

STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2017

	GROUP		COMPANY	
	TOTAL 2017 Kshs "000"	TOTAL 2016 Kshs "000"	TOTAL 2017 Kshs "000"	TOTAL 2016 Kshs "000"
INCOME				
Gross written premium	6,451,009	7,428,804	6,103,330	6,304,587
Outward reinsurance premium	2,906,071	3,243,386	2,640,927	2,264,738
Net written premium	3,544,938	4,185,418	3,462,403	4,039,849
Gross earned premium	6,808,516	7,279,330	6,378,836	6,089,314
Net earned premium	3,902,445	4,035,944	3,737,910	3,824,576
Investment income	1,003,902	849,039	956,135	799,664
Commission earned	514,968	464,495	446,399	360,355
Foreign exchange losses/gains	(6,628)	4,805	(1,661)	2,437
Total income	5,414,687	5,354,283	5,138,783	4,987,032
OUTGO				
Claims & policyholder benefits	3,212,326	2,825,656	3,002,797	2,650,881
Less: Reinsurers' share of claims	966,395	427,151	802,278	340,219
Net claims	2,245,931	2,398,505	2,200,520	2,310,662
Commission payable	812,222	795,209	749,318	704,426
Operating & other expenses	1,317,413	1,731,491	1,144,728	1,564,670
Total outgo	4,375,566	4,925,205	4,094,566	4,579,758
Profit before tax	1,039,121	429,078	1,044,217	407,274
Income tax expense	241,740	100,215	242,370	94,125
Profit for the year	797,381	328,863	801,847	313,149

OTHER COMPREHENSIVE INCOME

Change in fair value of available for sale instruments	192,542	(105,443)	190,901	(88,099)
Exchange of differences on translating net assets of foreign subsidiary	(5,970)	(11,427)	-	-
Other comprehensive income for the year, net of tax	186,572	(116,870)	190,901	(88,099)
Total comprehensive income for the year	983,953	211,993	992,748	225,050

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

SHAREHOLDERS' FUNDS				
Share capital	1,000,000	1,000,000	1,000,000	1,000,000
Revaluation reserve	412,789	232,707	365,035	174,133
Contingency reserve	40,505	67,122	-	-
Currency translation reserve	(57,842)	(64,940)	-	-
Retained earnings	2,821,239	2,196,284	2,748,506	2,146,659
Proposed dividends	150,000	150,000	150,000	150,000
Non-controlling interest	140,788	142,353	-	-
TOTAL SHAREHOLDERS' FUNDS	4,507,479	3,723,526	4,263,540	3,470,792

ASSETS

Property & equipment	140,521	153,037	130,202	141,591
Intangible assets	12,551	9,107	11,879	7,942
Kenya motor insurance pool	91,231	97,053	91,231	97,053
Investment property	2,730,000	2,640,000	2,730,000	2,640,000
Investment in equity instruments available for sale	1,044,940	882,791	929,701	768,216
Investment in subsidiary at cost	-	-	50,147	50,147
Receivables arising out of reinsurance arrangements	168,921	177,479	119,445	126,731
Receivables arising out of direct insurance arrangements	615,213	709,912	590,897	641,777
Reinsurers' share of technical provisions and reserves	2,768,438	2,401,686	2,634,282	2,182,909
Deferred acquisition costs	229,764	281,223	215,937	259,965
Deferred tax asset	12,054	10,513	-	-
Other receivables	176,918	196,583	167,905	182,552
Tax recoverable	16,354	75,596	-	66,907
Due from subsidiary company	-	-	18,627	12,743
Government securities held to maturity	4,329,004	3,609,417	4,246,555	3,445,311
Government securities available for sale	395,760	655,344	395,760	655,344
Corporate bonds held to maturity	259,896	264,948	259,896	264,948
Deposits with financial institutions held to maturity	468,563	450,545	255,153	311,871
Cash and bank balances	17,678	50,050	13,108	24,345
TOTAL ASSETS	13,495,806	12,665,284	12,860,725	11,880,352

LIABILITIES

Insurance contract liabilities	5,070,130	4,437,336	4,861,252	4,199,082
Provision for unearned premium	2,299,398	2,660,476	2,199,232	2,474,738
Payables arising out of reinsurance arrangements	419,693	601,259	383,837	556,067
Deferred reinsurance commissions	153,862	183,331	142,640	164,578
Deferred tax liability	484,447	471,116	484,447	471,116
Tax payable	90,221	-	90,221	-
Other payables	470,576	588,240	435,556	543,979
TOTAL LIABILITIES	8,998,327	8,941,758	8,597,185	8,409,560
NET ASSETS	4,507,479	3,723,526	4,263,540	3,470,792

KEY RATIOS

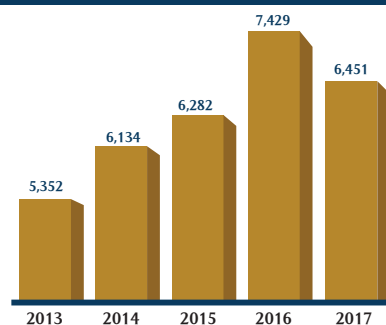
Capital Adequacy Ratio			217%	182%
Claims Ratio - (Gross claims incurred / Gross written premium)	50%	38%	49%	42%
Loss Ratio - (Net claims incurred / Net earned premium)	58%	59%	59%	60%
Expense Ratio (Inclusive of Commission Expenses)	23%	20%	21%	22%

The above Group and Company Statements of Comprehensive Income and Statements of Financial Position are extracts from the Group's financial statements which were audited by PricewaterhouseCoopers and received an unqualified opinion. The financial statements were approved by the Board of Directors on 23rd March 2018 and signed on its behalf by:

J.K. Muiruri - Director

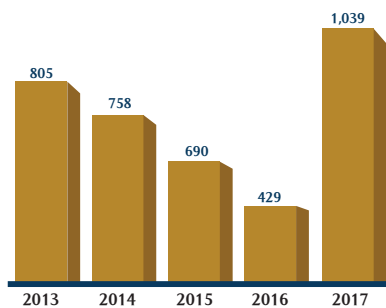
J.K. Kimeu - Director

S.O. Oluoch - Chief Executive Officer



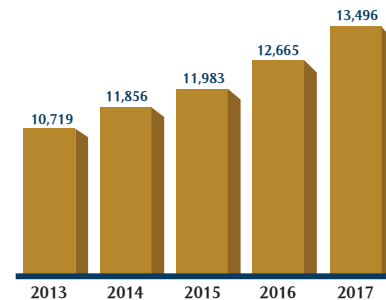
Gross Written Premium
Kshs Millions

Group's gross written premium declined by 13% (Company 3%) over 2016 to stand at Kshs 6.4 billion attributable to prudent risk selection & pricing. The growth of year 2016 over 2015 was 18% (Company 12%).



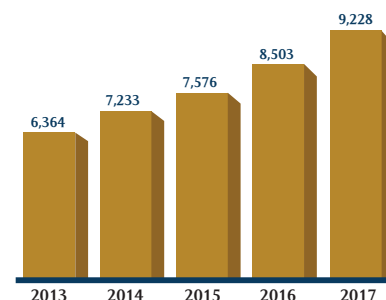
Profit Before Tax
Kshs Millions

Group's profit before tax increased by 142% (Company 156%) over 2016 to stand at Kshs 1.0 billion attributable to the good performance of the investment portfolio, improved underwriting results and reduction in operating expenses.



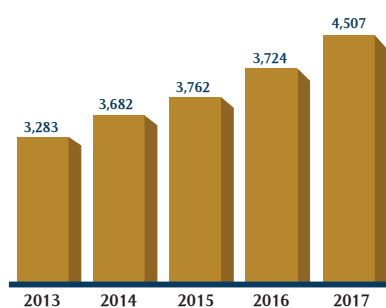
Total Assets
Kshs Millions

Total Group assets grew by 7% (Company 8%), supported by growth in assets & diverse investment strategies. The company is therefore uniquely positioned to offer better and superior insurance services to its policyholders as well as leverage on the balance sheet to expand in the region.



Total Investment Assets
Kshs Millions

The Investment Assets grew by 9% compared to 12% in 2016. The performance was on the back of more funds invested in higher interest bearing securities as well as the increase in fair value of the investment properties and equities.



Shareholders' Funds
Kshs Millions

Group total shareholders' funds grew by 21% (Company 23%) attributable to the increased profitability during the period hence the retained earnings and growth of the equity portfolio from revaluation surplus.



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