**Reinsurance contracts held for:**

| 2023 | Non-participating contracts Kshs '000 | Indirect participating contracts Kshs '000 | Investment contracts with DPF Kshs '000 | Total Kshs '000 | Short term insurance business Kshs '000 | TOTAL Kshs '000 |
|---|---|---|---|---|---|---|
| Insurance service income for reinsurance contracts held | 48,435 | - | - | **48,435** | 511,954 | **560,389** |
| Insurance expenses for reinsurance contracts held | (37,654) | - | - | **(37,654)** | (387,905) | **(425,559)** |
| **Net income/ (expense) from reinsurance contracts held** | **10,781** | **-** | **-** | **10,781** | **124,049** | **134,830** |

### 13. Total investment income and insurance finance income/expenses

The tables below present an analysis of net investment income and net insurance finance income/expenses recognised in profit or loss and OCI in the period:

| Group 2024 | Fixed annuities & Term policies | | Unit linked & Variable annuities | | | |
|---|---|---|---|---|---|---|
| | Non-participating contracts Life | Direct participating contracts | Investment contracts with DPF | Long term assurance business | Short term insurance business | TOTAL |
| | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 |
| **Insurance finance income/expenses from insurance contracts issued** | | | | | | |
| Effect of changes in interest rates and other financial assumptions | (900,887) | (875,263) | (7,832,223) | **(9,608,373)** | (450,771) | (10,059,144) |
| **Total insurance finance income/ expenses from insurance contracts issued** | **(900,887)** | **(875,263)** | **(7,832,223)** | **(9,608,373)** | **(450,771)** | **(10,059,144)** |
| **Finance income/expenses from reinsurance contracts held** | | | | | | |
| Effect of changes in interest rates and other financial assumptions | - | - | - | **-** | 289,763 | 289,763 |
| **Total finance income/expenses from reinsurance contracts held** | **-** | **-** | **-** | **-** | **289,763** | **289,763** |
| **Net insurance finance income or expenses** | **(900,887)** | **(875,263)** | **7,832,223)** | **(9,608,373)** | **(161,008)** | **(9,769,381)** |

| 2023 | Fixed annuities & Term policies | | Unit linked & Variable annuities | | | |
|---|---|---|---|---|---|---|
| | Non-participating contracts Life | Direct participating contracts | Investment contracts with DPF | Long term assurance business | Short term insurance business | TOTAL |
| | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 |
| **Insurance finance income/expenses from insurance contracts issued** | | | | | | |
| Effect of changes in interest rates and other financial assumptions | (451,669) | 75,178 | (7,180,154) | **(7,556,645)** | 62,562 | (7,494,083) |
| **Total insurance finance income/ expenses from insurance contracts issued** | **(451,669)** | **75,178** | **7,180,154)** | **(7,556,645)** | **62,562** | **(7,494,083)** |
| **Finance income/expenses from reinsurance contracts held** | | | | | | |
| Effect of changes in interest rates and other financial assumptions | (4,004) | - | - | **(4,004)** | (25,324) | (29,328) |
| **Total finance income/expenses from reinsurance contracts held** | **(4,004)** | **-** | **-** | **(4,004)** | **(25,324)** | **(29,328)** |
| **Net insurance finance income or expenses** | **(455,673)** | **75,178** | **7,180,154)** | **(7,560,649)** | **37,238** | **(7,523,411)** |

### 13. Total investment income and insurance finance income/expenses (Continued)

The tables below present an analysis of net investment income and net insurance finance income/expenses recognised in profit or loss and OCI in the period:

| Company 2024 | Fixed annuities & Term policies | | Unit linked & Variable annuities | | | |
|---|---|---|---|---|---|---|
| | Non-participating contracts Life | Direct participating contracts | Investment contracts with DPF | Long term assurance business | Short term insurance business | TOTAL |
| | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 |
| **Insurance finance income/expenses from insurance contracts issued** | | | | | | |
| Effect of changes in interest rates and other financial assumptions | (900,887) | (875,263) | (7,832,223) | (9,608,373) | (480,937) | 10,089,310) |
| **Total insurance finance income/ expenses from insurance contracts issued** | (900,887) | (875,263) | 7,832,223) | (9,608,373) | (480,937) | 10,089,310) |
| **Finance income/expenses from reinsurance contracts held** | | | | | | |
| Effect of changes in interest rates and other financial assumptions | - | - | - | - | 314,074 | 314,074 |
| **Total finance income/expenses from reinsurance contracts held** | **-** | **-** | **-** | **-** | **314,074** | **314,074** |
| **Net insurance finance income or expenses** | **(900,887)** | **(875,263)** | **(7,832,223)** | **(9,608,373)** | **(166,863)** | **(9,775,236)** |

| 2023 | Fixed annuities & Term policies | | Unit linked & Variable annuities | | | |
|---|---|---|---|---|---|---|
| | Non-participating contracts Life | Direct participating contracts | Investment contracts with DPF | Long term assurance business | Short term insurance business | TOTAL |
| | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 |
| **Insurance finance income/expenses from insurance contracts issued** | | | | | | |
| Effect of changes in interest rates and other financial assumptions | (451,669) | 75,178 | (7,180,154) | (7,556,645) | 62,562 | (7,494,083) |
| Total insurance finance income/ expenses from insurance contracts issued | (451,669) | 75,178 | (7,180,154) | (7,556,645) | 62,562 | (7,494,083) |
| **Finance income/expenses from reinsurance contracts held** | | | | | | |
| Effect of changes in interest rates and other financial assumptions | - | - | - | - | (25,324) | (25,324) |
| **Total finance income/expenses from reinsurance contracts held** | **-** | **-** | **-** | **-** | **(25,324)** | **(25,324)** |
| **Net insurance finance income or expenses** | **(451,669)** | **75,178** | **(7,180,154)** | **(7,556,645)** | **37,238** | **(7,519,407)** |

**14. Portfolios of insurance and reinsurance contract assets and liabilities**

The table below sets out the carrying amounts of portfolios of insurance and reinsurance contract assets and liabilities at the end of reporting date, per class of business:

| **Group 2024** | **Non-participating contracts Life Kshs '000** | **Indirect participating contracts Kshs '000** | **Investment contracts with DPF Kshs '000** | **Long term assurance business Kshs '000** | **Short term insurance business Kshs '000** | **TOTAL Kshs '000** |
|---|---|---|---|---|---|---|
| Insurance contract assets | - | - | - | - | - | - |
| Insurance contract liabilities | 4,902,833 | 2,878,948 | 79,017,333 | 86,799,114 | 6,885,920 | 93,685,034 |
| **Net Liability** | **4,902,833** | **2,878,948** | **79,017,333** | **86,799,114** | **6,885,920** | **93,685,034** |
| Reinsurance contract assets | 50,343 | 2,335 | 56 | 52,734 | 3,197,928 | 3,250,661 |
| Reinsurance contract liabilities | (31,748) | | | (31,748) | - | (31,748) |
| **Net Asset** | **18,595** | **2,335** | **56** | **20,986** | **3,197,928** | **3,218,913** |

| **2023** | **Non-participating contracts Life Kshs '000** | **Indirect participating contracts Kshs '000** | **Investment contracts with DPF Kshs '000** | **Long term assurance business Kshs '000** | **Short term insurance business Kshs '000** | **TOTAL Kshs '000** |
|---|---|---|---|---|---|---|
| Insurance contract assets | - | - | - | - | - | |
| Insurance contract liabilities | 2,275,960 | 4,449,567 | 66,405,034 | 73,130,561 | 7,301,574 | 80,432,135 |
| **Net Liability** | **2,275,960** | **4,449,567** | **66,405,034** | **73,130,561** | **7,301,574** | **80,432,135** |
| Reinsurance contract assets | 90,168 | - | - | 90,168 | 3,755,121 | 3,845,289 |
| Reinsurance contract liabilities | 22,803 | 260 | - | 23,063 | - | 23,063 |
| **Net Asset** | **67,365** | **(260)** | **-** | **67,105** | **3,755,121** | **3,822,226** |

### 14. Portfolios of insurance and reinsurance contract assets and liabilities (Continued)

The table below sets out the carrying amounts of portfolios of insurance and reinsurance contract assets and liabilities at the end of reporting date, per class of business:

| Company 2024 | Non-participating contracts Life Kshs '000 | Indirect participating contracts Kshs '000 | Investment contracts with DPF Kshs '000 | Long term assurance business Kshs '000 | Short term insurance business Kshs '000 | TOTAL Kshs '000 |
|---|---|---|---|---|---|---|
| Insurance contract assets | - | - | - | - | - | - |
| Insurance contract liabilities | 4,902,833 | 2,878,948 | 79,017,333 | 86,799,114 | 6,169,771 | 92,968,885 |
| **Net Liability** | **4,902,833** | **2,878,948** | **79,017,333** | **86,799,114** | **6,169,771** | **92,968,885** |
| Reinsurance contract assets | 50,343 | 2,335 | 56 | 52,734 | 2,538,987 | 2,591,721 |
| Reinsurance contract liabilities | (31,748) | | | (31,748) | - | (31,748) |
| **Net Asset** | **18,595** | **2,335** | **56** | **20,986** | **2,538,987** | **2,559,973** |

| 2023 | Non-participating contracts Life Kshs '000 | Indirect participating contracts Kshs '000 | Investment contracts with DPF Kshs '000 | Long term assurance business Kshs '000 | Short term insurance business Kshs '000 | TOTAL Kshs '000 |
|---|---|---|---|---|---|---|
| Insurance contract assets | - | - | - | - | - | |
| Insurance contract liabilities | 2,275,960 | 4,449,567 | 66,405,034 | 73,130,561 | 6,002,163 | 79,132,724 |
| **Net Liability** | **2,275,960** | **4,449,567** | **66,405,034** | **73,130,561** | **6,002,163** | **79,132,724** |
| Reinsurance contract assets | 90,168 | - | - | 90,168 | 2,561,697 | 2,651,865 |
| Reinsurance contract liabilities | 22,803 | 260 | - | 23,063 | - | 23,063 |
| **Net Asset** | **67,365** | **(260)** | **-** | **67,105** | **2,561,697** | **2,628,802** |

**15. Insurance contract assets and liabilities**

**A. Indirect participating contracts**

The following table shows the reconciliation from the opening to the closing balances of the net liability for the remaining coverage and the liability for incurred claims for indirect participating contracts.

| 2024 | Liability for remaining coverage excluding loss component Kshs '000 | Loss component Kshs '000 | Liability for incurred claims best estilate liability Lshs '000 | Risk adjustment Kshs '000 | Total Kshs '000 |
|---|---|---|---|---|---|
| Opening assets | - | - | - | - | - |
| Opening liabilities | 1,712,167 | 527,722 | 57,416 | - | 2,297,305 |
| **Net opening balance** | **1,712,167** | **527,722** | **57,416** | **-** | **2,297,305** |
| **Changes in the statement of profit or loss** | | | | | - |
| **Insurance revenue** | | | | | |
| Contracts measured under the fair value approach at transition | - | - | - | - | - |
| New contracts and contracts measured under the full retrospective approach at transition | (820,507) | - | - | - | (820,507) |
| **Insurance revenue** | **(820,507)** | **-** | **-** | **-** | **(820,507)** |
| Insurance service expenses | | | | | |
| Incurred claims and other directly attributable expenses | - | (420,513) | 1,009,719 | - | 589,206 |
| Losses on onerous contracts and reversal of those losses | - | 179,130 | - | - | 179,130 |
| Insurance acquisition cash flows amortisation | 115,088 | - | - | - | 115,088 |
| | | | | | - |
| **Insurance service expenses** | **115,088** | **(241,383)** | **1,009,719** | | **883,424** |
| **Insurance service result** | **(705,419)** | **(241,383)** | **1,009,719** | | **62,917** |
| Finance income/(expenses) from insurance contracts issued | **813,366** | **61,897** | **-** | | **875,263** |
| **Total changes in the statement of profit or loss** | **107,947** | **(179,486)** | **1,009,719** | | **938,180** |
| Investment components excluded from insurance revenue and insurance service expenses | - | - | - | - | - |
| Allocation of IACF to related group of contracts | - | - | - | - | - |
| **Cash flows** | | | | | - |
| Premiums received | 668,504 | - | - | - | 668,504 |
| Claims and other directly attributable expenses paid | - | - | (1,025,042) | - | (1,025,042) |
| Insurance acquisition cash flows paid | - | - | - | - | - |
| **Total cash flows** | **668,504** | **-** | **(1,025,042)** | | **(356,538)** |
| **Net closing balance** | **2,488,618** | **348,236** | **42,093** | **-** | **2,878,948** |
| Closing assets | | | | | |
| Closing liabilities | 2,488,618 | 348,236 | 42,093 | | 2,878,948 |
| **Net closing balance** | **2,488,618** | **348,236** | **42,093** | **-** | **2,878,948** |

| 2023 | Liability for remaining coverage excluding loss component Kshs '000 | Loss component Kshs '000 | Liability for incurred claims best estilate liability Kshs '000 | Risk adustment Kshs '000 | Total Kshs '000 |
|---|---|---|---|---|---|
| Opening assets | - | | | - | |
| Opening liabilities | 2,064,506 | 282,929 | 28,812 | - | 2,376,247 |
| **Net opening balance** | **2,064,506** | **-** | **-** | **-** | **2,376,247** |
| | | | | | |
| **Changes in the statement of profit or loss** | | | | | - |
| **Insurance revenue** | | | | | |
| Contracts measured under the fair value approach at transition | (701,834) | | | - | (701,834) |
| New contracts and contracts measured under the full retrospective approach at transition | (103,325) | | | - | (103,325) |
| **Insurance revenue** | **(805,159)** | **-** | **-** | **-** | **(805,159)** |
| | | | | | |
| **Insurance service expenses** | | | | | |
| Incurred claims and other directly attributable expenses | | 102,660 | 667,945 | | 565,285 |
| Losses on onerous contracts and reversal of those losses | | 282,479 | | | 282,479 |
| Insurance acquisition cash flows amortisation | 185,440 | | | - | 185,440 |
| | | | | | - |
| **Insurance service expenses** | **185,440** | **179,819** | **667,945** | | **185,440** |
| **Insurance service result** | **(619,719)** | | | | **(619,719)** |
| Finance income/(expenses) from insurance contracts issued | (127,129) | 51,951 | | | (75,178) |
| **Total changes in the statement of profit or loss** | **(746,848)** | **-** | **-** | | **(694,897)** |
| | | | | | |
| **Cash flows** | | | | | - |
| Premiums received | 636,625 | 636,625 | | - | 1,273,250 |
| Claims and other directly attributable expenses paid | | | (639,838) | | (639,838) |
| Insurance acquisition cash flows paid | (249,940) | | | - | (249,940) |
| **Total cash flows** | **386,685** | **-** | **-** | **-** | **383,472** |
| **Net closing balance** | **1,712,167** | **527,722** | **57,416** | **-** | **2,297,305** |
| Closing assets | | | | | |
| Closing liabilities | 1,712,167 | 527,722 | - 57,416 | - | 2,297,305 |
| **Net closing balance** | **1,712,167** | **527,722** | **57,416** | **-** | **2,297,305** |

**15. Insurance contract assets and liabilities (continued)**

**A. Indirect participating contracts (continued)**

The following table shows the reconciliation from the opening to the closing balances of the net insurance contrcat liability analysed by components:

| **2024** | **Estimates of present value of future cash flows** | **Risk adjustment for non finanical risk** | **Contracts under modified retrospective approach** | **CSM contracts under fair value approach** | **New contracts and contracts measured under the full retrospective approach at transition** | **Total** |
|---|---|---|---|---|---|---|
| | **Kshs '000** | **Kshs '000** | **Kshs '000** | **Kshs '000** | **Kshs '000** | **Kshs '000** |
| Opening assets | | | | | | - |
| Opening liabilities | 1,813,058 | 215,409 | - | | 211,422 | 2,239,889 |
| **Net opening balance** | **1,813,058** | **215,409** | **-** | | **211,422** | **2,239,889** |
| **Changes in the statement of profit or loss** | | | | | | - |
| ***Changes that relate to curent service*** | | | | | | - |
| CSM recognised in profit or loss for the services provided | - | - | | | (86,725) | (86,725) |
| Change in the risk adjustment for non financial risk for the risk expired | - | (63,823) | | | - | (63,823) |
| Premium ( and other related cash flows) experience adjustments relating to current service | 49,632 | - | | | - | 49,632 |
| Insurance revenue from contracts measured under the PAA | - | - | | | - | - |
| Experience adjustments | **49,632** | **(63,823)** | **-** | | **(86,725)** | **(100,916)** |
| ***Changes that relate to future service*** | | | | | | |
| Changes in estimates that adjust the CSM | (114,724) | 67,598 | | | 119,415 | 72,289 |
| Changes in estimates that reuslt in onerous contract losses or reversal of losses | (40,949) | 8,576 | | | - | (32,374) |
| Contracts initially recognised in the period | 98,550 | 5,928 | | | 34,763 | 139,240 |
| | **(57,123)** | **82,101** | **-** | | **154,178** | **179,156** |
| ***Changes that relate to past service*** | | | | | | |
| Adjustments to libilities for incurred claims | - | - | | | - | |
| **Insurance service result** | (7,491) | 18,279 | | | 67,453 | 78,240 |
| Finance income/(expenses) from insurance contracts issued | 839,317 | 9,109 | | | 26,836 | 875,263 |
| Effect of movements in exchange rates | - | - | | | - | - |
| **Total changes in the statement of profit or loss** | **831,827** | **27,388** | **-** | | **94,289** | **953,503** |
| Allocation of IACF to related group of contracts | - | - | - | | | - |
| **Cash flows** | | | | | | - |
| Premiums received | 668,504 | - | | | - | 668,504 |
| Claims and other directly attributable expenses paid | (1,025,042) | - | | | - | (1,025,042) |
| Insurance acquisition cash flows paid | - | - | | | - | - |
| **Total cash flows** | **(356,538)** | **-** | **-** | | **-** | **(356,538)** |
| **Net closing balance** | **2,288,346** | **242,797** | **-** | | **305,711** | **2,836,854** |

| 2023 | Estimates of present value of future cash flows Kshs '000 | Risk adjustment for non finanical risk Kshs '000 | Contracts under modified retrospective approach Kshs '000 | CSM contracts under fair value approach Kshs '000 | New contracts and contracts measured under the full retrospective approach at transition Kshs '000 | Total Kshs '000 |
|---|---|---|---|---|---|---|
| Opening assets | | | | | | - |
| Opening liabilities | 2,075,512 | 228,299 | | | 72,436 | 2,376,247 |
| **Net opening balance** | **2,075,512** | **228,299** | **-** | | **72,436** | **2,376,247** |
| **Changes in the statement of profit or loss** | | | | | | - |
| *Changes that relate to curent service* | | | | | | - |
| CSM recognised in profit or loss for the services provided | | | | | (38,376) | (38,376) |
| Change in the risk adjustment for non financial risk for the risk expired | | (33,437) | | | | (33,437) |
| Premium ( and other related cash flows) experience adjustments relating to current service | 123,885 | | | | | 123,885 |
| Insurance revenue from contracts measured under the PAA | (101,473) | (5,033) | | | | (106,506) |
| Experience adjustments | **22,412** | **(38,470)** | **-** | | **(38,376)** | **(54,434)** |
| **Changes that relate to future service** | | | | | | |
| Changes in estimates that adjust the CSM | (39,975) | (15,789) | | | 55,764 | - |
| Changes in estimates that reuslt in onerous contract losses or reversal of losses | 29,002 | 1,723 | | | - | 30,725 |
| Contracts initially recognised in the period | 118,892 | 28,692 | | | 104,170 | 251,754 |
| | **107,919** | **14,626** | **-** | | **159,934** | **282,479** |
| ***Changes that relate to past service*** | | | | | | |
| Adjustments to libilities for incurred claims | | | | | | |
| **Insurance service result** | 130,331 | (23,844) | - | | 121,558 | 228,045 |
| Finance income/(expenses) from insurance contracts issued | (103,726) | 11,507 | | | 17,041 | (75,178) |
| Effect of movements in exchange rates | | | | | | - |
| **Total changes in the statement of profit or loss** | **26,605** | **(12,337)** | **-** | | **138,599** | **152,867** |
| Allocation of IACF to related group of contracts | | | | | | - |
| **Cash flows** | | | | | | - |
| Premiums received | 636,625 | | | | | 636,625 |
| Claims and other directly attributable expenses paid | (639,838) | | | | | (639,838) |
| Insurance acquisition cash flows paid | (249,940) | | | | | (249,940) |
| **Total cash flows** | **(253,153)** | **-** | **-** | | **-** | **(253,153)** |
| **Net closing balance** | **1,813,058** | **215,409** | **-** | | **211,422** | **2,239,889** |

**15. Insurance contract assets and liabilities (continued)**

**A. Indirect participating contracts (continued)**

The following table provides ana anlysis of insurance contracts initially recognised in the period.

| | 2024 Profitable contracts Kshs '000 | 2024 Contracts issued onerous contracts Kshs '000 | Total Kshs '000 | Profitable contracts Kshs '000 | 2023 Contracts issued onerous contracts Kshs '000 | Total Kshs '000 |
|---|---|---|---|---|---|---|
| Estimates of the present value of future cash outflows | 30,418 | 88,132 | 118,550 | 49 | 51 | 101 |
| Insurance acquisition cash flows | 24,171 | 26,958 | 51,129 | 171 | 403 | 574 |
| Claims and other directly attriburable expenses | - | - | - | (333) | (222) | (556) |
| Estimates of the present value of future cash inflows | 60,455 | (19,744) | 40,711 | 9 | 20 | 29 |
| Risk adjustment for non financial risk | 1,521 | - | 1,521 | - | - | - |
| Premium that would have been charged on modification for new contracts recognised in group CSM | - | - | - | 104 | - | 104 |
| **Increase in insurance contract liabilities from contracts recognised in the period** | **116,565** | **95,346** | **211,911** | **-** | **252** | **252** |

**B. Life business - non-participating contracts**

The following table shows the reconcilitaion from the opening to the closing balances of the net liability for the remaining coverage and the liability for incurred claims for non participating contracts

| 2024 | Liability for remaining coverage Excluding loss component Kshs '000 | Loss component Kshs '000 | Best estimate liability Kshs '000 | Liability for incurred claims Risk adjustment Kshs '000 | Total Kshs '000 |
|---|---|---|---|---|---|
| Opening assets | | | | | - |
| Opening liabilities | 4,223,007 | 105,501 | 89,448 | 95,404 | 4,513,361 |
| **Net opening balance** | **4,223,007** | **105,501** | **89,448** | **95,404** | **4,513,361** |
| **Changes in the statement of profit or loss** | | | | | |
| **Insurance revenue** | - | - | - | - | - |
| Contracts measured under the fair value approach at transition | - | - | - | - | - |
| Contracts measured under the modified retrospective approach at transition | - | - | - | - | - |
| New contracts and contracts measured under the full retrospective approach at transition | (730,415) | - | - | - | (730,415) |
| **Insurance revenue** | **(730,415)** | **-** | **-** | **-** | **(730,415)** |
| **Insurance service expenses** | | | | | |
| Incurred claims and other directly attributable expenses | - | (113,295) | 772,222 | 53,856 | 712,783 |
| Changes that relate to past service - adjustments to the LIC | - | - | (29,137) | 29,137 | (58,274) |
| Changes adjusting the CSM | - | - | - | - | - |
| Losses on onerous contracts and reversal of those losses | - | 92,161 | - | - | 92,161 |
| Insurance acquisition cash flows amortisation | 9,968 | - | - | - | 9,968 |
| **Insurance service expenses** | **9,968** | **(21,134)** | **743,085** | **24,719** | **756,638** |
| **Insurance service result** | **(720,447)** | **(21,134)** | **743,085** | **24,719** | **26,223** |
| Finance income/(expenses) from insurance contracts issued | 884,219 | 16,651 | - | - | 900,870 |
| Effect of movements in exchange rates | - | - | - | 0 | |
| Investment return | - | - | - | 0 | |
| Other operating expenses | - | - | - | 0 | |
| **Total changes in the statement of profit or loss** | **163,772** | **(4,483)** | **743,085** | **24,719** | **927,093** |
| Investment components excluded from insurance revenue and insurance service expenses | - | - | - | 0 | |
| Allocation of IACF to related group of contracts | - | - | - | 0 | 0 |
| **Cash flows** | | | | | - |
| Premiums received | 358,115 | - | - | - | 358,115 |
| Claims and other directly attributable expenses paid | - | - | (777,676) | - | (777,676) |
| Insurance acquisition cash flows paid | - | - | - | - | - |
| **Total cash flows** | **521,887** | **-** | **(777,676)** | **-** | **(255,789)** |
| **Net closing balance** | **4,744,894** | **101,018** | **54,857** | **120,124** | **5,184,665** |

| 2023 | Liability for remaining coverage Excluding loss component Kshs '000 | Loss component Kshs '000 | Best estimate liability Kshs '000 | Liability for incurred claims Risk adjustment Kshs '000 | Total Kshs '000 |
|---|---|---|---|---|---|
| Opening assets | | | | | - |
| Opening liabilities | 2,950,341 | 58,870 | 52,583 | (4,784) | 3,057,010 |
| **Net opening balance** | **2,950,341** | **58,870** | **52,583** | **(4,784)** | **3,057,010** |
| **Changes in the statement of profit or loss** | | | | | |
| **Insurance revenue** | | | | | - |
| Contracts measured under the fair value approach at transition | (36,336) | | | | (36,336) |
| Contracts measured under the modified retrospective approach at transition | | | | | - |
| New contracts and contracts measured under the full retrospective approach at transition | (683,849) | | | | (683,849) |
| **Insurance revenue** | **(720,185)** | **-** | **-** | **-** | **(720,185)** |
| Insurance service expenses | | | | | |
| Incurred claims and other directly attributable expenses | | (27,762) | 770,700 | | 742,938 |
| Changes that relate to past service - adjustments to the LIC | | | - | (10,410) | (10,410) |
| Changes adjusting the CSM | | 79,957 | | | 79,957 |
| Losses on onerous contracts and reversal of those losses | | | | | - |
| Insurance acquisition cash flows amortisation | 86,526 | | | | 86,526 |
| **Insurance service expenses** | **86,526** | **52,195** | **770,700** | **(10,410)** | **899,011** |
| **Insurance service result** | **(633,659)** | **52,195** | **770,700** | **(10,410)** | **178,826** |
| Finance income/(expenses) from insurance contracts issued | 444,210 | 7,459 | | | 451,669 |
| Effect of movements in exchange rates | | | | | |
| Investment return | | | | | |
| Other operating expenses | | | | | |
| **Total changes in the statement of profit or loss** | **(189,449)** | **59,654** | **770,700** | **(10,410)** | **630,495** |
| Investment components excluded from insurance revenue and insurance service expenses | | | | | |
| Allocation of IACF to related group of contracts | | | | | - |
| Cash flows | | | | | - |
| Premiums received | 1,522,764 | | | | 1,522,764 |
| Claims and other directly attributable expenses paid | | | (707,550) | | (707,550) |
| Insurance acquisition cash flows paid | (49,325) | | | | (49,325) |
| **Total cash flows** | **1,473,439** | **-** | **(707,550)** | **-** | **765,889** |
| **Net closing balance** | **4,223,007** | **105,501** | **89,448** | **95,404** | **4,513,361** |

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**15. Insurance contract assets and liabilities (continued)**

**A. Investment contracts with DPF**

The following table shows the reconciliation from the opening to the closing balances of the net insurance contrcat liability analysed by components:

| 2024 | Liability for remaining coverage Excluding loss component Kshs '000 | Loss component Kshs '000 | Best estimate liability Kshs '000 | Risk adjustment Kshs '000 | Total Kshs '000 |
|---|---|---|---|---|---|
| Opening assets | - | - | - | | - |
| Opening liabilities | 65,911,117 | 476,524 | - | | 66,387,641 |
| **Net opening balance** | **65,911,117** | **476,524** | **-** | **-** | **66,387,641** |
| Changes in the statement of profit or loss | | | | | - |
| **Insurance revenue** | | | | | |
| Contracts measured under the fair value approach at transition | - | - | - | | - |
| New contracts and contracts measured under the full retrospective approach at transition | (471,504) | - | - | | (471,504) |
| **Insurance revenue** | **(471,504)** | **-** | **-** | **-** | **(471,504)** |
| **Insurance service expenses** | | | | | |
| Incurred claims and other directly attributable expenses | - | (260,179) | (2,623,023) | | 2,362,304 |
| Losses on onerous contracts and reversal of those losses | - | (281,988) | - | | 281,988 |
| Insurance acquisition cash flows amortisation | (20,146) | - | - | | 20,146 |
| **Insurance service expenses** | **(20,146)** | **(21,270)** | **(2,623,023)** | | **2,664,439** |
| Insurance service result | (491,650) | (21,270) | (2,623,023) | | 2,192,935 |
| Finance income/(expenses) from insurance contracts issued | 13,873,683 | 70,396 | - | | 13,944,080 |
| **Total changes in the statement of profit or loss** | **13,382,033** | **49,127** | **(2,623,023)** | **-** | **16,137,015** |
| Investment components excluded from insurance revenue and insurance service expenses | - | - | - | | - |
| Allocation of IACF to related group of contracts | - | - | - | | - |
| **Cash flows** | | | | | **-** |
| Premiums received | 1,001,936 | - | - | | 1,001,936 |
| Claims and other directly attributable expenses paid | - | - | (2,623,023) | | (2,623,023) |
| Insurance acquisition cash flows paid | - | - | - | | - |
| **Total cash flows** | **1,001,936** | **-** | **(2,623,023)** | **-** | **(1,621,087)** |
| **Net closing balance** | | | | | **80,903,569** |
| Closing assets | - | - | - | | - |
| Closing liabilities | 78,429,501 | 568,179 | - | | 80,903,569 |
| Net closing balance | **78,429,501** | **568,179** | **-** | **-** | **80,903,569** |

| 2023 | Liability for remaining coverage Excluding loss component Kshs '000 | Loss component Kshs '000 | Best estimate liability Kshs '000 | Risk adjustment Kshs '000 | Total Kshs '000 |
|---|---|---|---|---|---|
| Opening assets | | | | | - |
| Opening liabilities | 56,483,748 | 539,681 | 27,522 | - | 57,050,951 |
| **Net opening balance** | **56,483,748** | **539,681** | **27,522** | **-** | **57,050,951** |
| | | | | | |
| Changes in the statement of profit or loss | | | | | - |
| Insurance revenue | | | | | |
| Contracts measured under the fair value approach at transition | (33,573) | | | | (33,573) |
| New contracts and contracts measured under the full retrospective approach at transition | (364,453) | | | | (364,453) |
| **Insurance revenue** | **(398,026)** | **-** | **-** | **-** | **(398,026)** |
| **Insurance service expenses** | | | | | |
| Incurred claims and other directly attributable expenses | | (87,791) | 259,711 | - | 171,920 |
| Losses on onerous contracts and reversal of those losses | | 5,290 | | | 5,290 |
| Insurance acquisition cash flows amortisation | 186,989 | | | | 186,989 |
| **Insurance service expenses** | **186,989** | **(82,501)** | **259,711** | **-** | **364,199** |
| Insurance service result | (211,037) | (82,501) | 259,711 | - | (33,827) |
| Finance income/(expenses) from insurance contracts issued | 7,185,568 | - | (5,414) | - | 7,180,154 |
| **Total changes in the statement of profit or loss** | **6,974,531** | **(82,501)** | **254,297** | **-** | **7,146,327** |
| Investment components excluded from insurance revenue and insurance service expenses | (6,398,214) | | 6,398,214 | | - |
| Allocation of IACF to related group of contracts | | | | | - |
| **Cash flows** | | | | | **-** |
| Premiums received | 9,086,474 | | | | 9,086,474 |
| Claims and other directly attributable expenses paid | | | (6,658,330) | | (6,658,330) |
| Insurance acquisition cash flows paid | (216,079) | | | | (216,079) |
| **Total cash flows** | **8,870,395** | **-** | **(6,658,330)** | **-** | **2,212,065** |
| **Net closing balance** | **65,911,117** | **476,524** | **-** | | **66,387,641** |
| Closing assets | | | | | - |
| Closing liabilities | 65,911,117 | 476,524 | - | | 66,387,641 |
| **Net closing balance** | **65,911,117** | **476,524** | **-** | | **66,387,641** |

**15. Insurance contract assets and liabilities (continued)**
**A. Investment contracts with DPF (continued)**

The following table shows the reconciliation from the opening to the closing balances of the net insurance contractt liability analysed by components:

| 2024 | Estimates of present value of future cash flows Kshs '000 | Risk adjustment for non financial risk Kshs '000 | Contracts under modified retrospective approach Kshs '000 | Contracts under fair value approach Kshs '000 | Total Kshs '000 |
|---|---|---|---|---|---|
| Opening assets | - | - | - | | |
| Opening liabilities | 66,365,913 | 21,728 | - | | 66,387,641 |
| **Net opening balance** | **66,365,913** | **21,728** | **-** | **-** | **66,387,641** |
| **Changes in the statement of profit or loss** | | | | | |
| ***Changes that relate to current service*** | | | | | |
| CSM recognised in profit or loss for the services provided | - | - | (19) | | (19) |
| Change in the risk adjustment for nonfinancial risk for the risk expired | - | (12,360) | - | | (12,360) |
| Premium (and other related cash flows) experience adjustments relating to current service | - | - | - | | - |
| Insurance revenue from contracts measured under the PAA | - | - | - | | - |
| Experience adjustments | (17,436) | - | - | | (17,436) |
| | **(17,436)** | **(12,360)** | **(19)** | **-** | **(29,814)** |
| **Changes that relate to future service** | | | | | |
| Changes in estimates that adjust the CSM | - | 10 | (10) | | - |
| Changes in estimates that result in onerous contract losses or reversal of losses | - | 604 | - | | 604 |
| Impact of modification premiums received | | | | | - |
| Impact of notional modification premium outflows | 125,941 | 7,810 | (633) | | 133,117 |
| Contracts initially recognised in the period | 139,787 | 6,989 | 1,492 | | 148,268 |
| | **265,727** | **15,413** | **849** | **-** | **281,989** |
| **Changes that relate to past service** | | | | | |
| Adjustments to liabilities for incurred claims | - | - | - | | - |
| **Insurance service result** | **283,163** | **3,053** | **830** | | **252,174** |
| Finance income/(expenses) from insurance contracts issued | 13,944,080 | - | - | | 13,944,080 |
| Effect of movements in exchange rates | - | - | - | | - |
| **Total changes in the statement of profit or loss** | **14,227,242** | **3,053** | **830** | **-** | **14,196,254** |
| Allocation of IACF to related group of contracts | - | - | - | | |
| **Cash flows** | | | | | |
| Premiums received | 1,001,936 | - | - | | 1,001,936 |
| Claims and other directly attributable expenses paid | (2,623,023) | - | - | | (2,623,023) |
| Insurance acquisition cash flows paid | - | - | - | | - |
| **Total cash flows** | **(1,621,087)** | **-** | **-** | **-** | **(1,621,087)** |
| **Net closing balance** | **78,972,069** | **24,780** | **830** | **-** | **78,962,808** |

| 2023 | Estimates of present value of future cash flows Kshs '000 | Risk adjustment for non financial risk Kshs '000 | Contracts under fair value approach Kshs '000 | Total Kshs '000 |
|---|---|---|---|---|
| Opening assets | | | | |
| Opening liabilities | 56,999,525 | 24,236 | - | 57,023,761 |
| **Net opening balance** | **56,999,525** | **24,236** | **-** | **57,023,761** |
| **Changes in the statement of profit or loss** | | | | |
| ***Changes that relate to current service*** | | | | |
| CSM recognised in profit or loss for the services provided | | | | - |
| Change in the risk adjustment for nonfinancial risk for the risk expired | | 20,568 | | 20,568 |
| Premium (and other related cash flows) experience adjustments relating to current service | | | | - |
| Insurance revenue from contracts measured under the PAA | - | | | - |
| Experience adjustments | (240,440) | (5,467) | | (245,907) |
| | **(240,440)** | **15,101** | **-** | **(225,339)** |
| ***Changes that relate to future service*** | | | | |
| Changes in estimates that adjust the CSM | - | - | - | - |
| Changes in estimates that result in onerous contract losses or reversal of losses | (34,282) | (6,359) | | (40,641) |
| Impact of modification premiums received | | | | - |
| Impact of notional modification premium outflows | | | | - |
| Contracts initially recognised in the period | 36,613 | 9,318 | | 45,931 |
| | **2,331** | **2,959** | **-** | **5,290** |
| ***Changes that relate to past service*** | | | | |
| Adjustments to liabilities for incurred claims | - | - | | - |
| | - | - | - | - |
| **Insurance service result** | **(238,109)** | **18,060** | **-** | **(220,049)** |
| Finance income/(expenses) from insurance contracts issued | 7,180,154 | - | - | 7,180,154 |
| Effect of movements in exchange rates | | | | - |
| **Total changes in the statement of profit or loss** | **6,942,045** | **18,060** | **-** | **6,960,105** |
| Allocation of IACF to related group of contracts | | | | |
| **Cash flows** | | | | |
| Premiums received | 9,162,530 | | | 9,162,530 |
| Claims and other directly attributable expenses paid | (6,529,111) | | | (6,529,111) |
| Insurance acquisition cash flows paid | (216,079) | | | (216,079) |
| **Total cash flows** | **2,417,340** | **-** | **-** | **2,417,340** |
| **Net closing balance** | **66,365,913** | **21,728** | | **66,387,641** |

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**15. Insurance contract assets and liabilities (continued)**

**B. Life business – non-participating contracts**

The following table shows the reconciliation from the opening to the closing balances of the net insurance contract liability anlalysed by components.

| 2024 | Estimates of present value of future cash flows Kshs '000 | Risk adjustment for non financial risk Kshs '000 | Contracts under modified retrospective approach Kshs '000 | Contracts under fair value approach Kshs '000 | New contracts and contracts measured under the full retrospective approach at transition Kshs '000 | Total Kshs '000 |
|---|---|---|---|---|---|---|
| Opening assets | - | - | | | - | - |
| Opening liabilities | 3,400,050 | 171,507 | | | 744,611 | 4,316,169 |
| **Net opening balance** | **3,400,050** | **171,507** | | | **744,611** | **4,316,169** |
| Changes that relate to current service | | | | | | - |
| CSM recognised in profit or loss for the services provided | - | - | | | (117,235) | (117,235) |
| Change in the risk adjustment for nonfinancial risk for the risk expired | - | (25,153) | | | - | (25,153) |
| Premium (and other related cash flows) experience adjustments relating to current service | - | - | | | - | - |
| Insurance revenue from contracts measured under the PAA | - | - | | | - | - |
| Experience adjustments | 107,359 | - | | | - | 107,359 |
| | **107,359** | **(25,153)** | | | **(117,235)** | **(35,030)** |
| ***Changes that relate to future service*** | | | | | | |
| Changes in estimates that adjust the CSM | 57,128 | 2,816 | | | (59,944) | - |
| Changes in estimates that result in onerous contract losses or reversal of losses | 1,428 | 732 | | | - | 2,160 |
| Impact of modification premiums received | - | - | | | - | - |
| Impact of notional modification premium outflows | (15,024) | 13,010 | | | 8,069 | 6,055 |
| Contracts initially recognised in the period | 32,519 | 11,788 | | | 39,811 | 84,118 |
| | **76,051** | **28,347** | | | **(12,064)** | **92,333** |
| Changes that relate to past service | | | | | | |
| Adjustments to liabilities for incurred claims | - | - | | | - | - |
| | - | - | | | - | - |
| Insurance service result | 183,409 | 3,193 | | | (129,299) | 57,303 |
| Finance income/(expenses) from insurance contracts issued | 777,176 | 20,398 | | | 103,295 | 900,870 |
| Effect of movements in exchange rates | - | - | | | - | - |
| **Total changes in the statement of profit or loss** | **960,585** | **23,591** | | | **(26,004)** | **958,173** |
| Allocation of IACF to related group of contracts | - | - | | | - | |
| Cash flows | | | | | | |
| Premiums received | 270,261 | - | | | - | 270,261 |
| Claims and other directly attributable expenses paid | (717,364) | - | | | - | (717,364) |
| Insurance acquisition cash flows paid | - | - | | | - | - |
| **Total cash flows** | **(447,103)** | **-** | **-** | **-** | **-** | **(447,103)** |
| **Net closing balance** | **3,913,533** | **195,099** | **-** | **-** | **718,607** | **4,827,239** |

| 2023 | Estimates of present value of future cash flows Kshs '000 | Risk adjustment for non financial risk Kshs '000 | Contracts under modified retrospective approach Kshs '000 | Contracts under fair value approach Kshs '000 | New contracts and contracts measured under the full retrospective approach at transition Kshs '000 | Total Kshs '000 |
|---|---|---|---|---|---|---|
| Opening assets | | | | | | - |
| Opening liabilities | 2,583,667 | 123,062 | - | - | 350,060 | 3,056,789 |
| **Net opening balance** | **2,583,667** | **123,062** | **-** | **-** | **350,060** | **3,056,789** |
| Changes that relate to current service | | | | | | - |
| CSM recognised in profit or loss for the services provided | | | | | (99,461) | (99,461) |
| Change in the risk adjustment for nonfinancial risk for the risk expired | | (22,433) | | | | (22,433) |
| Premium (and other related cash flows) experience adjustments relating to current service | 383 | | | | | 383 |
| Insurance revenue from contracts measured under the PAA | (68,848) | | | | | (68,848) |
| Experience adjustments | 301,032 | (1,322) | | | | 299,710 |
| | **232,567** | **(23,755)** | **-** | **-** | **(99,461)** | **109,351** |
| ***Changes that relate to future service*** | | | | | | |
| Changes in estimates that adjust the CSM | (176,305) | (19,835) | | - | 196,959 | 819 |
| Changes in estimates that result in onerous contract losses or reversal of losses | 60,337 | 3,015 | | | | 63,352 |
| Impact of modification premiums received | - | | | | | - |
| Impact of notional modification premium outflows | - | | | | | - |
| Contracts initially recognised in the period | (277,851) | 54,418 | | | 239,568 | 16,135 |
| | **(393,819)** | **37,598** | **-** | **-** | **436,527** | **80,306** |
| **Changes that relate to past service** | | | | | | |
| Adjustments to liabilities for incurred claims | - | (10,410) | | | | (10,410) |
| | - | (10,410) | - | - | - | (10,410) |
| **Insurance service result** | **(161,252)** | **3,433** | **-** | **-** | **337,066** | **179,247** |
| Finance income/(expenses) from insurance contracts issued | 364,806 | 29,264 | | - | 57,485 | 451,555 |
| Effect of movements in exchange rates | | | | | | - |
| **Total changes in the statement of profit or loss** | **203,554** | **32,697** | **-** | **-** | **394,551** | **630,802** |
| Allocation of IACF to related group of contracts | | | | | | |
| **Cash flows** | | | | | | |
| Premiums received | 1,522,764 | | | | | 1,522,764 |
| Claims and other directly attributable expenses paid | (707,550) | | | | | (707,550) |
| Insurance acquisition cash flows paid | (49,325) | | | | | (49,325) |
| **Total cash flows** | **765,889** | **-** | **-** | **-** | **-** | **765,889** |
| **Net closing balance** | **3,400,050** | **171,507** | | | **744,611** | **4,316,169** |

## 15. Insurance contract assets and liabilities (continued)

### D. Short term business

The following table shows the reconciliation from the opening to the closing balances of the net liability for the remaining coverage and the liability for incurred claims for short-term business contracts.

| 2024 | Liability for remaining coverage | | Liability for incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Best estimate liability | Risk adjustment | Total |
| | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 |
| Opening assets | | | | | |
| Opening liabilities | 142,949 | 253,195 | 4,297,164 | 1,308,854 | 6,002,163 |
| **Net opening balance** | 142,949 | 253,195 | 4,297,164 | 1,308,854 | 6,002,163 |
| **Changes in the statement of profit or loss** | | | | | |
| **Insurance revenue** | 2,179,469 | - | - | - | 2,179,469 |
| **Insurance service expenses** | | | | | |
| Incurred claims and other directly attributable expenses | - | - | 2,056,668 | - | 2,056,668 |
| Changes that relate to past service - adjustments to the LIC | - | - | 116,515 | (594,560) | (478,044) |
| Changes adjusting the CSM | - | - | - | - | - |
| Losses on onerous contracts and reversal of those losses | - | (16,758) | - | - | (16,758) |
| Insurance acquisition cash flows amortisation | 319,211 | - | - | - | 319,211 |
| **Insurance service expenses** | 319,211 | (16,758) | 2,173,184 | (594,560) | 1,881,076 |
| **Insurance service result** | 1,860,259 | 16,758 | (2,173,184) | 594,560 | 298,393 |
| Finance income/(expenses) from insurance contracts issued | - | - | (343,667) | (137,271) | (480,937) |
| Effect of movements in exchange rates | - | - | - | - | - |
| Investment return | - | - | - | - | - |
| Other operating expenses | - | - | - | - | - |
| **Total changes in the statement of profit or loss** | 1,860,259 | 16,758 | (2,516,850) | 457,289 | (182,544) |
| Investment components excluded from insurance revenue and insurance service expenses | | | | | |
| Allocation of IACF to related group of contracts | | | | | |
| **Cash flows** | | | | | |
| Premiums received | 2,422,806 | - | - | - | 2,422,806 |
| Claims and other directly attributable expenses paid | - | - | (2,056,668) | - | (2,056,668) |
| Insurance acquisition cash flows paid | (381,073) | - | - | - | (381,073) |
| **Total cash flows** | 2,041,733 | - | (2,056,668) | - | (14,936) |
| **Net closing balance** | 324,423 | 236,437 | 4,757,346 | 851,565 | 6,169,771 |

| 2023 | Liability for remaining coverage | | Liability for incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Best estimate liability | Risk adjustment | Total |
| | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 |
| Opening assets | | | | | |
| Opening liabilities | 49,374 | 68,788 | 4,679,370 | 1,050,536 | **5,986,593** |
| **Net opening balance** | **49,374** | **68,788** | **4,679,370** | **1,050,536** | **5,986,593** |
| **Changes in the statement of profit or loss** | | | | | |
| **Insurance revenue** | **(1,786,270)** | **-** | **-** | **-** | **(1,786,270)** |
| **Insurance service expenses** | | | | | |
| Incurred claims and other directly attributable expenses | | | 2,073,354 | 369,146 | **2,442,500** |
| Changes that relate to past service - adjustments to the LIC | | | (321,676) | (53,941) | **(375,617)** |
| Changes adjusting the CSM | | | | | **-** |
| Losses on onerous contracts and reversal of those losses | | 184,407 | | | **184,407** |
| Insurance acquisition cash flows amortisation | 258,201 | | | | **258,201** |
| **Insurance service expenses** | **258,201** | **184,407** | **1,751,678** | **315,205** | **2,509,491** |
| **Insurance service result** | **(1,528,069)** | **184,407** | **1,751,678** | **315,205** | **723,221** |
| Finance income/(expenses) from insurance contracts issued | | | (62,562) | | **(62,562)** |
| Effect of movements in exchange rates | | | | | **-** |
| Investment return | | | | | **-** |
| Other operating expenses | | | | | **-** |
| **Total changes in the statement of profit or loss** | **(1,528,069)** | **184,407** | **1,689,116** | **315,205** | **660,659** |
| Investment components excluded from insurance revenue and insurance service expenses | | | | | |
| Allocation of IACF to related group of contracts | | | | | |
| **Cash flows** | | | | | |
| Premiums received | 2,075,117 | | - | - | **2,075,117** |
| Claims and other directly attributable expenses paid | - | | (2,071,321) | (56,887) | **(2,128,208)** |
| Insurance acquisition cash flows paid | (453,473) | | - | - | **(453,473)** |
| **Total cash flows** | **1,621,644** | **-** | **(2,071,321)** | **(56,887)** | **(506,564)** |
| **Net closing balance** | **142,949** | **253,195** | **4,297,165** | **1,308,854** | **6,002,163** |

### 16. Reinsurance contract assets and liabilities

### B. Reinsurance contracts held – short term business

The following table shows the reconciliation from the opening to the closing balances of the net asset for the remaining coverage and the assets for incurred claims recoverable from reinsurance.

| | 2024 | | | | | 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Remaining coverage component Excluding loss recovery component | Loss recovery component | Present value of cashflows | Risk adjustment | Total | Remaining coverage component Excluding loss recovery component | Loss recovery component | Incurred claims present value of component | Risk adjustment | Total |
| | Kshs '000 | Kshs '000 | | Kshs '000 | Kshs '000 | Kshs '000 | Kshs '000 | | Kshs '000 | Kshs '000 |
| Opening assets | (172,201) | (168,586) | (1,721,520) | (499,390) | (2,561,697) | - | (152,629) | (1,823,275) | (401,167) | (2,377,071) |
| **Opening liabilities** | | | | | - | 173,918 | - | - | - | 173,918 |
| **Net opening balance** | (172,201) | (168,586) | (1,721,520) | (499,390) | (2,561,697) | 173,918 | (152,629) | (1,823,275) | (401,167) | (2,203,153) |
| Net (income)/expenses from reinsurance contracts held | 846,693 | - | - | - | 846,693 | 386,341 | | | | 386,341 |
| Reinsurance expenses | | | | | - | | | | | |
| Other incurred directly attributable expenses | | | | | - | | | 1,564 | - | 1,564 |
| Incurred claims recovery | - | - | 428,287 | - | 428,287 | | | (633,563) | (119,142) | (752,705) |
| Changes that relate to past service - changes in the FCF relating to incurred claims recovery | - | - | (202,294) | (235,182) | (437,476) | | (15,957) | 235,789 | 20,919 | 240,751 |
| Losses on onerous contracts and reversal of those losses | - | 5,136 | - | - | 5,136 | | | | | |
| Changes that relate to future service - changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts | - | - | - | - | - | | | | | - |
| Insurance acquisition cashflows amortisation | 222,676 | - | - | - | 222,676 | | | | | |
| **Reinsurance service expenses** | 222,676 | 5,136 | 225,993 | (235,182) | 218,624 | | | | | |
| **Net (income)/expenses from reinsurance contracts held** | 624,017 | (5,136) | (225,993) | 235,182 | 628,069 | 386,341 | (15,957) | (396,210) | (98,223) | (124,049) |
| Finance (income)/expenses from reinsurance contracts held | - | - | (259,878) | (54,196) | (314,074) | | | 25,324 | | 25,324 |
| | | | | | - | | | | | - |
| **Total amounts recognised in comprehensive income** | 624,017 | (5,136) | (485,871) | 180,986 | 313,995 | 386,341 | (15,957) | (370,886) | (98,223) | (98,725) |
| | | | | | - | | | | | - |
| **Cash flows** | | | | | | | | | | |
| Premiums paid net of ceding commissions and other directly attributable expenses paid | 963,633 | - | - | - | 963,633 | (732,460) | | | | (732,460) |
| Recoveries from reinsurance | - | - | (428,287) | - | (428,287) | | | 474,205 | | 474,205 |
| Insurance acquisition cashflows deducted | (244,061) | - | - | - | (244,061) | | | | | |
| Directly attributable expenses paid | - | - | - | - | - | | | (1,564) | | (1,564) |
| **Total cash flows** | 719,572 | - | (428,287) | - | 291,285 | (732,460) | - | 472,641 | - | (259,819) |
| Total changes | (95,555) | (5,136) | (57,584) | 180,986 | 22,710 | (346,119) | (15,957) | 101,755 | (98,223) | (358,544) |
| Closing assets | (267,756) | (173,722) | (1,779,104) | (318,404) | (2,538,986) | (172,201) | (168,586) | (1,721,520) | (499,390) | (2,561,697) |
| **Closing liabilities** | | | | | - | | | | | - |
| **Net closing balance** | (267,756) | (173,722) | (1,779,104) | (318,404) | (2,538,986) | (172,201) | (168,586) | (1,721,520) | (499,390) | (2,561,697) |

**16. Reinsurance contract assets and liabilities**

**A. Reinsurance contracts held – life business**

The following table shows the reconciliation from the opening to the closing balances of the net asset for the remaining coverage and the assets for incurred claims recoverable from reinsurance.

| | 2024 | | | | | 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Remaining coverage component Excluding loss recovery component Kshs '000 | Loss recovery component Kshs '000 | Incurred claims component | Risk adjustment Kshs '000 | Total Kshs '000 | Remaining coverage component Excluding loss recovery component Kshs '000 | Loss recovery component Kshs '000 | Incurred claims compo-nent | Risk adjustment Kshs '000 | Total Kshs '000 |
| Opening assets | 10,875 | - | 74,830 | 4,462 | **90,167** | 9,716 | (753) | (13,240) | 4,161 | **(116)** |
| Opening liabilities | (369) | - | (22,695) | 0 | **(23,064)** | - | - | | - | **-** |
| **Net opening balance** | **10,506** | **-** | **52,135** | **4,462** | **67,103** | **9,716** | **(753)** | **(13,240)** | **4,161** | **(116)** |
| **Changes in the statement of profit or loss and OCI** | | | | | | | | | | |
| Allocation of reinsurance premiums paid | (54,460) | - | (2,123) | (1,025) | **(57,609)** | 37,447 | | | | **37,447** |
| ***Amounts recovered from reinsurers*** | - | - | - | - | | | | | | |
| Recoveries on incurred claims and other incurred reinsurance service expenses | - | - | - | - | **-** | 5,647 | (3,208) | (50,695) | | **(48,256)** |
| Changes in the loss recovery component | - | - | - | - | **-** | | | | | **-** |
| Changes in expected recoveries on past claims | - | - | - | - | **-** | | | (5,855) | 5,883 | **28** |
| **Net expenses from reinsurance contracts held** | **(54,460)** | **-** | **(2,123)** | **(1,025)** | **(57,609)** | **43,094** | **(3,208)** | **(56,550)** | **5,883** | **(10,781)** |
| Insurance finance income or expenses from reinsurance contracts recognised in profit or loss | - | - | | | **-** | - | - | | | **-** |
| Insurance finance income or expenses from reinsurance contracts recognised in OCI | - | - | | | **-** | - | - | | | **-** |
| Other operating expenses | | | | | **-** | | | | | **-** |
| **Total changes in the statement of profit or loss and OCI** | **(54,460)** | **-** | **(2,123)** | **(1,025)** | **(57,609)** | **43,094** | **(3,208)** | **(56,550)** | **5,883** | **(10,781)** |
| Investment components excluded from reinsurance service expenses | | | | | **-** | | | | | **-** |
| ***Cash flows*** | | | | | | | | | | |
| Premiums paid | 55,483 | - | (43,991) | - | **11,491** | (62,420) | | | | **(62,420)** |
| Amounts received from reinsurers relating to incurred claims | - | - | - | - | **-** | | | 6,213 | | **6,213** |
| **Total cash flows** | **55,483** | **-** | **(43,991)** | **-** | **11,491** | **(62,420)** | **-** | **6,213** | **-** | **(56,207)** |
| **Total changes** | **1,023** | **-** | **(46,115)** | **(1,025)** | **(46,117)** | **(19,326)** | **(3,208)** | **(50,337)** | **5,883** | **(66,988)** |
| Net closing balance | 11,529 | - | 6,020 | 3,437 | **20,986** | (2,033) | (42) | (17,470) | 4,161 | **(15,384)** |
| Analysed as: | - | - | - | - | | | | | | |
| Closing assets | 12 | - | 37,768 | 3 | **37,783** | 10,875.00 | - | 74,830 | 4,462,101 | **4,547,807** |
| **Closing liabilities** | - | - | (31,748) | - | **(31,748)** | (368,627) | | (22,695) | | **(391,322)** |
| Net closing balance | 11,529 | - | 6,020 | 3,437 | **20,986** | **10,506** | **-** | **52,135** | **4,462** | **(67,104)** |

### 17. Contractual service margin

The following table shows an analysis of the expected recognition of the CSM remaining at the end of reporting period in profit or loss.

| 2024 | Less than 1 year Kshs '000 | In 1 to 3 years Kshs '000 | In 4 to 5 years Kshs '000 | > 5 years Kshs '000 | Total Kshs '000 |
|---|---|---|---|---|---|
| **Insurance contracts** | | | | | |
| Non-participating contracts | | | | | |
| Life | | | | | |
| Direct participating contracts | - | 101,933 | 67,329 | 52,373 | **221,635** |
| Indirect participating contracts | - | 190,529 | 146,013 | 201,518 | **538,060** |
| Investment contracts with DPF | - | 249 | 194 | 352 | **794** |
| **Total CSM for insurance contracts** | **-** | **292,710** | **213,535** | **254,243** | **760,489** |

| 2023 | Less than 1 year Kshs '000 | In 1 to 3 years Kshs '000 | In 4 to 5 years Kshs '000 | > 5 years Kshs '000 | Total Kshs '000 |
|---|---|---|---|---|---|
| **Insurance contracts** | | | | | |
| Non-participating contracts | | | | | |
| Life | 21,497 | 76,211 | 232,370 | 161,050 | **491,128** |
| Direct participating contracts | - | - | - | - | **-** |
| Indirect participating contracts | 56,946 | 381,166 | 755,786 | 623,513 | **1,817,411** |
| Investment contracts with DPF | - | - | - | - | **-** |
| **Total CSM for insurance contracts** | **78,443** | **457,377** | **988,156** | **784,563** | **2,308,539** |

**NOTES (CONTINUED)**

## 18. Investment income

### (a) Group 2024

| | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | Total Ksh'000 |
|---|---|---|---|
| **Interest income determined using the efffective interest rate method** | | | |
| Interest from government securities carried at amortised cost) | 10,391,893 | 433,202 | 10,825,095 |
| Interest on deposits with financial institutions | 119,766 | 55,653 | 175,419 |
| Interest on loans receivables | 12,029 | 195 | 12,224 |
| Sub-total | 10,523,688 | 489,050 | 11,012,738 |
| **Other investment income** | | | |
| Interest from government securities carried at at fair value through other comprehensive income | - | 64,602 | 64,602 |
| Operating lease income/rent from investment properties | 49,919 | 44,241 | 94,160 |
| Dividends receivable from equity investments | 67,628 | 48,583 | 116,211 |
| Other investment income | 87,401 | 10,200 | 97,601 |
| | 204,948 | 167,626 | 372,574 |
| **Other gains/(losses)** | | | |
| Fair value gains on valuation of investment properties (Note 16) | 3,244 | 3,700 | 6,944 |
| Fair value (loss)/gain on quoted equity investments | 246,999 | 22,441 | 269,440 |
| Other investment charges/operating expenses on investment properties | (15,436) | (23,556) | (38,992) |
| | 234,807 | 2,585 | 237,392 |
| | **10,963,443** | **659,261** | **11,622,704** |

### (a) Group 2023

| | | | |
|---|---|---|---|
| **Interest income determined using the efffective interest rate method** | | | |
| Interest from government securities at amortised cost | 8,630,164 | 413,835 | 9,043,999 |
| Interest on deposits with financial institutions | 78,674 | 49,316 | 127,990 |
| Interest on loans receivables | 13,790 | 321.884 | 14,112 |
| | 8,722,628 | 463,473 | 9,186,101 |
| **Other investment income** | | | |
| Interest from government securities at fair value through other comprehensive income | - | 90,488 | 90,488 |
| Operating lease income/rent from investment properties | 82,177 | 42,851 | 125,028 |
| Dividends receivable from equity investments | 29,015 | 38,599 | 67,614 |
| Other investment income | 38,571 | - | 38,571 |
| | 149,763 | 171,938 | 321,701 |
| **Other gains/(losses)** | | | |
| Fair value gains on valuation of investment properties (Note 16) | 12,356 | 5,160 | 17,516 |
| Fair value (loss)/gain on quoted equity investments | (143,502) | 100,708 | (42,794) |
| Other investment charges/operating expenses on investment properties | (17,556) | (36,731) | (54,287) |
| | (148,702) | 69,137 | (79,565) |
| | **8,723,689** | **704,548** | **9,428,237** |

**NOTES (CONTINUED)**

**18. Investment income (Continued)**

**(b) Company 2024**

| | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | Total Ksh'000 |
|---|---|---|---|
| **Interest income determined using the efffective interest rate method** | | | |
| Interest from government securities (At amortised cost) | 10,391,893 | 422,365 | 10,814,258 |
| Interest on deposits with financial institutions | 119,766 | 30,062 | 149,828 |
| Interest on loans receivables | 12,029 | 195 | 12,224 |
| | 10,523,688 | 452,622 | 10,976,310 |
| **Other investment income** | | | |
| Interest from government securities (At fair value through other comprehensive income) | - | 64,602 | 64,602 |
| Dividends receivable from quoted equity investments | 49,919 | 45,053 | 94,972 |
| Other investment income | 67,628 | - | 67,628 |
| Operating lease income/rent from investment properties | 87,401 | 43,616 | 131,017 |
| | 204,948 | 153,270 | 358,218 |
| **Other gains and (losses)** | | | |
| Gains on valuation of investment properties (Note 16) | 3,244 | 3,500 | 6,744 |
| Fair value loss on quoted equity investments | 246,999 | 20,346 | 267,344 |
| Other investment charges/operating expenses on investment properties | (15,436) | (23,556) | (38,992) |
| | 234,807 | 290 | 235,097 |
| | **10,963,443** | **606,182** | **11,569,625** |

**(b) Company 2023**

| | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | Total Ksh'000 |
|---|---|---|---|
| **Interest income determined using the efffective interest rate method** | | | |
| Interest on government securities at amortised cost | 8,630,164 | 402,618 | 9,032,783 |
| Interest on deposits with financial institutions | 78,674 | 21,485 | 100,159 |
| Interest on loans receivables | 13,790 | 321.884 | 14,112 |
| | 8,722,628 | 424,425 | 9,147,054 |
| **Other investment income** | | | |
| Interest from government securities at fair value through other comprehensive income) | - | 90,488 | 90,488 |
| Dividends receivable from quoted equity investments | 29,015 | 34,102 | 63,117 |
| Other investment income | 38,571 | - | 38,571 |
| Operating lease income/rent from investment properties | 82,177 | 42,251 | 124,428 |
| | 149,763 | 166,842 | 316,605 |
| **Other gains and (losses)** | | | |
| Gains on valuation of investment properties (Note 16) | 12,356 | 4,660 | 17,016 |
| Gain/loss on valuation of quoted investments | (143,502) | (5,697) | (149,199) |
| Other investment charges/operating expenses on investment properties | (17,556) | (36,686) | (54,242) |
| | (148,702) | (37,723) | (186,425) |
| | **8,723,689** | **553,544** | **9,277,234** |

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### 18.(c) Other income

| | 2024 Long term assurance business Ksh'000 | | | 2024 Short term insurance business Ksh'000 | | | 2024 Total Ksh'000 | | 2023 Long term assurance business Ksh'000 | | | 2023 Short term insurance business Ksh'000 | | | 2023 Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Attribut-able Ksh'000 | Non attribut-able Ksh'000 | Total Ksh'000 | Attribut-able Ksh'000 | Non attribut-able Ksh'000 | Total Ksh'000 | Attribut-able Ksh'000 | Non attribut-able Ksh'000 | Attribut-able Ksh'000 | Non attribut-able Ksh'000 | Total Ksh'000 | Attribut-able Ksh'000 | Non attribut-able Ksh'000 | Total Ksh'000 | Attribut-able Ksh'000 | Non attribut-able Ksh'000 |
| Gain/(loss) on disposal of property and equipment | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | (956) | (956) | - | (956) | (1,049) | - | (1,049) | - | (13,757) | (13,757) | (1,049) | (13,757) |
| Exchange gain | - | - | - | - | 4,748 | 4,748 | - | 4,748 | - | - | - | - | 49,598 | 49,598 | - | 49,598 |
| Administration fees | - | - | - | - | 56 | 56 | - | 56 | - | - | - | - | 58 | 58 | - | 58 |
| Miscellaneous income | - | - | - | - | 6,323 | 6,323 | - | 6,323 | 38,507 | - | 38,507 | - | - | - | 38,507 | - |
| | - | - | - | - | **10,171** | **10,171** | - | **10,171** | 37,458 | - | **37,458** | - | **35,899** | **35,899** | **37,458** | **35,899** |
| **Company** | | | | | | | | | | | | | | | | |
| Gain/(loss) on disposal of property and equipment | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | (1,049) | - | (1,049) | - | (13,757) | (13,757) | (1,049) | (13,757) |
| Exchange gain/(loss) | - | - | - | - | - | - | - | - | - | - | - | - | 18,724 | 18,724 | - | 18,724 |
| Administration fees | - | - | - | - | 56 | 56 | - | 56 | - | - | - | - | 58 | 58 | - | 58 |
| Miscellaneous income | - | - | - | - | 6,323 | 6,323 | - | 6,323 | 38,507 | - | 38,507 | - | - | - | 38,507 | - |
| | - | - | - | - | **6,379** | **6,379** | - | **6,379** | **37,458** | - | **37,458** | - | **5,025** | **5,025** | **37,458** | **5,025** |

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**NOTES (CONTINUED)**

**19.(a) Operating expenses**

| Group | Long term assurance business Ksh'000 | | | Short term insurance business Ksh'000 | | | 2024 Total Ksh'000 | | | Long term assurance business Ksh'000 | | | Short term insurance business Ksh'000 | | | 2023 Total Ksh'000 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Attributable | Non attribut-able | Total | Attributable | Non attribut-able | Total | Attributable | Non attribut-able | Total | Attributable | Non attribut-able | Total | Attributable | Non attributable | Total | Attributable | Non attribut-able | Total |
| Staff costs | 300,396 | - | 300,396 | 462,943 | - | 462,943 | 763,339 | - | 763,339 | 247,560 | - | 247,560 | 460,521 | - | 460,521 | 708,082 | - | 708,082 |
| Property expenses | 10,922 | - | 10,922 | 13,844 | - | 13,844 | 24,766 | - | 24,766 | 7,424 | - | 7,424 | 34,406 | - | 34,406 | 41,830 | - | 41,830 |
| Printing and stationery | 9,151 | - | 9,151 | 8,984 | - | 8,984 | 18,135 | - | 18,135 | 7,029 | - | 7,029 | 9,850 | - | 9,850 | 16,879 | - | 16,879 |
| Telephone expenses | 4,321 | - | 4,321 | 2,377 | - | 2,377 | 6,698 | - | 6,698 | 5,323 | - | 5,323 | 2,786 | - | 2,786 | 8,109 | - | 8,109 |
| Travelling expenses | 17,560 | - | 17,560 | 20,962 | - | 20,962 | 38,522 | - | 38,522 | 24,111 | - | 24,111 | 25,920 | - | 25,920 | 50,031 | - | 50,031 |
| Repairs and maintenance expenditure | 17,198 | - | 17,198 | 54,329 | - | 54,329 | 71,527 | - | 71,527 | 16,314 | - | 16,314 | 51,656 | - | 51,656 | 67,970 | - | 67,970 |
| Advertisement expenses | 38,209 | - | 38,209 | 83,666 | - | 83,666 | 121,875 | - | 121,875 | 4,405 | - | 4,405 | 12,818 | - | 12,818 | 17,222 | - | 17,222 |
| Entertainment expenses | 2,702 | - | 2,702 | 2,118 | - | 2,118 | 4,820 | - | 4,820 | 1,807 | - | 1,807 | 1,983 | - | 1,983 | 3,790 | - | 3,790 |
| Bank charges | 4,344 | - | 4,344 | 8,332 | - | 8,332 | 12,676 | - | 12,676 | 3,776 | - | 3,776 | 9,045 | - | 9,045 | 12,821 | - | 12,821 |
| Interest expense on lease liabilities | 2,662 | - | 2,662 | 2,852 | - | 2,852 | 5,514 | - | 5,514 | 1,842 | - | 1,842 | 2,658 | - | 2,658 | 4,500 | - | 4,500 |
| Training expenses | 1,544 | - | 1,544 | 1,267 | - | 1,267 | 2,811 | - | 2,811 | 2,699 | - | 2,699 | 11,880 | - | 11,880 | 14,579 | - | 14,579 |
| General office expenses | 236,280 | - | 236,280 | 104,408 | - | 104,408 | 340,688 | - | 340,688 | 199,679 | - | 199,679 | 245,168 | - | 245,168 | 444,848 | - | 444,848 |
| | | | | | | | | - | - | | | - | | | | | - | |
| Depreciation | 9,481 | - | 9,481 | - | 22,003 | 22,003 | 9,481 | 22,003 | 31,484 | - | - | - | 0 | 23,714 | 23,714 | - | 23,714 | 23,714 |
| Expenses not charged to Revenue | 176,975 | - | 176,975 | - | 42,978 | 42,978 | 176,975 | 42,978 | 219,953 | - | - | - | 0 | 15,091 | 15,091 | - | 15,091 | 15,091 |
| Amortisation - Leasehold Land | 38,741 | - | 38,741 | - | 119 | 119 | 38,741 | 119 | 38,860 | - | - | - | 0 | 119 | 119 | - | 119 | 119 |
| Bad Debts | (929) | - | (929) | - | 8,769 | 8,769 | (929) | 8,769 | 7,840 | - | 66,224 | 66,224 | 0 | 49,363 | 49,363 | - | 115,587 | 115,587 |
| Secretarial Charges | | - | - | - | - | - | - | - | - | - | - | - | 0 | | - | - | - | - |
| Provision for Credit Losses on Deposits | | - | - | - | - | - | | - | - | - | - | - | 0 | | - | - | - | - |
| Net impairment loss of financial assets | | - | - | - | - | - | | - | - | - | - | - | | | - | - | - | - |
| | **869,557** | **-** | **869,557** | **766,082** | **73,869** | **839,951** | **1,635,639** | **73,869** | **1,709,508** | **521,968** | **66,224** | **588,192** | **868,692** | **88,287** | **956,979** | **1,390,660** | **154,511** | **1,545,171** |
| **Staff costs include the following:** | | | | | | | | | | | | | | | | | | |
| - Salaries and wages | 229,938 | | 229,938 | - | - | - | | | | 190,463 | - | 190,463 | 431,766 | - | 431,766 | 612,912 | 9,317 | 622,229 |
| - Social security benefit costs | 2,040 | | 2,040 | - | - | - | | | | 821 | - | 821 | 2,459 | - | 2,459 | 2,394 | 886 | 3,280 |
| - Retirement benefit costs | 15,999 | | 15,999 | - | - | - | | | | 9,962 | - | 9,962 | 26,306 | - | 26,306 | 36,268 | - | 36,268 |
| | | | | | | | | | | | | | | | | - | - | - |
| | **247,978** | **-** | **247,978** | **-** | **-** | **-** | **-** | **-** | **-** | **201,246** | **-** | **201,246** | **460,530** | **-** | **460,530** | **651,574** | **10,203** | **661,776** |

The number of persons employed by the Group at year end was 235 (2023: 231).

The number of persons employed by the Group at year end, by category, were:

| | 2024 Number | 2023 Number |
|---|---|---|
| Executive wing and marketing | 12 | 12 |
| Operations | 84 | 81 |
| Life | 58 | 59 |
| Support | 81 | 79 |
| | **235** | **231** |

**NOTES (CONTINUED)**

**19.(a) Operating expenses**

| Company | Long term assurance business Ksh'000 | | | Short term insurance business Ksh'000 | | | 2024 Total Ksh'000 | | | Long term assurance business Ksh'000 | | | Short term insurance business Ksh'000 | | | 2023 Total Ksh'000 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Attributable | Non attributable | Total | Attributable | Non attributable | Total | Attributable | Non attributable | Total | Attributable | Non attributable | Total | Attributable | Non attributable | Total | Attributable | Non attributable | Total |
| Staff costs | 300,396 | - | 300,396 | 380,657 | - | 380,657 | 681,053 | - | 681,053 | 247,560 | - | 247,560 | 354,635 | - | 354,635 | 602,195 | - | 602,195 |
| Property expenses | 10,922 | - | 10,922 | - | - | - | 10,922 | - | 10,922 | 7,424 | - | 7,424 | 13,820 | - | 13,820 | 21,244 | - | 21,244 |
| Printing and stationery | 9,151 | - | 9,151 | 6,396 | - | 6,396 | 15,547 | - | 15,547 | 7,029 | - | 7,029 | 7,144 | - | 7,144 | 14,173 | - | 14,173 |
| Telephone expenses | 4,321 | - | 4,321 | -76 | - | (76) | 4,245 | - | 4,245 | 5,323 | - | 5,323 | 1,013 | - | 1,013 | 6,336 | - | 6,336 |
| Travelling expenses | 17,560 | - | 17,560 | 11,128 | - | 11,128 | 28,688 | - | 28,688 | 24,111 | - | 24,111 | 16,533 | - | 16,533 | 40,644 | - | 40,644 |
| Repairs and maintenance expen-diture | 17,198 | - | 17,198 | 42,728 | - | 42,728 | 59,926 | - | 59,926 | 16,314 | - | 16,314 | 40,753 | - | 40,753 | 57,067 | - | 57,067 |
| Advertisement expenses | 38,209 | - | 38,209 | 76,797 | - | 76,797 | 115,006 | - | 115,006 | 4,405 | - | 4,405 | 697 | - | 697 | 5,102 | - | 5,102 |
| Entertainment expenses | 2,702 | - | 2,702 | 2,118 | - | 2,118 | 4,820 | - | 4,820 | 1,807 | - | 1,807 | 1,983 | - | 1,983 | 3,790 | - | 3,790 |
| Bank charges | 4,344 | - | 4,344 | 4,945 | - | 4,945 | 9,289 | - | 9,289 | 3,776 | - | 3,776 | 3,544 | - | 3,544 | 7,320 | - | 7,320 |
| Interest expense on lease liabilities | 2,662 | - | 2,662 | 2,852 | - | 2,852 | 5,514 | - | 5,514 | 1,842 | - | 1,842 | 2,658 | - | 2,658 | 4,500 | - | 4,500 |
| Training expenses | 1,544 | - | 1,544 | 1,267 | - | 1,267 | 2,811 | - | 2,811 | 2,699 | - | 2,699 | 4,949 | - | 4,949 | 7,648 | - | 7,648 |
| General office expenses | 236,280 | - | 236,280 | 57,502 | - | 57,502 | 293,782 | - | 293,782 | 199,679 | - | 199,679 | 185,849 | - | 185,849 | 385,528 | - | 385,528 |
| Depreciation | 9,481 | - | 9,481 | - | 19,273 | 19,273 | 9,481 | 19,273 | 28,754 | - | - | - | - | 23,303 | 23,303 | - | 23,303 | 23,303 |
| Expenses not charged to Revenue | 176,975 | - | 176,975 | - | 26,078 | 26,078 | 176,975 | 26,078 | 203,053 | - | - | - | - | 10,581 | 10,581 | - | 10,581 | 10,581 |
| Revenue | 38,741 | - | 38,741 | - | 117 | | 38,741 | 117 | 38,858 | - | - | - | - | - | - | - | - | - |
| Amortisation - Leasehold Land | -929 | - | (929) | - | 8,769 | 8,769 | (929) | 8,769 | 7,840 | - | - | - | - | 117 | 117 | - | 117 | 117 |
| Bad Debts | | | | | | - | - | - | - | - | 66,224 | 66,224 | - | 49,363 | 49,363 | - | 49,363 | 49,363 |
| | | | | | | | | | | | | | | | | | - | - |
| | 869,557 | 0 | 869,557 | 586,316 | 54,237 | 640,436 | 1,455,873 | 54,237 | 1,510,110 | 521,968 | 66,224 | 588,192 | 633,578 | 83,364 | 716,942 | 1,155,546 | 83,364 | 1,238,910 |

The number of persons employed company level as at year end were 198 (2023: 194).

| | 2024 Number | 2023 Number |
|---|---|---|
| Executive wing and marketing | 9 | 9 |
| Operations | 67 | 66 |
| Life | 58 | 59 |
| Support | 64 | 60 |
| | 198 | 194 |

**NOTES (CONTINUED)**

**20. Income tax**

| Taxation payable/(recoverable) | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|---|
| **(a) Group** | | | | | | |
| **Taxation recoverable** | | | | | | |
| Balance brought forward | - | (75,933) | (75,933) | - | (78,095) | (78,095) |
| Charge for the year | - | 6,408 | 6,408 | - | 5,081 | 5,081 |
| Tax recoverable offset against tax | - | 8,922 | 8,922 | - | 127 | 127 |
| Exchange gain | - | - | - | - | 743 | 743 |
| Paid during the year | - | (3,411) | (3,411) | - | (3,789) | (3,789) |
| **Balance carried forward** | **-** | **(64,014)** | **(64,014)** | **-** | **(75,933)** | **(75,933)** |
| **Taxation payable** | | | | | | |
| Balance brought forward | 91,657 | 17,169 | 108,826 | 83,791 | 17,335 | 101,126 |
| Charge for the year | 195,900 | 26,770 | 222,670 | 195,900 | 16,610 | 212,510 |
| Tax recoverable offset against tax | - | - | - | - | (127) | (127) |
| Paid during the year | (247,228) | (20,685) | (267,913) | (188,034) | (16,649) | (204,683) |
| **Balance carried forward** | **40,329** | **23,254** | **63,583** | **91,657** | **17,169** | **108,826** |
| **(b) Company** | | | | | | |
| Balance brought forward | 91,657 | (51,098) | 40,559 | 83,791 | (52,390) | 31,401 |
| Charge for the year | 195,900 | 6,408 | 202,308 | 195,900 | 5,081 | 200,981 |
| Paid during the year | (247,228) | (3,411) | (250,639) | (188,034) | (3,789) | (191,823) |
| **Balance carried forward** | **40,329** | **(48,101)** | **(7,772)** | **91,657** | **(51,098)** | **40,559** |
| **Income tax charge/(credit)** | | | | | | |
| **(c) Group** | | | | | | |
| Current income tax charge | 195,900 | 26,770 | 222,670 | 195,900 | 19,857 | 215,757 |
| Deferred tax charge/(credit) | - | (288,238) | (288,238) | - | (109,343) | (109,343) |
| **Income tax charge/(credit)** | **195,900** | **(261,468)** | **(65,568)** | **195,900** | **(89,486)** | **106,414** |

The Group's current tax charge is computed in accordance with the income tax rules applicable to composite Kenyan Insurance companies. A reconciliation of the tax charge is shown below:

| **Group** | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|---|
| Profit before taxation | 653,000 | 55,463 | 708,463 | 653,000 | 53,974 | 706,974 |
| Tax calculated at a statutory tax rate of 30% (2022:30% ) | 195,900 | 26,770 | 222,670 | 195,900 | 19,857 | 215,757 |
| Tax effect of income not subject to tax | - | - | - | - | - | - |
| Tax effect of expenses not deductible for tax purposes | - | - | - | - | - | - |
| Deferred tax charge/(credit) | - | (288,238) | (288,238) | - | (109,343) | (109,343) |
| **Income tax charge/(credit)** | **195,900** | **(261,468)** | **(65,568)** | **195,900** | **(89,486)** | **106,414** |
| **Profit for the year** | **457,100** | | | **457,100** | | |

**NOTES (CONTINUED)**

**20. Income tax (continued)**

| Income tax charge/(credit) | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|---|
| **(d) Company** | | | | | | |
| Current income tax charge | 195,900 | 6,408 | 202,308 | 195,900 | 5,081 | 200,981 |
| Deferred tax charge/(credit) | - | (245,208) | (245,208) | - | (161,215) | (161,215) |
| **Income tax charge/(credit)** | **195,900** | **(238,800)** | **(42,900)** | **195,900** | **(156,134)** | **39,766** |
| **Company** | | | | | | |
| Profit before taxation | 653,000 | 21,360 | 674,360 | 653,000 | 16,937 | 669,937 |
| Tax calculated at a statutory tax rate of 30% ( 2023:30% ) | 195,900 | 6,408 | 202,308 | 195,900 | 5,081 | 200,981 |
| Deferred tax charge/(credit) | - | (245,208) | (245,208) | - | (161,215) | (161,215) |
| **Income tax charge/(credit)** | **195,900** | **(238,800)** | **(42,900)** | **195,900** | **(156,134)** | **39,766** |
| **Profit for the year** | **457,100** | | | **457,100** | | |

**21. (a) Share capital (before Rights Issue)**

| | Number of shares 2024 | Number of shares 2023 | Share capital 2024 Ksh'000 | Share capital 2023 Ksh'000 |
|---|---|---|---|---|
| Authorised | | | | |
| Ordinary shares of Ksh 100 each (Short-term business) | 6,000,000 | 6,000,000 | 600,000 | 600,000 |
| Ordinary shares of Ksh 100 each (Long-term business) | 4,000,000 | 4,000,000 | 400,000 | 400,000 |
| **Total** | **10,000,000** | **10,000,000** | **1,000,000** | **1,000,000** |
| **Ordinary shares: Issued and fully paid** | | | | |
| At start of year/ End of year (Short-term business) | 6,000,000 | 6,000,000 | 600,000 | 600,000 |
| At start of year/ end of the year (Long-term business) | 4,000,000 | 4,000,000 | 400,000 | 400,000 |
| **Total** | **10,000,000** | **10,000,000** | **1,000,000** | **1,000,000** |

All ordinary shares are fully paid.

**NOTES (CONTINUED)**
**21)**

### (b) Share premium

Share premium arose during the year 2011 as a result of some bonus shares issues and purchased at a price higher than the par value.

### (c) Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders of the parent by the number of shares outstanding at the reporting date.
Diluted earnings per share is calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the number of ordinary shares outstanding during the year plus the number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. Basic and diluted earnings per share are the same. Group earnings reported for 2024 and 2023 were net profit of Ksh1,109 Million and Ksh 927.11 Million respectively. Company earnings reported for 2024 and 2023 were net profit of Ksh1,039 Million and Ksh 778.290 Million respectively.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 Ksh'000 | 2023 Ksh'000 | 2024 Ksh'000 | 2023 Ksh'000 |
| Net profit attributable to ordinary shareholders for basic and diluted earnings | 1,300,334 | 874,499 | 1,138,212 | 817,475 |
| Number of ordinary shares for basic and diluted earnings per share | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| **Basic earnings per share (Ksh)** | **130** | **87** | **114** | **82** |
| **Diluted earnings per share (Ksh)** | **130** | **87** | **114** | **82** |

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

### (d) Dividend Per Share (DPS)

Dividend per share is calculated by dividing dividends for the year by the weighted average number of ordinary shares outstanding during the year.

| | 2024 Ksh' 000 | 2023 Ksh' 000 |
|---|---|---|
| **Dividend proposed** | **75,000** | **75,000** |
| **Dividend per share** | **7.50** | **7.50** |

In respect of the current year, the Directors propose the payment of a dividend of Ksh 7.50 (2023: Ksh 7.50) per share equivalent to total sum of Ksh 75 million (2023: Ksh 75 million) be paid to the shareholders.
Payment of dividends is subject to withholding tax at the rate of 5% for residents and 20% for non-residents.
(10% If DTAA applicable) For resident shareholders, withholding tax is only deductible where the shareholding is below 12.5%.

**NOTES (CONTINUED)**

**22) Reserves**

**(a) Fair value reserve**

The fair value reserve represents fair value gains/(losses) arising from the revaluation of financial assets classified at fair value through other comprehensive income and is not distributable as dividends. The movement in the fair value reserve for the Group and Company is shown below and in the statement of other comprehensive income on pages 9 and 11 respectively.

| | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | Long term assurance Ksh'000 | Short term insurance Ksh'000 | 2024 Ksh'000 | 2023 Ksh'000 | Long term assurance Ksh'000 | Short term insurance Ksh'000 | 2024 Ksh'000 | 2023 Ksh'000 |
| **At 1 January** | **(109)** | **554,185** | **554,076** | **538,433** | **(109)** | **553,622** | **553,513** | **498,782** |
| Loss on unquoted shares | (428) | (141,350) | (141,778) | 219,769 | (428) | (139,256) | (139,683) | 99,436 |
| Gain on government securities | | 27,224 | 27,224 | - | - | 27,224 | 27,224 | - |
| Deferred tax | - | - | - | (65,829) | - | - | - | (29,831) |
| | **(537)** | **440,059** | **439,523** | **692,373** | **(537)** | **441,590** | **441,054** | **568,388** |
| Net gain/(loss) on investments at fair value through other comprehensive income: | | | | | | | | |
| Government securities | - | 27,224 | 27,224 | (45,708) | - | 27,224 | **27,224** | (45,708) |
| Adjustment for losses included in income statement on disposal of investments | - | | 0 | - | - | - | **0** | - |
| Net gain/(loss) (Note 25) | - | 27,224 | 27,224 | (45,708) | - | 27,224 | 27,224 | (45,708) |
| Gain/(loss) on equity investments | | | - | 219,769 | | | - | 99,436 |
| | - | - | - | 219,769 | - | - | - | 99,436 |
| Total movement in investments at fair value through other comprehensive income | **0** | **27,224** | **27,224** | **174,061** | | **27,224** | **27,224** | **53,728** |
| Deferred tax on fair value reserve | (100) | | (100) | (65,829) | (100) | | (100) | (29,729) |
| Exchange differences | - | | - | - | | | - | - |
| **At 31 December** | **(637)** | **467,283** | **466,646** | **800,605** | **(637)** | **468,814** | **468,177** | **592,387** |

**(b) Foreign currency translation reserve (Group)**

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign operations.

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 Ksh'000 | 2023 Ksh'000 | 2024 Ksh'000 | 2023 Ksh'000 |
| At 1 January | 29,339 | 11,098 | - | - |
| Exchange difference on translation | (18,614) | 18,241 | - | - |
| **At 31 December** | **10,725** | **29,339** | **-** | **-** |

**(c) Revaluation reserve (Group and Company)**

| | 2024 Ksh'000 | 2023 Ksh'000 |
|---|---|---|
| **At 1 January** | 454,753 | 459,207 |
| Depreciation released on revaluation | 1,300 | 15,186 |
| Total revaluation | 1,300 | 15,186 |
| Deferred tax on revaluation | | |
| | 1,300 | 15,186 |
| Transfer of excess depreciation | - | (19,640) |
| **At 31 December** | **456,053** | **454,753** |

NOTES (CONTINUED)

## 22) Reserves (continued)

### (d) General reserve-Group and Company

| | 2024 Ksh'000 | 2023 Ksh'000 |
|---|---|---|
| At 1 January | 690,136 | 1,023,283 |
| Reclassification to retained earnings | (690,136) | (1,023,283) |
| **At 31 December** | - | - |

General reserves represents surpluses transferred from the life fund, as recommended by the actuary.

### (e) Non-controlling interests-Group

| | Ksh'000 | Ksh'000 |
|---|---|---|
| At 1 January | 161,476 | 108,861 |
| Share of profit for the year | 18,502 | 52,616 |
| Other comprehensive income | 1,465 | 0 |
| **At 31 December** | **181,443** | **161,476** |
| The non-controlling interests consist of: | | |
| Equity interests held by individual shareholders | **181,443** | **161,476** |

### (f) Other reserves

As at 31 December 2024, the Company had received Ksh 156.086 million from a rights issue. However, the formal share capital allocation process had not been completed by the reporting date. These funds have been temporarily classified under other reserves within equity.Upon finalization of the share allocation process, the amount will be reclassified appropriately to Share Capital and Share Premium, where applicable.

## 23) Retained earnings

Included within retained earnings are gains arising from the revaluation of investment properties whose distribution is subject to restrictions imposed by legislation. The Insurance Regulatory Authority has placed restrictions on distribution of gains arising from the revaluation of investment properties of Ksh 5.44 million (Ksh 3.16 million for 2023).

The movement for the year is shown below.

| | Group | | Company | |
|---|---|---|---|---|
| **Retained earnings** | 2024 Ksh'000 | 2023 Ksh'000 | 2024 Ksh'000 | 2023 Ksh'000 |
| **At 1 January** | **4,977,011** | **4,321,728** | **4,684,989** | **4,183,812** |
| Profit for the year-short term business | 370,049 | 139,944 | 300,585 | 43,735 |
| Profit for the year-long term business | | - | | - |
| Transfer of excess depreciation | - | 19,640 | - | 19,640 |
| Dividends paid | (75,000) | (50,000) | (75,000) | (50,000) |
| Transfer to retained earnings | 653,000 | 653,000 | 653,000 | 653,000 |
| Tax charge on transfers | (195,900) | (195,900) | (195,900) | (195,900) |
| Reclassification to/from insurance liabilities | (62,781) | 88,599 | - | 30,702 |
| **At 31 December** | **5,666,379** | **4,977,011** | **5,367,674** | **4,684,989** |

Included in the retained earnings is gain on transfer of one part of the properties (Kenindia Business Park) from General Business to Life Business. The gain which arose in 2015 and amounting to Ksh 976,837,000 is not distributable to shareholders.

## 24) Statutory reserve

The statutory reserve represents profits 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 life business.

Movement in the statutory reserve for the Group and Company is shown below and in the statement of changes in equity on pages 17, 18, 19 and 20 respectively.

| | | Group | | Company |
|---|---|---|---|---|
| **Statutory reserve** | 2024 Ksh'000 | 2023 Ksh'000 | 2024 Ksh'000 | 2023 Ksh'000 |
| At 1 January | **1,631,184** | **1,541,183** | **1,631,184** | **1,541,183** |
| Reclassification of actuarial reserves from liabilities | 690,135 | - | 690,135 | - |
| Profit for the year | 948,787 | 778,290 | 948,787 | 778,290 |
| Deferred tax on statutory reserve | (785,132) | - | (785,132) | - |
| Transfer to retained earnings | (653,000) | (688,289) | (653,000) | (688,289) |
| **At 31 December** | **1,831,974** | **1,631,184** | **1,831,974** | **1,631,184** |

25) (a) Property and equipment (Group)

| At 31 December 2024 | Buildings | Motor vehicles | Computer equipment | Fittings and equipment | 2024 Total |
|---|---|---|---|---|---|
| Cost / Valuation | Ksh'000 | Ksh'000 | Ksh'000 | Ksh'000 | Ksh'000 |
| At 1 January 2024 | 792,100 | 87,106 | 211,060 | 223,379 | 1,313,645 |
| Additions | - | 2,930 | 4,432 | 3,107 | 10,469 |
| Revaluation surplus | 1,300 | - | - | - | 1,300 |
| Disposals | - | (4,500) | (1,174) | (4,481) | (10,155) |
| Exchange differences | | (1,865) | (4,519) | (3,121) | (9,505) |
| **At 31 December 2024** | **793,400** | **83,671** | **209,799** | **218,884** | **1,305,754** |
| **Accumulated depreciation** | | | | | |
| At 1 January 2024 | - | 57,146 | 198,192 | 176,610 | 431,948 |
| Charge for the year | 19,803 | 7,629 | 4,662 | 6,127 | 38,220 |
| Eliminated on revaluation | (19,803) | - | - | - | (19,803) |
| Eliminated on disposal | - | (2,602) | (942) | (2,590) | (6,133) |
| Exchange differences | | (1,383) | (3,771) | (2,304) | (7,458) |
| **At 31 December 2024** | **-** | **60,791** | **198,141** | **177,843** | **436,774** |
| **Carrying amount** | | | | | |
| **At 31 December 2024** | **793,400** | **22,880** | **11,659** | **41,041** | **868,980** |

| At 31 December 2023 | Buildings | Motor vehicles | Computer equipment | Fittings and equipment | 2023 Total |
|---|---|---|---|---|---|
| Cost | Ksh'000 | Ksh'000 | Ksh'000 | Ksh'000 | Ksh'000 |
| At 1 January 2023 | 790,160 | 84,521 | 201,228 | 216,209 | 1,292,118 |
| Additions | 1,940 | 7,000 | 6,274 | 14,840 | 30,054 |
| Disposals | - | (6,242) | (590) | (10,581) | -17,413 |
| Transfer to intangible assets | | | | | 0 |
| Exchange differences | - | 1,827 | 4,148 | 2,911 | 8,886 |
| **At 31 December 2023** | **792,100** | **87,106** | **211,060** | **223,379** | **1,313,645** |
| **Accumulated depreciation** | | | | | |
| At 1 January 2023 | - | 49,687 | 190,046 | 172,995 | 412,728 |
| Charge for the year | 19,754 | 9,987 | 5,158 | 7,183 | 42,082 |
| Eliminated on revaluation | (19,754) | | | | -19,754 |
| Eliminated on disposal | - | (3,725) | (445) | (5,642) | -9,812 |
| Exchange differences | - | 1,197 | 3,433 | 2,074 | 6,704 |
| **At 31 December 2023** | **-** | **57,146** | **198,192** | **176,610** | **431,948** |
| **Carrying amount** | | | | | |
| **At 31 December 2023** | **792,100** | **29,960** | **12,868** | **46,769** | **881,697** |

In 2024, buildings were valued by City Valuers, an independent valuers, on the basis of open market value. The carrying amount of the asset was restated to the revalued amount of the asset, and the resulting surplus arising on revaluation net of deferred income tax was recognised in other comprehensive income and credited to the revaluation surplus in equity.

**NOTES (CONTINUED)**

## 25) (b) Property and equipment (Company)

**At 31 December 2024**

| | Buildings Ksh'000 | Motor vehicles Ksh'000 | Computer equipment Ksh'000 | Fittings and Equipment Ksh'000 | 2024 Total Ksh'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 January 2024 | 792,100 | 74,952 | 181,299 | 203,049 | 1,251,400 |
| Additions | 0 | 2,930 | 3,161 | 2,648 | 8,739 |
| Revaluation deficit | 1,300 | - | - | - | 1,300 |
| Disposals | - | (4,500) | (304) | (1,505) | (6,308) |
| **At 31 December 2024** | **793,400** | **73,382** | **184,157** | **204,191** | **1,255,130** |
| **Depreciation** | | | | | |
| At 1 January 2024 | - | 48,132 | 173,321 | 161,596 | 383,049 |
| Charge for the year | 19,803 | 6,963 | 3,334 | 5,533 | 35,633 |
| Eliminated on revaluation | (19,803) | - | - | - | (19,803) |
| Eliminated on disposal | - | (2,602) | (279) | (1,388) | (4,268) |
| **At 31 December 2024** | **-** | **52,494** | **176,377** | **165,741** | **394,611** |
| **Carrying Amount** | **793,400** | **20,888** | **7,780** | **38,451** | **860,519** |

**At 31 December 2023**

| | Buildings Ksh'000 | Motor vehicles Ksh'000 | Computer equipment Ksh'000 | Fittings and equipment Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 January 2023 | 790,160 | 74,194 | 177,484 | 199,752 | 1,241,590 |
| Additions | 1940 | 7,000 | 4,405 | 13,878 | 27,223 |
| Revaluation surplus | | | | | 0 |
| Disposals | | (6,242) | (590) | (10,581) | -17,413 |
| **At 31 December 2023** | **792,100** | **74,952** | **181,299** | **203,049** | **1,251,400** |
| **Depreciation** | | | | | |
| At 1 January 2023 | - | 42,917 | 170,347 | 161,271 | 374,535 |
| Charge for the year | 19,754 | 8,940 | 3,419 | 5,967 | 38,080 |
| Eliminated on revaluation | (19,754) | - | - | - | -19,754 |
| Eliminated on disposal | - | (3,725) | (445) | (5,642) | -9,812 |
| **At 31 December 2023** | **-** | **48,132** | **173,321** | **161,596** | **383,049** |
| **Net book value** | | | | | |
| **At 31 December 2023** | **792,100** | **26,820** | **7,978** | **41,453** | **868,351** |

No property and equipment are held as security against any liabilities.
In the opinion of the directors, there is no impairment of property and equipment as at 31 December 2024 and 2023.

NOTES (CONTINUED)

26) (a) Intangible assets (Group)

| | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 January | 27,608 | 118,127 | 145,735 | 26,150 | 115,507 | 141,657 |
| Additions | - | - | - | 1,458 | - | 1,458 |
| Exchange differences | | (1,055) | (1,055) | - | 2,620 | 2,620 |
| **At 31 December** | **27,608** | **117,071** | **144,679** | **27,608** | **118,127** | **145,735** |
| **Accumulated amortisation** | | | | | | |
| At 1 January | 24,356 | 109,866 | 134,222 | 22,962 | 103,909 | 126,871 |
| Charge for the year | 976 | 2,435 | 3,410 | 1,394 | 3,539 | 4,933 |
| Exchange differences | - | (911) | (911) | - | 2,418 | 2,418 |
| **At 31 December** | **25,332** | **111,390** | **136,722** | **24,356** | **109,866** | **134,222** |
| **Net book value** | | | | | | |
| **At 31 December** | **2,277** | **5,681** | **7,958** | **3,252** | **8,260** | **11,512** |

(b) Company

| **Cost** | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|---|
| At 1 January | 27,608 | 102,315 | 129,923 | 26,150 | 102,315 | 128,465 |
| Additions | 0 | - | 0 | 1,458 | - | 1,458 |
| **At 31 December** | **27,608** | **102,315** | **129,923** | **27,608** | **102,315** | **129,923** |
| **Accumulated amortisation** | | | | | | |
| At 1 January | 24,356 | 95,000 | 119,356 | 22,962 | 91,866 | 114,828 |
| Charge for the year | 976 | 2,194 | 3,170 | 1,394 | 3,134 | 4,528 |
| **At 31 December** | **25,332** | **97,194** | **122,526** | **24,356** | **95,000** | **119,356** |
| **Carrying Amount** | | | | | | |
| **At 31 December** | **2,277** | **5,120** | **7,397** | **3,252** | **7,315** | **10,567** |

Intangible assets relate to the cost of purchase and installation of computer core softwares (e-Life and Genisys).

## NOTES (CONTINUED)

### 27) Prepaid operating lease rentals

#### (a) Group

| Cost | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|---|
| At 1 January | 1,250,900 | 9,976 | 1,260,876 | 1,248,431 | 9,976 | 1,258,407 |
| **At 31 December** | **1,250,900** | **9,976** | **1,260,876** | **1,248,431** | **9,976** | **1,258,407** |
| **Accumulated Amortisation** | | | | | | |
| At 1 January | 358,120 | 3,168 | 361,288 | 319,379 | 3,050 | 322,429 |
| Charge for the year | 38,741 | 119 | 38,860 | 36,272 | 118 | 36,390 |
| **At 31 December** | **396,861** | **3,286** | **400,147** | **355,651** | **3,168** | **358,819** |
| **Carrying Amount** | | | | | | |
| **At 31 December** | **854,039** | **6,689** | **860,728** | **892,780** | **6,808** | **899,588** |

#### (b) Company

| Cost | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|---|
| At 1 January | 1,250,900 | 9,830 | 1,260,730 | 1,248,431 | 9,830 | 1,258,261 |
| Revaluation reserve | - | - | - | - | - | - |
| **At 31 December** | **1,250,900** | **9,830** | **1,260,730** | **1,248,431** | **9,830** | **1,258,261** |
| **Accumulated Amortisation** | | | | | | |
| At 1 January | 358,121 | 3,142 | 361,262 | 319,379 | 3,026 | 322,405 |
| Charge for the year | 38,741 | 117 | 38,858 | 36,272 | 116 | 36,388 |
| **At 31 December** | **396,862** | **3,258** | **400,120** | **355,651** | **3,142** | **358,793** |
| **Carrying Amount** | | | | | | |
| **At 31 December** | **854,039** | **6,572** | **860,611** | **892,780** | **6,688** | **899,468** |

### 28) Investment properties

#### (a) Group

| Cost | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|---|
| At 1 January | 2,057,156 | 1,313,900 | 3,371,056 | 2,044,800 | 1,308,740 | 3,353,540 |
| Fair value gain | 3,244 | 2,400 | 5,644 | 12,356 | 5,160 | 17,516 |
| **At 31 December** | **2,060,400** | **1,316,300** | **3,376,700** | **2,057,156** | **1,313,900** | **3,371,056** |

#### (b) Company

| Cost | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|---|
| At 1 January | 2,057,156 | 1,292,400 | 3,349,556 | 2,044,800 | 1,287,740 | 3,332,540 |
| Fair value gain | 3,244 | 2,200 | 5,444 | 12,356 | 4,660 | 17,016 |
| **At 31 December** | **2,060,400** | **1,294,600** | **3,355,000** | **2,057,156** | **1,292,400** | **3,349,556** |

## NOTES (CONTINUED)

### 28) Investment properties (continued)

Investment properties are stated at fair value, which has been determined based on valuation (open market value for existing use) performed by City Valuers Limited as at 31 December 2024. City Valuers Limited are industry specialists in valuing these types of investment properties. The fair value is supported by market evidence and represents the amount at which the assets could be exchanges between a knowledgeable, willing buyer and a knowledgeable willing seller, in an arm's length transaction at the date of valuation in accordance with the standards issued by the International Valuation Standards Committee. In estimating the fair value of the properties, the highest and best use of the properties is their current use. Valuations are performed on an annual basis using recent transaction prices for similar use assets and the fair value gains and losses are dealt with in the statement of profit or loss.

The Group enters into operating leases for all its investment properties. The rental income arising during the year amounted to Ksh 94.16 Million (2023: Ksh 125.03 Million) which is included in investment income (Note 18).
Direct operating expenses (included in note 18) attributable to the rental of these properties during the year were Ksh 38.99 Million (2023: Ksh 54.29 Million).

Disclosures regarding minimum lease payments have been provided in Note 41(d).

### 29) Investment in subsidiaries

| | Percentage (%) of shareholding | 2024 Ksh'000 | 2023 Ksh'000 |
|---|---|---|---|
| Kenya Pravack Limited | 100% | 3,640 | 3,640 |
| Kenindia Asset Management Company Limited | 100% | 10,000 | 10,000 |
| Tanzindia Assurance Company Limited | 65% | 91,972 | 91,972 |
| **At 31 December** | | **105,612** | **105,612** |

Investment in subsidiaries is stated at cost.

## 29) Investment in subsidiaries (continued)

### Kenya Pravack Limited

The principal activity of Kenya Pravack Limited is to carry out investments for Kenindia Assurance Company Limited. All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

### Kenindia Asset Management Company Limited

The principle activity of Kenindia Asset Management Company Limited is that the company manages and administers retirement benefit schemes. All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

### Tanzindia Assurance Company limited

The principal activity of Tanzindia Assurance Company Limited is the transaction of general insurance business. All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.
The total non-controlling interest for the period is Ksh 179.98 Million (2023: Ksh 161.48 Million) which is wholly attributed to Tanzindia Assurance Company Limited.
Set out below are the summarised financial information for the subsidiary whose non-controlling interest are material to the group;

| **Summarised statement of financial position - Tanzindia Assurance Company limited** | **2024 Ksh'000** | **2023 Ksh'000** |
|---|---|---|
| Total assets | 1,341,108 | 1,941,936 |
| Total liabilities | (822,699) | (1,456,607) |
| **Net assets** | **518,409** | **485,329** |
| **Summarised statement of profit or loss** | | |
| Insurance service revenue | 1,179,851 | 893,332 |
| Insurance service result | 3,701 | 52,891 |
| Profit/(loss) before income tax | 30,195 | 189,742 |
| Income tax (expense)/credit | 22,668 | (58,128) |
| | 52,863 | 131,614 |
| Other comprehensive income | - | - |
| **Total comprehensive income** | **52,863** | **131,614** |
| **Total comprehensive income allocated to non-controlling interest** | **18,502** | **46,065** |
| **Summarised statement of cash flows** | | |
| Net cash generated from/(used in) operating activities | (118,731) | 73,854 |
| Net cash (used in)/ generated from investing activities | 95,762 | (118,657) |
| Net cash (used in)/generated from financing activities | (29,946) | (39,304) |
| **Net decrease in cash and cash equivalents** | **(52,915)** | **(84,107)** |
| **Cash and cash equivalents at beginning of year** | **90,054** | **137,472** |
| Exchange gains on cash and cash equivalents | 1,420 | 36,689 |
| **Cash and cash equivalents at the end of the year** | **38,559** | **90,054** |

**NOTES (CONTINUED)**

### 30) Unquoted equity investments at fair value through other comprehensive income

#### (a) Group

| | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|---|
| 1 January | 359 | 1,166,041 | 1,166,400 | 20 | 934,122 | 934,142 |
| Additions | | - | - | - | 1,645 | 1,645 |
| Transfer of Kenya Motor pool | | 6,322 | 6,322 | - | (1,088) | (1,088) |
| Fair value gain | (328) | (139,256) | (139,583) | 339 | 219,430 | 219,769 |
| Exchange gain | | (29,663) | (29,663) | - | 11,933 | 11,933 |
| 31 December | 32 | 1,003,444 | 1,003,476 | 359 | 1,166,041 | 1,166,400 |

#### (b) Company

| | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business restated Ksh'000 | Short term insurance business restated Ksh'000 | 2023 Total restated Ksh'000 |
|---|---|---|---|---|---|---|
| 1 January | 359 | 964,671 | 965,030 | 20 | 866,663 | 866,683 |
| Transfer of Kenya Motor pool | | 6,322 | 6,322 | - | (1,088) | (1,088) |
| Fair value gain | (328) | (139,256) | (139,583) | 339 | 99,097 | 99,436 |
| 31 December | 32 | 831,737 | 831,769 | 359 | 964,671 | 965,031 |

Unquoted equity investments comprise investments in shares of unquoted companies, which the Group intends to hold for long term. Although there is no market for these investments, during the year, an independent valuation of the investments was undertaken. The valuation was carried out under the International Valuation Standards' three main approaches; market approach, income approach and cost approach. Valuation was done using the market approach and a conservation view adopted.

### 31) Financial assets at fair value through profit or loss

#### (a) Group

| | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|---|
| 1 January | 330,249 | 34,161 | 364,410 | 473,751 | 45,660 | 519,411 |
| Exchange gain | 446,481 | (80) | 446,401 | - | 67 | 67 |
| Fair value loss | | 22,441 | 22,441 | (143,502) | (11,566) | (155,068) |
| **31 December** | **776,730** | **56,522** | **833,252** | **330,249** | **34,161** | **364,410** |

KENINDIA

NOTES (CONTINUED)

**31) Financial assets at fair value through profit or loss (continued)**

**(b) Company**

| | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|---|
| 1 January | 330,249 | 25,474 | 355,723 | 473,751 | 31,171 | 504,922 |
| Fair value gain/(loss) | 446,481 | 20,346 | 466,826 | (143,502) | (5,697) | (149,199) |
| 31 December | 776,730 | 45,820 | 822,550 | 330,249 | 25,474 | 355,723 |

**32) Loans receivable (Group and Company)**

| | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|---|
| **Mortgage loans** | | | | | | |
| At start of year | - | - | - | 4,239 | - | 4,239 |
| Loan repayments | - | - | - | - | - | - |
| Impairment of loan receivable | - | - | - | (4,239) | - | (4,239) |
| **At end of year** | - | - | - | - | - | - |
| **Maturity profile of mortgage loans maturing** | | | | | | |
| In 1-5 years | - | - | - | 3,290 | - | 3,290 |
| In over 5 years | - | - | - | 949 | - | 949 |
| **At end of year** | **-** | **-** | **-** | **4,239** | **-** | **4,239** |
| **Policy loans** | | | | | | |
| At start of year | 79,552 | - | 79,552 | 89,171 | - | 89,171 |
| Loan advanced | 51,626 | - | 51,626 | 38,493 | - | 38,493 |
| Loan repayments | (34,575) | - | (34,575) | (48,112) | - | (48,112) |
| **At end of year** | **96,603** | **-** | **96,603** | **79,552** | **-** | **79,552** |
| **Maturity profile of policy loans maturing** | | | | | | |
| Within 1 year | 5,467 | - | 5,467 | 38,493 | - | 38,493 |
| In 1-5 years | 44,772 | - | 44,772 | 15,603 | - | 15,603 |
| In over 5 years | 46,365 | - | 46,365 | 25,456 | - | 25,456 |
| **At end of year** | **96,603** | **-** | **96,603** | **79,552** | **-** | **79,552** |

## NOTES (CONTINUED)

### 32) Loans and receivables (continued) Group

| | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|---|
| **Motor vehicle loans (Maturing between 1-5 years)** | | | | | | |
| At start of year | 2,850 | 9,065 | 11,915 | 4,396 | 3752 | 8,148 |
| Loan advanced | 4,000 | 260 | 4,260 | 0 | 6,996 | 6,996 |
| Loan repayments | (1,890) | (6,602) | (8,492) | (1,546) | (1,680) | (3,226) |
| Provision for Expected Credit Losses | - | (0) | - | - | - | - |
| Fair value loss | - | (843) | - | - | (3) | (3) |
| **At end of year** | **4,960** | **1,880** | **7,683** | **2,850** | **9,065** | **11,915** |
| **Book amount** | | | | | | |
| Mortage loans | - | - | - | 4,239 | - | 4,239 |
| Policy loans | 96,603 | - | 96,603 | 79,552 | - | 79,552 |
| Motor vehicles | 4,960 | 1,880 | 6,840 | 2,850 | - | 2,850 |
| Impairment of loan receivable | - | - | - | (4,239) | - | - |
| **At end of year** | **101,563** | 1,880 | **103,443** | **82,402** | - | **86,641** |

### Loans and receivables Company

| | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|---|
| **Motor vehicle loans (Maturing between 1-5 years)** | | | | | | |
| At start of year | 2,850 | 3,569 | 6,419 | 4,396 | 3752 | 8,148 |
| Loan advanced | 4,000 | 260 | 4,260 | 0 | 1,500 | 1,500 |
| Loan repayments | (1,890) | (2,192) | (4,082) | (1,546) | (1,683) | (3,229) |
| Provision for Expected Credit Losses | - | - | - | - | - | - |
| **At end of year** | **4,960** | **1,637** | **6,597** | **2,850** | **3,569** | **6,419** |
| **Book amount** | | | | | | |
| Mortage loans | - | - | - | 4,239 | - | 4,239 |
| Policy loans | 96,603 | - | 96,603 | 79,552 | - | 79,552 |
| Motor vehicles | 4,960 | 1,637 | 6,597 | 2,850 | 3,569 | 6,419 |
| Impairment of loan receivable | - | - | - | (4,239) | - | (4,239) |
| **At end of year** | **101,563** | **1,637** | **103,201** | **82,402** | **3,569** | **85,971** |

**Collateral**

The group holds collateral against loans to loanees (staff and non-staff) in the form of mortgage interests over property and motor vehicle. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. The Group can liquidate the collateral in case of default. The Group holds in its custody the title deeds and log books for the assets attributable to the mortgage loans and motor vehicle loans respectively on behalf of the loanees. The title documents are released to the loanees upon full settlement of the respective loans. The collateral for the policy loans is the cash surrender value of the underlying policy. In the opinion of the directors, the collateral in place is adequate to cover the debt amount. In case of default, the policy loan is written off against the cash surrender value.  None of these loans have had their terms renegotiated.

NOTES (CONTINUED)

## 33) Other receivables

| (a) Group | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|---|
| Due from related companies | - | 16,672 | 16,672 | - | 16,651 | 16,651 |
| Prepayments | - | 6,434 | 6,434 | 4,843 | 1,636 | 6,480 |
| Interdepartmental balance | - | 85,125 | 85,125 | - | 92,716 | 92,716 |
| Deposits, outstanding rental income and others | 78,084 | 148,939 | 227,024 | 104,922 | 115,309 | 220,231 |
| Provision for expected credit losses rental receivables | - | (4,032) | (4,032) | - | (1,885) | (1,885) |
| Provision for expected credit losses on other receivables | (36,386) | (74,909) | (111,296) | (37,109) | (57,832) | (94,941) |
| **31 December** | **41,698** | **178,228** | **219,926** | **72,656** | **166,595** | **239,251** |
| **(B) Company** | | | | | | |
| Amount due from related companies | - | 16,672 | 16,672 | - | 16,651 | 16,651 |
| Interdepartmental balances | - | 85,125 | 85,125 | - | 92,716 | 92,716 |
| Prepayments | - | 1,907 | 1,907 | 4,843 | 1,636 | 6,480 |
| Deposits, outstanding rental income and others | 78,084 | 124,901 | 202,986 | 104,922 | 97,554 | 202,476 |
| Provision for expected credit losses rental receivables | - | (4,032) | (4,032) | - | (1,885) | (1,885) |
| Provision for expected credit losses on other receivables | (36,386) | (74,625) | (111,011) | (37,109) | (57,552) | (94,661) |
| **31 December** | **41,698** | **149,948** | **191,646** | **72,656** | **149,120** | **221,776** |

Other receivables category is made up of amounts due from related companies, inter-departmental balance, pre-payments, deposits, outstanding rental income and miscellaneous receivables. For terms and conditions relating to related party receivables refer to note 39. Other receivables are non-interest bearing and are generally on 30-90 days terms.

### (C) Kenya Motor Insurance Pool (Group and company)

The amount due from Kenya Motor Insurance Pool relates to the Group's share of net assets in a motor insurance pool where underwriters/ insurance companies in Kenya were required to cede a portion of their premiums to a  pool in order to cushion themselves from excessive claims arising from public vehicles incidences. The Kenya Motor Insurance Pool is able to settle claims as and when they fall due. In the opinion of the directors, the amount due from Kenya Motor Insurance Pool is recoverable.

| | 2024 Ksh'000 | 2023 Ksh'000 |
|---|---|---|
| At 1 January | 49,569 | 50,657 |
| Tranfer to unquoted equity investment | (55,890) | -49,569 |
| Net (decrease)/increase in group share of net assets of the pool | 6,321 | (1,088) |
| **31 December** | **0** | **0** |
| Summarised financial information in respect of the Kenya Motor Pool is as follows; | | |
| Total assets new/old pool | 627,978 | 571,917 |
| Total liabilities new/old pool | (68,570) | (79,524) |
| Total net assets | 559,407 | 492,393 |
| **Group's share of net assets** | **52,796** | **46,471** |
| Surplus for the year new/old pool | (9,938) | (11,358) |
| Group's share of the loss for the year | 6,321 | (1,088) |

NOTES (CONTINUED)

## 34)Government securities

| (a) Group | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|---|
| **At amortised cost** | | | | | | |
| 1 January | 73,418,343 | 3,421,740 | 76,840,083 | 62,398,509 | 3,309,933 | 65,708,442 |
| Additions | 17,154,517 | 190,688 | 17,345,205 | 11,706,397 | 384,109 | 12,090,506 |
| Maturity of bonds | (2,797,150) | (258,363) | (3,055,513) | (870,285) | (294,438) | (1,164,723) |
| Provision for expected credit losses | (176,603) | (7,632) | (184,235) | (1,808) | (791) | (2,599) |
| Exchange differences | - | (13,591) | (13,591) | - | 10,755 | 10,755 |
| Accrued interest | 695,086 | 444 | 695,530 | 185,530 | 12,172 | 197,702 |
| **At end of year** | **88,294,194** | **3,333,285** | **91,627,478** | **73,418,343** | **3,421,740** | **76,840,083** |
| **Treasury bonds maturity analysis** | | | | | | |
| -Within 1 year | 2,288,360 | 157,598 | 2,445,958 | 2,645,849 | 238,183 | 2,884,032 |
| -In 1-5 years | 14,485,111 | 1,559,089 | 16,044,200 | 14,337,195 | 1,581,817 | 15,919,012 |
| -After 5 years | 71,520,723 | 1,616,625 | 73,137,348 | 56,435,299 | 1,601,740 | 58,037,039 |
| **At end of year** | **88,294,194** | **3,333,312** | **91,627,506** | **73,418,343** | **3,421,740** | **76,840,083** |

| (b) Company | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|---|
| **At amortised cost** | | | | | | |
| 1 January | 73,418,343 | 3,333,159 | 76,751,502 | 62,398,509 | 3,249,142 | 65,647,651 |
| Additions | 17,154,517 | 190,688 | 17,345,205 | 11,706,397 | 364,320 | 12,070,717 |
| Maturity of bonds | (2,797,150) | (246,400) | (3,043,550) | (870,285) | (293,087) | (1,163,372) |
| Provision for expected credit losses | (176,603) | (6,373) | (182,976) | (1,808) | 619 | (1,189) |
| Accrued interest | 695,086 | 444 | 695,530 | 185,530 | 12,165 | 197,695 |
| 31 December | **88,294,194** | **3,271,518** | **91,565,712** | **73,418,343** | **3,333,159** | **76,751,502** |
| **Treasury bills and bonds maturity analysis** | | | | | | |
| -Within 1 year | 2,288,360 | 95,833 | 2,384,193 | 2,645,849 | 238,183 | 2,884,032 |
| -In 1-5 years | 14,485,111 | 1,559,089 | 16,044,200 | 14,337,195 | 1,493,236 | 15,830,431 |
| -After 5 years | 71,520,723 | 1,616,597 | 73,137,320 | 56,435,299 | 1,601,740 | 58,037,039 |
| **At end of year** | **88,294,194** | **3,271,519** | **91,565,713** | **73,418,343** | **3,333,159** | **76,751,502** |

**34) Government securities (continued)**

**(c ) At fair value through other comprehensive income**

| | Short term insurance business Ksh'000 Group 2024 | Short term insurance business Ksh'000 2023 | Short term insurance business Ksh'000 Company 2024 | Short term insurance business Ksh'000 2023 |
|---|---|---|---|---|
| 1 January | 448,739 | 669,858 | 430,890 | 625,572 |
| Maturity of bonds | (5,100) | (110,931) | - | (110,931) |
| Disposals during the year | - | (50,000) | - | (50,000) |
| Fair value loss (Note 9a) | 51,224 | (45,708) | 49,749 | (45,708) |
| Adjustment for gains included in statement of profit or loss on disposal of fair value through other comprehensive income | - | (7,240) | - | (7,240) |
| Provision for expected credit losses | (27) | - | - | - |
| Accrued interest | 217 | (7,240) | 353 | 19,197 |
| 31 December | **495,053** | **448,739** | **480,992** | **430,890** |
| **Maturity Analysis** | | | | |
| -Within 1 year | 2,477 | 5,454 | - | - |
| -In 1-5 years | 1,703 | - | - | - |
| -After 5 years | 490,873 | 443,285 | 480,992 | 430,890 |
| **At end of year** | **495,053** | **448,739** | **480,992** | **430,890** |

At amortised cost government securities are in long term business and short term business and are carried at amortised costs (i.e. cost plus accrued discount or interest) and any premium or discount is amortised through profit or loss during the tenancy of the bond or securities. At fair value through other comprehensive income government securities are in short term business, and are carried at fair value. Gains and losses on valuation of fair value on investments at fair through other comprehensive income are dealt with in the statement of other comprehensive income.

Included in at amortised cost government securities in both long term business and short term business are treasury bonds amounting to KShs 5.5065 billion (2023: KShs 3.9025 billion) relating to securities held under lien by the Central Bank of Kenya in compliance with the requirements of Section 31 of the Insurance Act (CAP 487). These securities cannot be transferred or sold by the Company without the approval of Commissioner of Insurance.

## NOTES (CONTINUED)

### 34 Government securities (continued)

#### (d) Investment in Bonds and Debentures

| Group | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|---|
| **At amortised cost** | | | | | | |
| 1 January | - | - | - | - | - | - |
| Additions | 6,480 | - | 6,480 | - | - | - |
| Maturities | - | - | - | - | - | - |
| Exchange differences | - | - | - | - | - | - |
| Accrued interest | 137 | - | 137 | - | - | - |
| **At end of year** | **6,617** | **-** | **6,617** | **-** | **-** | **-** |
| **Bonds and debentures maturity analysis** | | | | | | |
| -Within 1 year | 6,617 | - | 6,617 | - | - | - |
| -In 1-5 years | - | - | - | - | - | - |
| -After 5 years | - | - | - | - | - | - |
| **At end of year** | **6,617** | **-** | **6,617** | **-** | **-** | **-** |

| Company | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|---|
| **At amortised cost** | | | | | | |
| 1 January | - | - | - | - | - | 0 |
| Additions | 6,480 | - | 6,480 | - | 364,320 | 364,320 |
| Maturities | - | - | - | - | (293,087) | (293,087) |
| Accrued interest | 137 | - | 137 | - | 12,165 | 12,165 |
| 31 December | **6,617** | **-** | **6,617** | **-** | **83,398** | **83,398** |
| **Bonds and debentures maturity analysis** | | | | | | |
| -Within 1 year | 6,617 | - | 6,617 | - | - | - |
| -In 1-5 years | - | - | - | - | - | - |
| -After 5 years | - | - | - | - | - | - |
| **At end of year** | **6,617** | **-** | **6,617** | **-** | **-** | **-** |

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NOTES (CONTINUED)

35) Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2020: 30%). The deferred tax assets and liabilities are made up of the following:

| Deferred tax asset/(liability) | | | | Movement for the year | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Deferred tax liability | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | Movement Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 |
| **(a) Group** | | | | | | | | | |
| Financial assets at fair value on through other comprehensive income | - | (3,957) | (3,957) | - | - | - | - | (3,957) | (3,957) |
| Accelerated capital allowances | - | - | - | - | - | - | - | - | - |
| Other temporary differences | - | (63,282) | (63,282) | - | 21,687 | 21,687 | - | (41,595) | (41,595) |
| Actuarial surplus | - | - | - | - | - | - | - | - | - |
| Investment property revaluation gain | - | (2,998) | (2,998) | - | - | - | - | (2,998) | (2,998) |
| Other temporary differences | - | - | - | - | - | - | - | - | - |
| Unquoted shares gain on revaluation | 207 | (38,388) | (38,181) | - | 30,595 | 30,595 | 207 | (7,793) | (7,586) |
| PPE timing differences | - | (3,226) | (3,226) | - | (1,999) | (1,999) | - | (5,225) | (5,225) |
| ROU/ lease liability timing differences | - | (847) | (847) | - | - | - | - | (847) | (847) |
| Non PPE timimg differences | - | (1,114) | (1,114) | - | 1,966 | 1,966 | - | 852 | 852 |
| Transfer to other reserves | (699,141) | | (699,141) | (86,093) | - | (86,093) | (785,234) | - | (785,234) |
| Deferred tax on fixed assets revaluation | - | (1,777) | (1,777) | - | - | - | - | (1,777) | (1,777) |
| **At end of year** | **(698,934)** | **(115,590)** | **(814,524)** | **(86,093)** | **52,249** | **(33,844)** | **(785,027)** | **(63,341)** | **(848,368)** |
| **Deferred tax asset** | | | | | | | | | |
| Accelerated capital allowances | - | 5,758 | 5,758 | - | - | - | - | 5,758 | 5,758 |
| Financial assets at fair value on through other comprehensive income | - | 569 | 569 | - | 71,506 | 71,506 | - | 72,075 | 72,075 |
| Temporary differences arising from accrued leave | - | 14,429 | 14,429 | - | - | - | - | 14,429 | 14,429 |
| Other temporary differences | - | 81,317 | 81,317 | - | 175,546 | 175,546 | - | 256,863 | 256,863 |
| PPE timing differences | - | 2,723 | 2,723 | - | - | - | - | 2,723 | 2,723 |
| ROU/ lease liability timing differences | - | 967 | 967 | - | 155 | 155 | - | 1,122 | 1,122 |
| Non PPE timimg differences | - | 22,442 | 22,442 | - | 3,157 | 3,157 | - | 25,599 | 25,599 |
| Tax losses carried forward | - | 740,462 | 740,462 | - | (3,157) | (3,157) | - | 737,305 | 737,305 |
| **At end of year** | **-** | **868,668** | **868,668** | **-** | **247,207** | **247,207** | **-** | **1,115,874** | **1,115,874** |
| **Net deferred tax (liability)/ Asset** | **(698,934)** | **753,078** | **54,144** | **(86,093)** | **299,456** | **213,363** | **785,027)** | **1,052,533** | **267,506** |
| **(b) Company** | | | | | | | | | |
| **Deferred tax liability** | | | | | | | | | |
| Financial assets at fair value on through other comprehensive income | - | (3,957) | (3,957) | - | - | - | - | (3,957) | (3,957) |
| Actuarial surplus | - | - | - | - | - | - | - | - | - |
| Investment property revaluation gain | | (2,998) | (2,998) | - | - | - | - | (2,998) | (2,998) |
| Unquoted shares gain on revaluation | 207 | (38,389) | (38,182) | - | - | - | 207 | (38,389) | (38,182) |
| PPE timing differences | | (3,226) | (3,226) | - | (1,999) | (1,999) | - | (5,225) | (5,225) |
| ROU/ lease liability timing differences | | (847) | (847) | - | - | - | - | (847) | (847) |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Non PPE timimg differences | | (1,113) | (1,113) | - | - | - | - | (1,113) | (1,113) |
| Transfer to other reserves | (699,141) | | (699,141) | (86,093) | - | (86,093) | (785,234) | - | (785,234) |
| Deferred tax on fixed assets revaluation | | (1,777) | (1,777) | - | - | - | - | (1,777) | (1,777) |
| **At end of year** | **(698,934)** | **(52,307)** | **(751,241)** | **(86,093)** | **(1,999)** | **(88,092)** | **(785,027)** | **(54,306)** | **(839,333)** |
| **Deferred tax asset** | | | | | | | | | |
| Accelerated capital allowances | - | 5,758 | 5,758 | - | - | - | - | 5,758 | 5,758 |
| Financial assets at fair value on through other comprehensive income | - | | | - | 71,506 | 71,506 | - | 71,506 | 71,506 |
| Temporary differences arising from accrued leave | - | 14,429 | 14,429 | - | - | - | - | 14,429 | 14,429 |
| Other temporary differences | - | 81,317 | 81,317 | - | 175,546 | 175,546 | - | 256,863 | 256,863 |
| PPE timing differences | - | 2,722 | 2,722 | - | - | - | - | 2,722 | 2,722 |
| ROU/ lease liability timing differences | - | 967 | 967 | - | 155 | 155 | - | 1,122 | 1,122 |
| Non PPE timimg differences | - | 22,442 | 22,442 | - | - | - | - | 22,442 | 22,442 |
| Tax losses carried forward | - | 740,462 | 740,462 | - | - | - | - | 740,462 | 740,462 |
| **At end of year** | **-** | **868,097** | **868,097** | **-** | **247,207** | **247,207** | **-** | **1,115,304** | **1,115,304** |
| **Net deferred tax liability** | **(698,934)** | **815,790** | **116,856** | **(86,093)** | **245,208** | **159,115** | **(785,027)** | **1,060,998** | **275,971** |

The Group offsets tax assets and liabilities if and only if it has legally enforceable right to set off current tax assets and current tax liabilities which the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority.

## 35) Deferred tax asset/(liability) (continued)

| | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|---|
| **Deferred tax liability movement** | | | | | | |
| **(a) Group** | | | | | | |
| At 01 January | (698,934) | 809,952 | 111,018 | (660,300) | 678,468 | 18,168 |
| (Charged)/credited to statement of changes in equity | (86,093) | (1,999) | (88,092) | (38,634) | (29,729) | (68,363) |
| (Charged)/credited to profit or loss | | 244,580 | 244,580 | - | 161,215 | 161,215 |
| **At end of year** | **(785,027)** | **1,052,533** | **267,506** | **(698,934)** | **809,954** | **111,020** |
| **Deferred tax liability** | | | | | | |
| **(b) Company** | | | | | | |
| At 01 January | (698,934) | 815,791 | 116,857 | (660,300) | 684,305 | 24,005 |
| (Charged)/credited to statement of changes in equity | (86,093) | (1,999) | (88,092) | (38,634) | (29,729) | (68,363) |
| (Charged)/credited to profit or loss | | 247,206 | 247,206 | - | 161,215 | 161,215 |
| **At end of year** | **(785,027)** | **1,060,998** | **275,971** | **(698,934)** | **815,791** | **116,857** |

## NOTES (CONTINUED)

### 36) Other payables

| | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|---|
| **(a) Group** | | | | | | |
| Inter- departmental balance | 85,125 | - | 85,125 | 92,716 | - | 92,716 |
| Accrued leave | 12,542 | 32,658 | 45,200 | 9,232 | 26,096 | 35,328 |
| Accrued expenses | 20,703 | 46,105 | 66,808 | 30,946 | 35,266 | 66,212 |
| Other liabilities | 215,352 | 133,769 | 349,121 | 185,602 | 309,908 | 495,510 |
| **At end of year** | **333,722** | **212,532** | **546,254** | **318,496** | **371,270** | **689,767** |
| **(b) Company** | | | | | | |
| Accrued expenses | 20,703 | 34,654 | 55,357 | 30,946 | 35,266 | 66,212 |
| Accrued leave | 12,542 | 32,658 | 45,200 | 9,232 | 26,096 | 35,328 |
| Inter-departmental balance | 85,125 | - | 85,125 | 92,716 | - | 92,716 |
| Other liabilities | 215,352 | 72,493 | 287,845 | 185,602 | 68,138 | 253,740 |
| **At end of year** | **333,722** | **139,805** | **473,527** | **318,496** | **129,500** | **447,997** |

For terms and conditions relating to related party payables, refer to Note 42.

Other payables are non-interest bearing and are generally on 30-90 day terms. Other payables are carried at amortised cost.

**NOTES (CONTINUED)**

## 37) Cash and cash equivalents

For the purpose of cashflow, cash and cash equivalents comprise the following:

| | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|---|
| **(a) Group** | | | | | | |
| Bank and cash balances | 232,682 | 101,828 | 334,510 | 212,496 | 145,109 | 357,605 |
| Deposits with financial institutions maturing within 90 days of the date of acquisition | 186,979 | 709,589 | 896,568 | 909,091 | 609,675 | 1,518,766 |
| | 419,661 | 811,416 | 1,231,077 | 1,121,587 | 754,784 | 1,876,371 |
| Bank overdraft | (72,224) | (67,850) | (140,074) | - | (81,631) | (81,631) |
| | **347,437** | **743,567** | **1,091,004** | **1,121,587** | **673,153** | **1,794,740** |
| **(b) Company** | | | | | | |
| Bank and cash balances | 232,682 | 27,085 | 259,767 | 212,496 | 18,399 | 230,895 |
| Deposits with financial institutions maturing within 90 days of the date of acquisition | 186,979 | 347,676 | 534,655 | 909,091 | 65,358 | 974,449 |
| | 419,661 | 374,761 | 794,422 | 1,121,587 | 83,757 | 1,205,344 |
| Bank overdraft | (72,224) | (47,083) | (119,307) | - | (42,924) | (42,924) |
| | **347,437** | **327,678** | **675,115** | **1,121,587** | **40,833** | **1,162,420** |

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group. All bank balances are subject to an average variable interest rate of 0.57% (2023: 0.33%).

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

Bank overdraft is secured by fixed deposits held with the bank.

**NOTES (CONTINUED)**

**38) Financial instruments**

**(a) Summary per category**

**(i) Group**

The Group's financial instruments are summarised by categories as follows:

| | Financial assets at amortised cost (Note 34a) | Financial assets at fair value through other comprehensive income (Note 34b) | Financial assets at fair value through profit or loss (Note 19,33) | Total |
|---|---|---|---|---|
| **Financial assets** | **Ksh'000** | **Ksh'000** | **Ksh'000** | **Ksh'000** |
| **31 December 2024** | | | | |
| Investment in quoted equity investments | - | - | 833,251 | 833,251 |
| Investment in unquoted equity investments | - | 1,003,476 | - | 1,003,476 |
| Investment in government securities | 91,627,479 | 495,053 | - | 92,122,532 |
| Loans receivable | 103,443 | - | - | 103,443 |
| Other receivables | 219,926 | - | - | 219,926 |
| Deposits with financial institutions | 896,568 | - | - | 896,568 |
| Bank and cash balances | 334,509 | - | - | 334,509 |
| **Carrying value** | **93,181,926** | **1,498,529** | **833,251** | **95,513,706** |

| | 2024 Liabilities | 2023 Liabilities |
|---|---|---|
| **Financial liabilities** | Ksh'000 | Ksh'000 |
| Insurance contract liabilities | 93,685,034 | 80,432,135 |
| Bank overdraft | 140,074 | 81,631 |
| **Carrying value** | **93,825,108** | **80,513,766** |

**NOTES (CONTINUED)**

**38) Financial instruments**

**(a) Summary per category**

**(i) Group**

The Group's financial instruments are summarised by categories as follows:

| Financial assets | Financial assets at amortised cost (Note 34a) Ksh'000 | Financial assets at fair value through other comprehensive income (Note 34b) Ksh'000 | Financial assets at fair value through profit or loss (Note 19,33) Ksh'000 | Total Ksh'000 |
|---|---|---|---|---|
| **31 December 2023** | | | | |
| Investment in quoted equity investments | - | - | 364,410 | 364,410 |
| Investment in unquoted equity investments | - | 1,166,400 | - | 1,166,400 |
| Investment in government securities | 76,840,083 | 430,890 | - | 77,270,973 |
| Loans receivable | 91,467 | | - | 91,467 |
| Other receivables | 239,250 | - | - | 239,250 |
| Deposits with financial institutions | 1,518,766 | - | - | 896,568 |
| Bank and cash balances | 357,605 | - | - | 357,605 |
| **Carrying value** | **79,047,171** | **1,597,291** | **364,410** | **81,008,872** |

| Financial liabilities | 2023 Liabilities Ksh'000 | 2022 Liabilities Ksh'000 |
|---|---|---|
| Financial liabilities | - | 705,883 |
| Insurance contract liabilities | 80,432,135 | 69,714,952 |
| Bank overdraft | 81,631 | 6,299 |
| **Carrying value** | **80,513,766** | **70,427,134** |

**NOTES (CONTINUED)**

**38) Financial instruments (continued)**

**(a) Summary per category (continued)**

**(ii) Company**

The Company's financial instruments are summarised by categories as follows:

| | Financial assets at amortised cost (Note 20,24,25,32) | Financial assets at fair value through other comprehensive income | Financial assets at fair value through profit or loss | Total |
|---|---|---|---|---|
| **Financial assets** | **Ksh'000** | **Ksh'000** | **Ksh'000** | **Ksh'000** |
| **31 December 2024** | | | | |
| Quoted equity investments | - | - | 822,550 | 822,550 |
| Unquoted equity investments | - | 831,769 | - | 831,769 |
| Investment in government securities | 91,565,712 | 480,992 | - | 92,046,704 |
| Loans receivable | 103,201 | - | - | 103,201 |
| Other receivables | 191,646 | - | - | 191,646 |
| Deposits with financial institutions | 534,655 | - | - | 534,655 |
| Bank and cash balances | 259,766 | - | - | 259,766 |
| **Carrying value** | **92,654,980** | **1,312,761** | **822,550** | **94,790,290** |

| | 2024 Liabilities | 2023 Liabilities |
|---|---|---|
| **Financial liabilities** | **Ksh'000** | **Ksh'000** |
| Financial liabilities | 473,527 | 447,997 |
| Insurance contract liabilities | 92,968,885 | 79,132,724 |
| Bank overdraft | 119,307 | 42,924 |
| **Carrying value** | **93,561,719** | **79,623,645** |

**NOTES (CONTINUED)**

**38) Financial instruments (continued)**

**(a) Summary per category (continued)**

**(ii) Company**

The Company's financial instruments are summarised by categories as follows:

| Financial assets | Financial assets at amortised cost (Note 20,24,25,32) Ksh'000 | Financial assets at fair value through other comprehensive income Ksh'000 | Financial assets at fair value through profit or loss Ksh'000 | Total Ksh'000 |
|---|---|---|---|---|
| **31 December 2023** | | | | |
| Quoted equity investments | - | - | 355,723 | 355,723 |
| Unquoted equity investments | - | 965,031 | - | 965,031 |
| Investment in government securities | 76,751,502 | 430,890 | - | 77,182,392 |
| Loans receivable | 85,971 | - | - | 85,971 |
| Other receivables | 221,776 | - | - | 221,776 |
| Deposits with financial institutions | 974,449 | - | - | 974,449 |
| Bank and cash balances | 230,895 | - | - | 230,895 |
| **Carrying value** | **78,264,593** | **1,395,921** | **355,723** | **80,016,237** |

| Financial liabilities | 2024 Liabilities Ksh'000 | 2023 Liabilities Ksh'000 |
|---|---|---|
| Financial liabilities | 447,997 | - |
| Insurance contract liabilities | 79,132,724 | 68,443,611 |
| Bank overdraft | 42,924 | 17,167 |
| **Carrying value** | **79,623,645** | **68,460,778** |

## NOTES (CONTINUED)

### 39) Fair value measurement

### (a) Determination of fair value and fair value hierarchy

Below follows required disclosure of fair value measurements, using a three-level fair value hierarchy that reflects the significance of the inputs used in determining the measurements. It should be noted that these disclosure only cover instruments measured at fair value.

#### Level 1

Included in level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. 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 group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

#### Level 2

Included in level 2 category are financial assets and liabilities measured using significant inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). For example, instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are categorised as level 2.

Financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own models whereby the majority of assumptions are market observable.

#### Level 3

Financial assets and liabilities measured using significant inputs that are not based on observable market data are categorised as level 3. Non market observable inputs means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main asset classes in this category are unlisted equity investments and limited partnerships. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations for which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Group. Therefore, unobservable inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group's own data. However, significant portion of the unquoted shares have been valued at cost and variation in inputs would not have significant fair value change.

**NOTES (CONTINUED)**

**39) Fair value measurement ( continued)**

**(a) Determination of fair value and fair value hierarchy**

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

| **Group** | **Level 1** | **Level 2** | **Level 3** | **Total fair value** |
|---|---|---|---|---|
| **As at 31 December 2024** | **Ksh'000** | **Ksh'000** | **Ksh'000** | **Ksh'000** |
| **Assets:** | | | | |
| **At fair value through profit or loss** | | | | |
| Quoted equity investments | 833,251 | - | | 833,251 |
| Investment properties | - | - | 3,376,700 | 3,376,700 |
| | 833,251 | - | 3,376,700 | 4,209,951 |
| **At fair value through other comprehensive income** | | | | |
| Investment in government securities | 495,053 | - | | 495,053 |
| Investment in unquoted equity investments | - | - | 1,003,476 | 1,003,476 |
| | 495,053 | - | 1,003,476 | 1,498,529 |
| | **1,328,304** | **-** | **4,380,176** | **5,708,480** |
| **Group** | | | | |
| **As at 31 December 2023** | | | | |
| **Assets:** | | | | |
| **At fair value through profit or loss** | | | | |
| Quoted equity investments | 364,410 | - | - | 364,410 |
| Investment properties | - | - | 3371056 | 3,371,056 |
| | 364,410 | - | 3,371,056 | 3,735,466 |
| **At fair value through other comprehensive income** | | | | |
| Investment in government securities | 430,890 | - | - | 430,890 |
| Investment in unquoted equity investments | - | - | 1,166,400 | 1,166,400 |
| | 430,890 | | 1,166,400 | 1,597,291 |
| | **430,890** | **-** | **1,166,400** | **1,961,701** |
| **Financial liabilities:** | | | | |
| Insurance contract liabilities | **795,301** | **-** | **4,537,456** | **5,332,757** |

**NOTES (CONTINUED)**

**39) Fair value measurement**

**(c) Determination of fair value and fair value hierarchy (continued)**

| Company<br>As at 31 December 2024 | Level 1<br>Ksh'000 | Level 2<br>Ksh'000 | Level 3<br>Ksh'000 | Total fair value<br>Ksh'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| **At fair value through profit and loss** | | | | |
| Investment in quoted shares | 822,550 | - | - | 822,550 |
| Investment properties | - | - | 3,355,000 | 3,355,000 |
| | 822,550 | - | 3,355,000 | 4,177,550 |
| **Financial assets at fair value through other comprehensive income** | | | | |
| Investment in government securities | 480,992 | - | | 480,992 |
| Unquoted equity invesments | | - | 831,769 | 831,769 |
| | 480,992 | - | 831,769 | 1,312,761 |
| | **1,303,542** | - | **4,186,769** | **5,490,310** |

| Company<br>As at 31 December 2023 | Level 1 | Level 2 | Level 3 | Total fair value |
|---|---|---|---|---|
| **Assets:** | | | | |
| **At fair value through profit and loss** | | | | |
| Quoted equity investments | 355,723 | - | - | 355,723 |
| Investment properties | | 0 | 3,349,556 | 3,349,556 |
| | 355,723 | 0 | 3,349,556 | 3,705,279 |
| **Financial assets at fair value through other comprehensive income** | | | | |
| Investment in government securities | 430,890 | 0 | - | 430,890 |
| Investment in unquoted shares | - | 0 | 965,031 | 965,031 |
| | 430,890 | 0 | 965,031 | 1,395,921 |
| | **786,613** | **0** | **4,314,587** | **5,101,200** |

**NOTES (CONTINUED)**

**40) Contingent liabilities**

*Legal Proceedings and Regulations*

The Group operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position. The Group is also subject to insurance solvency regulations in all the territories where it operates and has complied with all these solvency regulations. There are no contingencies associated with the Group's compliance or lack of compliance with such regulations.

The above contingent liabilities are supported by deposits in the joint accounts of the advocates under instruction of the courts to the tune of KShs 48.953 million as at 31 December 2024.

Contingent liabilities for custom bonds, at the year-end were Ksh 1.287 billion (2023: Ksh 1.582 billion).

*Material Damage Claim*

The company was in discussion with its reinsurers on a matter relating to a claim by one of its clients, relating to material damage as at 31 December 2012. The lead reinsurer on the matter, had contended that the company over ceded on the surplus treaty in respect of material damage portion of the policy. The company subsequently contested this assertion by the reinsurer, and reinsurers paid off their portion of the liability.

The company then settled the claim and issued a discharge voucher which was not signed and returned as expected from the claimant alleging dissatisfaction of the quantum of the settlement. The matter is now under litigation.

From management assessment, any additional liability arising from the litigation process, will be borne by the reinsurers and the company will only suffer to the extent of the retention limit.

**Capital commitments**

There was no capital expenditure contracted for at the reporting date but not recognised in the financial statements
(2023: Ksh Nil).

**41) Lease liabilities**

**b) Operating lease commitments**

The group has entered into commercial property leases in respect of its investment property portfolio. Leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

The group has lease contracts for various office space used in its operations. Leases generally have lease terms of between 2 years and 5 years,3 months.

The group did not have leases of office space with lease terms of 12 months or less or leases with low value. Therefore, the group did not apply the short term lease and lease of low-value-assets recogntion exemptions as it did not have such leases.

The future minimum lease payments under non-cancellable operating lease are as follows:

| **Group** | **2024** | **2023** |
|---|---|---|
| **Payable (as a lessee)** | **Ksh'000** | **Ksh'000** |
| Not later than 1 year | 6,567 | 2,436 |
| Later than 1 year and not later than 5 years | 36,442 | 33,872 |
| **At end of year** | **43,009** | **36,308** |

| **Group** | **2024** | **2023** |
|---|---|---|
| **Receivable (as a lessor)** | **Ksh'000** | **Ksh'000** |
| Not later than 1 year | 100,830 | 16,369 |
| Later than 1 year and not later than 5 years | 536,589 | 559,031 |
| **At end of year** | **637,419** | **575,400** |

## NOTES (CONTINUED)

### 41) Lease liabilities ( continued)

c) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

| Group | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Ksh'000 | 2023 Ksh'000 |
|---|---|---|---|---|
| Balance brought forward | 14,150 | 16,697 | 30,847 | 29,872 |
| Additions | 8,867 | 7,227 | 16,094 | 12,864 |
| Depreciation charge | (4,721) | (6,009) | (10,730) | (11,889) |
| **At end of year** | **18,296** | **17,915** | **36,211** | **30,847** |

Set out below are the carrying amounts of lease liabilities and the movements during the period:

| Group | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Ksh'000 | 2023 Ksh'000 |
|---|---|---|---|---|
| **Lease liabilities** | | | | |
| 1 January | 16,096 | 20,212 | 36,309 | 34,550 |
| Additions | 8,867 | 7,227 | 16,094 | 12,864 |
| Accretion of interest | 2,662 | 2,852 | 5,515 | 4,500 |
| Payments | (6,567) | (8,342) | (14,909) | (15,606) |
| 31 December | **21,059** | **21,950** | **43,009** | **36,308** |

The maturity analysis of lease liabilities are disclosed in Note 41.B19

The group had nil non-cash additions to right-of-use assets and lease liabilities in 2024 (2023: Ksh Nil).

**NOTES (CONTINUED)**

**41) Lease liabilities ( continued)**

d) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

| Company | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Ksh'000 | 2023 Ksh'000 |
|---|---|---|---|---|
| **Lease rentals** | | | | |
| 1 January | 14,150 | 16,697 | 30,847 | 29,872 |
| Additions | 8,867 | 7,227 | 16,094 | 12,864 |
| Depreciation charge | (4,721) | (6,009) | (10,730) | (11,889) |
| **31 December** | **18,296** | **17,915** | **36,211** | **30,847** |

Set out below are the carrying amounts of lease liabilities and the movements during the period:

| Company | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Ksh'000 | 2023 Ksh'000 |
|---|---|---|---|---|
| Balance brought forward | 16,096 | 20,212 | 36,309 | 34,550 |
| Additions /(Write Backs) | 8,867 | 7,227 | 16,094 | 12,864 |
| Accretion of interest | 2,662 | 2,852 | 5,515 | 4,500 |
| Payments | (6,567) | (8,342) | (14,909) | (15,606) |
| **At end of year** | **21,059** | **21,950** | **43,009** | **36,308** |

The maturity analysis of lease liabilities are disclosed in Note 41.

The company had nil non-cash additions to right-of-use assets and lease liabilities in 2024 (2023: nil).

**NOTES (CONTINUED)**

## 42) Related party disclosures

There are several companies which are related to the company through common shareholdings or common directorship. General Insurance Corporation, New India Assurance Company Limited and Life Insurance Corporation of India are major shareholders of Kenindia Assurance Company Limited. United Insurance Company Limited, National Insurance Company Limited and Oriental Insurance Company Limited are related to Kenindia Assurance Company Limited through common directorship.

Kenindia Asset Management Company Limited and Kenya Pravack Limited are wholly owned subsidiaries of Kenindia Assurance Company Limited. Tanzindia Assurance Company Limited is partially owned (65%) by Kenindia Assurance Company Limited.

In the normal course of business, insurance policies are sold to related parties at terms and conditions similar to those offered to major clients.

The following transactions were carried out with related parties

| | Long term asssurance business Ksh'000 | Short term insurance business Ksh'000 | 2024 Total Ksh'000 | Long term assurance business Ksh'000 | Short term insurance business Ksh'000 | 2023 Total Ksh'000 |
|---|---|---|---|---|---|---|
| **(i) Transactions with related parties** | | | | | | |
| **Insurance revenue** | | | | | | |
| General insurance corporation | - | 13,934 | 13,934 | - | 72,849 | 72,849 |
| Other related parties | - | 13,533 | 13,533 | - | 110,814 | 110,814 |
| **Insurance Expenses** | | | | | | |
| General insurance corporation | - | 27,314 | 27,314 | - | 350,933 | 350,933 |
| Other related parties | - | 31,300 | 31,300 | - | 5,265 | 5,265 |
| **(ii) Outstanding balances with related parties** | | | | | | |
| **Receivable from related parties relating to insurance revenue** | | | | | | |
| General Insurance Corporation | - | (40,836) | (40,836) | - | 10,313 | 10,313 |
| Life Insurance Corporation of India | (3,049) | | (3,049) | (3,049) | - | (3,049) |
| New India Assurance Company Limited | - | (193,759) | (193,759) | - | (292,278) | -292,278 |
| United Insurance Company Limited | - | - | - | - | - | 0 |
| National Insurance Company Limited | - | 23,127 | 23,127 | - | 23,127 | 23,127 |
| Oriental Insurance Company Limited | - | 18,282 | 18,282 | - | 18,282 | 18,282 |
| Tanzindia Assurance Company Limited | - | - | - | - | - | 0 |
| East Africa Re Limited | - | 2,299 | 2,299 | - | 2,218 | 2,218 |

There were no provisions made or amounts written off on related party balances during the year (2023: Ksh Nil).

## NOTES (CONTINUED)

### 42) Related party disclosures (continued)

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | Ksh'000 | Ksh'000 | Ksh'000 | Ksh'000 |
| **(iii) Deposits with financial institutions** | | | | |
| Credit Bank | 99,000 | 0 | 99,000 | 64,776 |
| **(iv) Directors' remuneration** | | | | |
| Directors' fees (Note 6) | 4,462 | 1,580 | 2,025 | 1,575 |
| Other expenses | 13,466 | 8,570 | 7,389 | 8,567 |
| As executives | 34,146 | 36,193 | 34,146 | 36,193 |
| | **52,075** | **46,343** | **43,560** | **46,739** |
| **Directors' loans** | - | - | - | - |
| **(v) Key management compensation** | | | | |
| Salaries and benefits | 111,832 | 108,105 | 106,849 | 108,079 |
| Social security benefit costs | 697 | 99 | 198.72 | 99 |
| Retirement benefit costs | 7,695 | 6,540 | 7,388 | 6,537 |
| | **120,224** | **114,744** | **114,436** | **114,715** |

Key management includes personnel at both top and middle level management (general managers and assistant general managers).

### 43) Capital management

Externally imposed capital requirements are set and regulated by the Insurance Regulatory Authority (IRA). 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 Ksh 400 million in the long term business which meets the minimum (Ksh 400 million) requirement as per the Insurance Act. In the short term business, the company's paid up capital should not be less than 10% of the total gross premium written in the short term business during the year or Kshs. 600,000,000.00. The paid up capital is Ksh 600,000,000 (2023: Ksh 600,000,000) while 10% of gross premium written is Ksh 217.9 million (2023: Ksh 178.6 million).

The company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new capital or sell assets to reduce debt.

## NOTES (CONTINUED)

### 43) Capital management ( continued)

#### Capital adequacy

As per the requirements of the The Insurance (Capital Adequacy) Guidelines, 2017, capital adequacy ratios are as follows:

| | Short term business | |
|---|---|---|
| | **2024** | **2023** |
| | **Ksh'000** | **Ksh'000** |
| Minimum required capital | 1,389,989 | 1,581,042 |
| Total capital available | 3,296,536 | 3,344,006 |
| **Capital adequacy ratio** | **237%** | **212%** |
| **Capital adequacy ratio minimum** | **100%** | **100%** |

**Long term business**
**Long term business**

| | **2024** | **2023** |
|---|---|---|
| | **Ksh'000** | **Ksh'000** |
| Minimum required capital | 4,341,543 | 3,657,681 |
| Total capital available | 4,503,320 | 3,731,491 |
| **Capital adequacy ratio** | **104%** | **102%** |
| **Capital adequacy ratio minimum** | **100%** | **100%** |

### 44) Incorporation and registered office

The company is incorporated in Kenya under the Companies Act.
Kenindia House Loita Street
P.O. Box 44372-00100
Nairobi
Kenya

# Proxy Form

I/We ______________________________________________________________________________

of________________________________________________________________________________

being a member/members of **KENINDIA ASSURANCE COMPANY LIMITED** hereby appoint _______________

__________________________________________________________________________________

of________________________________________________________________________________

or failing him____________________________________________________________________

of________________________________________________________________________________

or failing him the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the hybrid Annual General Meeting of the Company to be held at Zen Garden, Lower Kabete Road, Nairobi and via video conference on Wednesday, 25th June 2025 and at any adjournment thereof.

Please indicate how you wish to cast your vote.

| | | FOR | AGAINST |
|---|---|---|---|
| 1 | To adopt the audited financial statements at December 2024 | | |
| 2 | To declare a dividend of KShs. 7.50 per share | | |
| 3 | To approve Directors' fees | | |
| 4 | To re-elect Dr. M P Chandaria as Director | | |
| 5 | To re-elect Dr. Patricia M Kingori | | |
| 6 | To re-appoint auditors M/s Grand Thornton LLP | | |

Dated this__________________________ day of ______________________________ 2025

Name: ______________________________

Signature: ______________________________

**Notes**

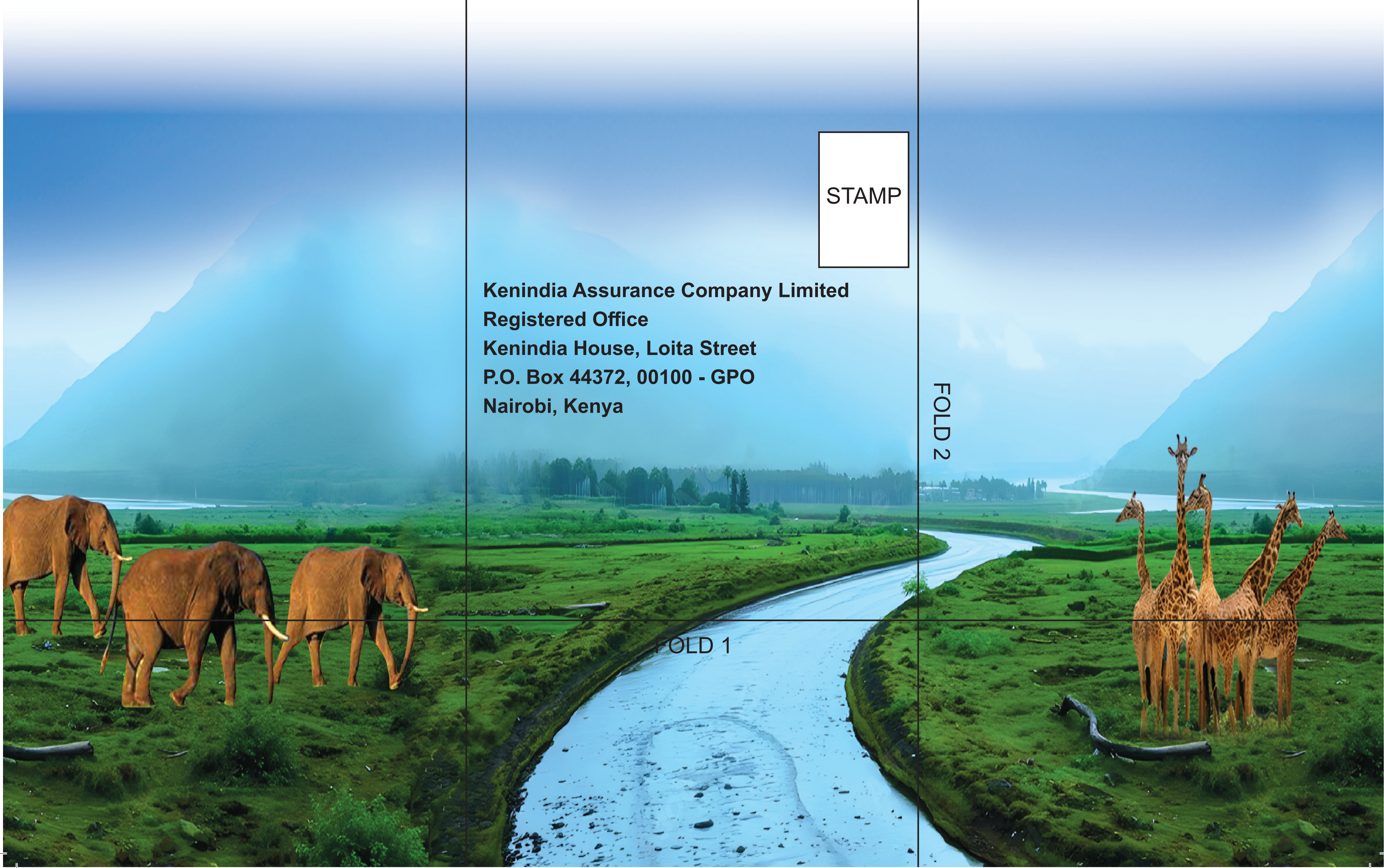
1 *A proxy need not be a member of the Company.*

2 *Unless otherwise instructed the proxy will vote or abstain as he thinks fit in respect of the member's total shareholding.*

3 *In case of a corporation this form must be under its common seal or under the hand of some officer or attorney duly authorized in that behalf.*

4 *Proxies must be emailed to Ms Phoebe Macharia of Adili Corporate Services Kenya, the Company Secretary or lodged at the Registered Office, Kenindia House, Loita Street, PO Box 44372 - 00100, Nairobi, not less than 24 hours before the time for holding the meeting or adjourned meeting.*

Kenindia is committed to ESG Goals - Contributing to sustainable environment.



STAMP

**Kenindia Assurance Company Limited**
**Registered Office**
**Kenindia House, Loita Street**
**P.O. Box 44372, 00100 - GPO**
**Nairobi, Kenya**

FOLD 2

FOLD 1