



KENYA REINSURANCE CORPORATION LTD

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS AT 31ST DECEMBER 2018

	Long term business	Short term Business	Total 2018	Total 2017
	2018	2018	2018	2017
	KShs '000	KShs '000	KShs '000	KShs '000
INCOME				
Gross premiums written	1,905,287	12,933,106	14,838,393	14,827,296
Less: change in unearned premiums		190,991	190,991	(600,239)
Less: retrocession premiums	(105,146)	(718,262)	(823,408)	(547,481)
NET EARNED PREMIUMS	1,800,141	12,405,835	14,205,976	13,679,576
Investment income	410,176	2,976,001	3,386,177	3,165,314
Commissions recovered	5,265	35,964	41,229	98,416
Fair value gains on revaluation of investment properties	64,586	332,625	397,211	672,077
Other income		54,876	54,876	70,282
Share of associate profits		180,865	180,865	504,069
TOTAL INCOME	2,280,168	15,986,166	18,266,334	18,189,734
CLAIMS AND BENEFITS				
Gross claims incurred and policy holder benefits	(931,699)	(8,524,518)	(9,456,217)	(8,110,686)
Less: Re-insurers share of claims and policy holder benefits	64,399	561,568	625,967	512,144
NET CLAIMS AND BENEFITS	(867,300)	(7,962,950)	(8,830,250)	(7,598,542)
Cedant acquisition costs	(502,023)	(3,388,232)	(3,890,255)	(3,928,700)
Operating and other expenses	(237,953)	(1,781,881)	(2,019,834)	(1,709,036)
Provision for doubtful debts		(424,145)	(424,145)	(394,905)
TOTAL CLAIMS, BENEFITS, AND OTHER EXPENSES	(1,607,276)	(13,557,208)	(15,164,484)	(13,631,183)
PROFIT BEFORE TAX	672,892	2,428,958	3,101,850	4,558,551
INCOME TAX EXPENSE	(232,446)	(591,122)	(823,568)	(981,211)
PROFIT FOR THE YEAR	440,446	1,837,836	2,278,282	3,577,340
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Share of gain on property revaluation of associate		401	401	11,522
Remeasurement gains/ (losses) on defined benefit plans, net of tax		(22,305)	(22,305)	(36,882)
Items that may be reclassified subsequently to profit or loss:				
Reclassification adjustment relating to available-for-sale financial assets disposed in the year		(201,532)	(201,532)	(258,669)
Net gains / (losses) on revaluation of available-for-sale quoted equity instruments		(328,495)	(328,495)	315,208
Net gains on revaluation of available-for-sale government securities		46,896	46,896	47,323
Share of movement in associate reserves:				
– currency translation		(45,990)	(45,990)	(43,209)
– fair value reserve		35,649	35,649	19,113
TOTAL OTHER COMPREHENSIVE INCOME	0	(515,376)	(515,376)	54,406
TOTAL COMPREHENSIVE INCOME	440,446	1,322,460	1,762,906	3,631,746
EARNINGS PER SHARE - basic and diluted			3.25	5.11
Key Ratios				
Capital Adequacy Ratio			219%	219%
Solvency Ratio			842%	804%
Claims Ratio			64%	55%
Expense Ratio			40%	38%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2018

	Long term Business	Short term Business	Total 2018	Total 2017
	2018	2018	2018	2017
	KShs '000	KShs '000	KShs '000	KShs '000
EQUITY				
Share capital	500,000	1,249,873	1,749,873	1,749,873
Revaluation reserve		15,718	15,718	15,317
Fair value reserve	(7,556)	(61,114)	(68,670)	378,812
Translation reserve		281,568	281,568	327,558
Statutory reserve	4,379,937		4,379,937	3,939,491
Retained earnings		22,014,607	22,014,607	20,794,033
TOTAL EQUITY	4,872,381	23,500,652	28,373,033	27,205,084
ASSETS				
Property and equipment		91,631	91,631	76,559
Intangible assets	364,719	223,537	588,256	536,122
Investment properties	1,675,000	8,430,000	10,105,000	9,622,000
Investment in associate		4,473,962	4,473,962	4,399,320
Unquoted equity instruments		202,231	202,231	202,231
Non-current assets held for sale				23,000
Mortgage loans		725,862	725,862	658,425
Corporate bonds		475,912	475,912	482,696
Receivables arising out of reinsurance and retrocession arrangements	220,391	3,452,785	3,673,176	4,315,378

Premium and loss reserves		271,655	271,655	306,956
Deferred acquisition costs		1,363,134	1,363,134	1,408,301
Other receivables		224,806	224,806	248,628
Income tax receivable	303,359	138,617	441,976	126,869
Quoted equity instruments	287,773	1,311,658	1,599,431	2,107,855
Government securities	2,323,736	11,991,016	14,314,752	14,562,840
Inventory		13,590	13,590	19,897
Deposits with financial institutions	4,269,444	1,189,781	5,459,225	3,408,386
Cash and bank balances	6,761	331,274	338,035	227,204
TOTAL ASSETS	9,451,183	34,911,451	44,362,634	42,732,667
LIABILITIES				
Long term reinsurance contract liabilities		2,629,125	2,629,125	2,392,423
Short term reinsurance contracts liabilities		6,002,946	6,002,946	5,737,138
Deferred tax liability	1,850,773	(766,991)	1,083,782	944,987
Employee defined benefit liability		55,462	55,462	25,226
Payables arising out of reinsurance arrangements	98,904	450,562	549,466	670,487
Other payables		745,869	745,869	643,380
Unearned premiums		4,922,951	4,922,951	5,113,942
TOTAL LIABILITIES	4,578,802	11,410,799	15,989,601	15,527,583
NET ASSETS	4,872,381	23,500,652	28,373,033	27,205,084

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31ST DECEMBER 2018

	Share capital	Revaluation reserve	Fair value reserve	Translation reserve	Statutory reserve	Retained earnings	Total
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
At 1 January 2017	1,749,873	3,795	255,837	370,767	3,502,132	18,250,893	24,133,297
Profit for the year					437,359	3,139,981	3,577,340
Other comprehensive income		11,522	122,975	(43,209)		(36,882)	54,406
Total comprehensive income		11,522	122,975	(43,209)	437,359	3,103,099	3,631,746
Dividends declared – 2016						(559,959)	(559,959)
At 31 December 2017	1,749,873	15,317	378,812	327,558	3,939,491	20,794,033	27,205,084
At 1 January 2018	1,749,873	15,317	378,812	327,558	3,939,491	20,794,033	27,205,084
Profit for the year					440,446	1,837,836	2,278,282
Other comprehensive income		401	(447,482)	(45,990)		(22,305)	(515,376)
Total comprehensive income		401	(447,482)	(45,990)	440,446	1,815,531	1,762,906
Dividends declared – 2017						(594,957)	(594,957)
At 31 December 2018	1,749,873	15,718	(68,670)	281,568	4,379,937	22,014,607	28,373,033

CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 31ST DECEMBER 2018

	2018	2017
	KShs '000	KShs '000
Net cash generated from operations	1,210,624	1,683,873
Interest received on corporate bonds	58,004	59,530
Interest received on government securities	1,823,523	1,226,804
Interest received on staff mortgages and loans	18,745	16,411
Interest received on deposits with financial institutions	215,445	304,967
Interest received on commercial mortgages	47,828	54,748
Tax paid in the year	(999,879)	(1,248,195)
Net cash generated from operating activities	2,374,290	2,098,138
Cash flows from investing activities		
Purchase of investment property	(85,789)	(46,923)
Purchase of property and equipment	(49,572)	(30,040)
Proceeds on sale of property and equipment		765
Proceeds on disposal of non-current assets held for sale		15,500
Purchase of intangible assets	(194,395)	(252,620)
Purchase of government securities	(7,751,243)	(5,401,776)
Proceeds on maturity of government securities	8,009,796	2,876,600
Proceeds on sale of quoted equity instruments	259,376	273,605
Proceeds on redemption of corporate bonds	5,925	5,925
Dividends received on quoted equity instruments	187,742	111,489
Net cash generated from/ (used in) investing activities	381,840	(2,447,475)
Cash flows used in financing activities		
Dividends paid	(594,957)	(559,959)
Net increase/ (decrease) in cash and cash equivalents	2,161,173	(909,296)
Cash and cash equivalents at 1 January	3,635,590	4,545,481
Effect of unrealised exchange rate changes	497	(595)
Cash and cash equivalent at 31 December	5,797,260	3,635,590