

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2016

LONGTERM INSURANCE BUSINESS

| | | 2016 Kshs | 2015 Kshs |
|--|----|----------------------|----------------------|
| INCOME | | | |
| Gross Written Premium | 1 | 5,137,944,856 | 4,079,505,847 |
| Outward Reinsurance Premium | 2 | 1,359,321,819 | 1,306,719,859 |
| Net Written Premium (1-2) | 3 | 3,778,623,037 | 2,772,785,988 |
| Gross earned premiums | 4 | 5,137,944,856 | 4,079,505,847 |
| Net Earned Premium (4-2) | 5 | 3,778,623,037 | 2,772,785,988 |
| Investment income | 6 | 227,317,669 | 195,611,446 |
| Commissions income | 7 | 137,036,739 | 86,951,588 |
| Other income | 8 | 418,352 | (75,812) |
| TOTAL INCOME (5+6+7+8) | 9 | 4,143,395,797 | 3,055,273,210 |
| OUTGO | | | |
| Claims & Policy Holder Benefits | 10 | 4,076,209,827 | 3,210,025,633 |
| Less: Reinsurers' Share of Claims | 11 | 977,026,354 | 931,527,326 |
| Net claims payable (10-11) | 12 | 3,099,183,473 | 2,278,498,307 |
| Commissions payable | 13 | 360,196,031 | 225,151,764 |
| Operating and other expenses | 14 | 406,499,788 | 351,275,534 |
| Total Outgo (12+13+14) | 15 | 3,865,879,292 | 2,854,925,605 |
| Profit/(Loss) before tax (9-15) | 16 | 277,516,505 | 200,347,605 |
| Income Tax Expense | 17 | (105,352,277) | (43,978,926) |
| Profit for the year (16-17) | 18 | 172,164,228 | 156,368,679 |
| Other Comprehensive Income | 19 | - | - |
| Total profit & Other Comprehensive Income (18+19) | 20 | 172,164,228 | 156,368,679 |
| Earnings per Share | | 115 | 104 |

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

SHAREHOLDERS FUNDS

| | | |
|---------------------------------|--------------------|--------------------|
| Share Capital | 150,000,000 | 150,000,000 |
| Retained Earnings | 265,299,775 | 301,690,027 |
| Statutory Reserve | 524,118,359 | 315,563,879 |
| TOTAL SHAREHOLDERS FUNDS | 939,418,134 | 767,253,906 |

ASSETS

| | | |
|--|----------------------|----------------------|
| Property & Equipment | 38,678,160 | 33,571,432 |
| Intangible Assets | 13,353,365 | 9,647,867 |
| Investment Property | 1,152,347,000 | 875,059,040 |
| Investments in Equity | 24,711,931 | 27,217,650 |
| Investment in Unit trusts | 70,248,904 | 53,335,864 |
| Other Investments | 1,000,000 | 1,000,000 |
| Loans Receivable | 53,449,853 | 56,729,948 |
| Receivables Arising from Reinsurance Arrangements | 278,437,860 | 153,323,133 |
| Receivables Arising out of Direct Insurance Arrangements | 766,958,457 | 184,092,815 |
| Other receivables | 147,583,572 | 65,079,120 |
| Tax recoverable | 16,403,758 | - |
| Government Securities | 418,555,211 | 287,125,991 |
| Deposits with Financial Institutions | 230,271,314 | 286,990,034 |
| Cash and Cash Equivalents | 1,302,387,689 | 1,115,209,634 |
| TOTAL ASSETS | 4,514,387,074 | 3,148,382,528 |

LIABILITIES

| | | |
|---|----------------------|----------------------|
| Insurance Contract Liabilities | 2,752,449,910 | 2,015,093,272 |
| Payables under Deposit Administration Contracts | 145,366,185 | 77,907,973 |
| Payable under Investment Contracts | 77,348,102 | 23,577,668 |
| Payables Arising out of Reinsurance Contracts | 281,467,243 | 48,345,973 |
| Deferred Tax Liability | 235,693,939 | 140,841,662 |
| Tax Payable | - | 3,219,412 |
| Other payables | 82,643,561 | 72,142,662 |
| TOTAL LIABILITIES | 3,574,968,940 | 2,381,128,622 |

STATEMENT OF MOVEMENT IN DEPOSIT ADMINISTRATION AND INVESTMENT CONTRACTS FOR THE YEAR ENDING 31 DECEMBER 2016

| | | |
|--|-------------|-------------|
| Amounts Payables under deposit administration contracts | | |
| At 1 January | 77,907,973 | 46,931,687 |
| Pension Fund Deposits Received | 62,042,202 | 32,643,750 |
| Surrenders & Annuities Paid | (5,781,437) | (3,992,096) |
| Interest Payable to Policyholders | 11,912,559 | 2,825,771 |
| Management charges | (715,112) | (501,139) |
| As at 31 December | 145,366,185 | 77,907,973 |

Investment Contract Liabilities

| | | |
|--------------------------------------|--------------|--------------|
| At 1 January | 23,577,668 | 42,662,455 |
| Deposits Received | 92,129,127 | 70,085,141 |
| Maturities/payments to policyholders | (43,609,316) | (89,632,235) |
| Interest payable to policyholders | 5,250,623 | 462,307 |
| As at 31 December | 77,348,102 | 23,577,668 |

KEY RATIOS

| | | |
|------------------------|------|------|
| CAPITAL ADEQUACY RATIO | 130% | 100% |
| CLAIMS RATIO | 79% | 79% |
| EXPENSE RATIO | 15% | 14% |

The above are extracts from the financial statements for the year ended 31 December 2016, which were audited by PKF Kenya and received an unqualified opinion. The financial statements were approved by the board for issue on 30 March 2017 and signed on its behalf by