

### STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 31 DECEMBER 2017

|  | GROUP             |                   | COMPANY           |                  |
|--|-------------------|-------------------|-------------------|------------------|
|  | TOTAL 2017        | TOTAL 2016        | TOTAL 2017        | TOTAL 2016       |
|  | Kshs "000"        | Kshs "000"        | Kshs "000"        | Kshs "000"       |
| <b>INCOME</b>  |                   |                   |                   |                  |
| Gross written premium  | 7,543,383         | 4,671,352         | 6,423,710         | 3,592,181        |
| Outward reinsurance premium  | 593,341           | 576,296           | 231,330           | 220,376          |
| <b>Net written premium</b>   | <b>6,950,042</b>  | <b>4,095,056</b>  | <b>6,192,380</b>  | <b>3,371,805</b> |
| Gross earned premium   | 7,533,445         | 4,675,800         | 6,423,710         | 3,592,181        |
| <b>Net earned premium</b>  | <b>6,940,104</b>  | <b>4,099,504</b>  | <b>6,192,380</b>  | <b>3,371,805</b> |
| Investment income  | 8,392,049         | 5,742,754         | 8,022,369         | 5,443,091        |
| Commission earned  | 525,536           | 388,147           | 129,073           | 52,278           |
| Other income   | 171,411           | (202,610)         | 162,140           | (189,358)        |
| <b>Total income</b>  | <b>16,029,100</b> | <b>10,027,795</b> | <b>14,505,962</b> | <b>8,677,816</b> |
| <b>OUTGO</b>   |                   |                   |                   |                  |
| Claims & policyholder benefits                                     | 12,683,933        | 4,196,941         | 12,163,151        | 3,595,287        |
| Less: Reinsurers' share of claims                                  | 171,117           | 266,507           | 78,354            | 50,462           |
| <b>Net claims and policyholders benefits</b>                       | <b>12,512,816</b> | <b>3,930,434</b>  | <b>12,084,797</b> | <b>3,544,825</b> |
| Commission payable   | 799,062           | 718,737           | 570,324           | 500,018          |
| Operating & other expenses   | 1,668,103         | 1,482,581         | 997,908           | 913,162          |
| <b>Total outgo</b>   | <b>14,979,981</b> | <b>6,131,752</b>  | <b>13,653,029</b> | <b>4,985,005</b> |
| Profit from operations   | 1,049,119         | 3,896,043         | <b>852,933</b>    | <b>3,719,811</b> |
| Share of profits from associate                                    | 165,754           | 122,363           | -                 | -                |
| Profit before taxation   | 1,214,873         | 4,018,406         | 852,933           | 3,719,811        |
| Income tax expense   | (25,481)          | (751,127)         | 22,505            | (698,580)        |
| <b>Profit for the year after tax</b>                               | <b>1,189,392</b>  | <b>3,267,279</b>  | <b>875,438</b>    | <b>3,021,231</b> |
| <b>OTHER COMPREHENSIVE INCOME</b>                                  |                   |                   |                   |                  |
| Fair value gain on available for sale financial assets, net of tax | 22,375            | (20,515)          | -                 | -                |
| Fair value gain on property and equipment, net of tax              | -                 | -                 | -                 | -                |
| Other comprehensive income net of tax                              | (21,274)          | (78,576)          | -                 | -                |
| <b>Total other comprehensive income for the period</b>             | <b>1,101</b>      | <b>(99,091)</b>   | <b>-</b>          | <b>-</b>         |
| <b>Total profit and other comprehensive income</b>                 | <b>1,190,493</b>  | <b>3,168,188</b>  | <b>875,438</b>    | <b>3,021,231</b> |
| <b>Dividends:</b>  |                   |                   |                   |                  |
| Interim dividend   | -                 | 260,000           | -                 | 260,000          |
| Proposed final dividend  | 200,000           | 200,000           | 200,000           | 200,000          |
| Earning per share  | 52.86             | 145.21            | 38.91             | 134              |

### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

|  | 2017              | 2016              | 2017              | 2016              |
|--|-------------------|-------------------|-------------------|-------------------|
|  | Kshs "000"        | Kshs "000"        | Kshs "000"        | Kshs "000"        |
| <b>SHAREHOLDERS' FUNDS</b>                               |                   |                   |                   |                   |
| Share capital  | 450,000           | 450,000           | 450,000           | 450,000           |
| Statutory reserve  | 7,863,332         | 7,291,845         | 7,437,916         | 6,972,499         |
| Revaluation reserve                                      | 65,393            | 43,018            | -                 | -                 |
| Retained earnings  | 3,394,361         | 2,976,456         | 2,326,550         | 2,116,529         |
| Other reserves   | (240,644)         | (219,370)         | -                 | -                 |
| <b>TOTAL SHAREHOLDERS' FUNDS</b>                         | <b>11,532,442</b> | <b>10,541,949</b> | <b>10,214,466</b> | <b>9,539,028</b>  |
| <b>ASSETS</b>  |                   |                   |                   |                   |
| Property & equipment                                     | 170,481           | 222,323           | 94,985            | 147,301           |
| Intangible assets  | 20,525            | 33,086            | 18,232            | 28,971            |
| Prepaid operating lease rentals                          | -                 | -                 | -                 | -                 |
| Investment property                                      | 10,276,000        | 9,882,477         | 10,276,000        | 9,882,477         |
| Investment in equity                                     | 6,250,169         | 5,234,247         | 6,162,425         | 5,149,380         |
| Other investments  | 1,051,627         | 855,512           | 826,491           | 676,491           |
| Loans receivable   | 1,040,940         | 872,843           | 963,385           | 818,743           |
| Receivables arising out of reinsurance arrangements      | 206,080           | 160,001           | 21,050            | -                 |
| Receivables arising out of direct insurance arrangements | 114,847           | 249,833           | -                 | -                 |
| Reinsurers share of insurance contract liabilities       | 175,206           | 137,108           | 9,023             | 10,356            |
| Deferred acquisition costs                               | 33,542            | 41,286            | -                 | -                 |
| Deferred tax asset                                       | 104,273           | 63,042            | 50,982            | 50,982            |
| Other receivables  | 627,414           | 481,021           | 459,122           | 333,307           |
| Tax recoverable  | 75,671            | 68,329            | 19,086            | 4,368             |
| Government securities                                    | 48,148,964        | 38,172,291        | 46,471,880        | 36,993,981        |
| Deposits in financial institutions                       | 5,236,039         | 3,878,774         | 4,529,091         | 3,120,518         |
| Cash and bank balances                                   | 181,298           | 39,821            | 46,740            | 2,640             |
| <b>TOTAL ASSETS</b>                                      | <b>73,713,076</b> | <b>60,391,994</b> | <b>69,948,491</b> | <b>57,219,515</b> |
| <b>LIABILITIES</b>                                       |                   |                   |                   |                   |
| Insurance contract liabilities                           | 17,425,758        | 10,735,181        | 16,321,567        | 9,846,367         |
| Payable under unit linked policies                       | 439,693           | 405,064           | 439,693           | 405,064           |
| Payable under deposit administration contracts           | 41,616,647        | 35,721,978        | 40,786,023        | 35,031,026        |
| Provision for unearned premium                           | 126,289           | 116,152           | -                 | -                 |
| Payables arising out of reinsurance arrangements         | 108,406           | 121,401           | 3,981             | 45,117            |
| Payable to bodies engaged in insurance business          | 50,808            | 50,808            | 50,808            | 50,808            |
| Deferred tax liability                                   | 1,616,775         | 1,794,527         | 1,616,775         | 1,794,931         |
| Tax payable  | -                 | 84,198            | -                 | 84,198            |
| Other payables   | 796,258           | 820,736           | 515,176           | 422,976           |
| <b>TOTAL LIABILITIES</b>                                 | <b>62,180,634</b> | <b>49,850,045</b> | <b>59,734,025</b> | <b>47,680,487</b> |
| <b>NET ASSETS</b>  | <b>11,532,442</b> | <b>10,541,949</b> | <b>10,214,466</b> | <b>9,539,028</b>  |

### STATEMENT OF MOVEMENT IN DEPOSIT ADMINISTRATION & INVESTMENT CONTRACT LIABILITIES FOR THE YEAR ENDING 31 DECEMBER 2017

|   | 2017              | 2016              | 2017              | 2016              |
|---|-------------------|-------------------|-------------------|-------------------|
|   | Kshs "000"        | Kshs "000"        | Kshs "000"        | Kshs "000"        |
| <b>AMOUNTS PAYABLE UNDER DEPOSIT ADMINISTRATION CONTRACTS</b> |                   |                   |                   |                   |
| At 1 January  | 35,721,978        | 31,006,566        | 35,031,026        | 30,417,618        |
| Pension fund deposits received                                | 6,772,343         | 6,079,227         | 6,544,852         | 5,880,157         |
| Surrenders and annuities paid                                 | (4,394,546)       | (4,429,591)       | (4,236,317)       | (4,286,468)       |
| Interest payable to policyholders                             | 3,504,156         | 2,872,341         | 3,446,462         | 2,709,475         |
| Others  | 12,716            | 193,435           | -                 | 310,244           |
| <b>As at December 31</b>                                      | <b>41,616,647</b> | <b>35,721,978</b> | <b>40,786,023</b> | <b>35,031,026</b> |

|  | 2017 | 2016 | 2017 | 2016 |
|--|------|------|------|------|
|  | %    | %    | %    | %    |
| <b>KEY RATIOS</b>                                |      |      |      |      |
| Capital Adequacy Ratio                           | -    | -    | 352% | 441% |
| Claim Ratio                                      | 34%  | 41%  | 35%  | 44%  |
| Expense Ratio (Inclusive of Commission Expenses) | 17%  | 20%  | 12%  | 15%  |

2017 Company Growth: Revenue 37%, Total Assets 27% and Investment Income 47%

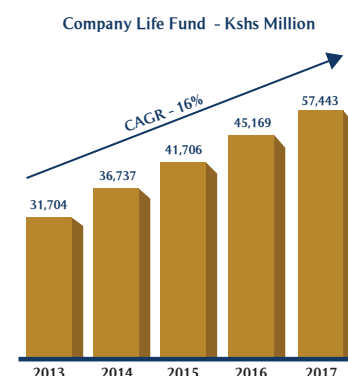
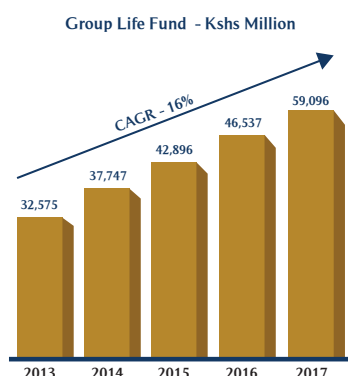
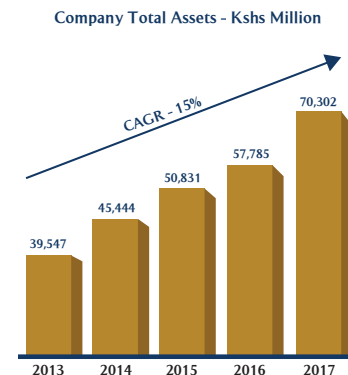
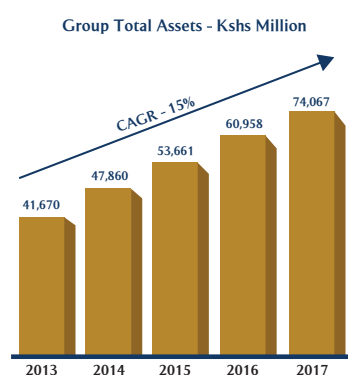
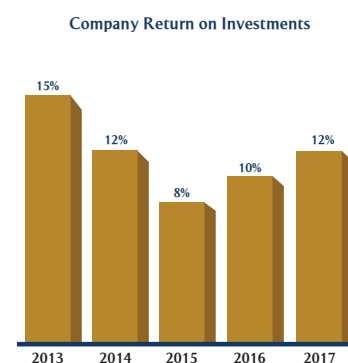
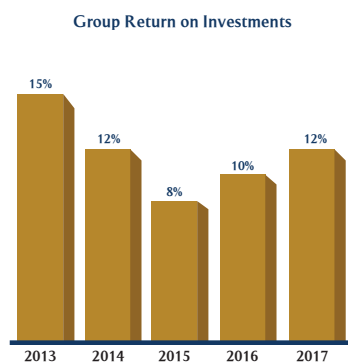
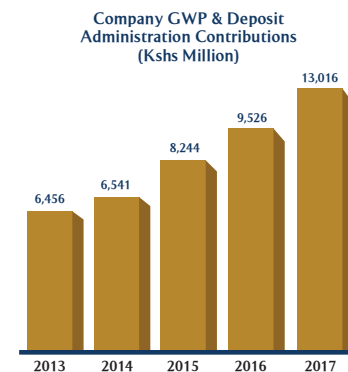
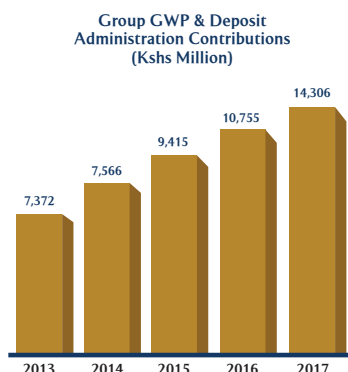
The above Statement of Comprehensive Income and Statement of Financial Position are extracts from the Group's financial statements which were audited by PricewaterhouseCoopers and received an unqualified opinion. The financial statements were approved by the Board of Directors on 20th March 2018 and signed on its behalf by:

J P M Ndegwa - Chairman

A S M Ndegwa - Director

J M Mutiga - Chief Executive Officer

| GROUP      |            | COMPANY    |            |
|------------|------------|------------|------------|
| TOTAL 2017 | TOTAL 2016 | TOTAL 2017 | TOTAL 2016 |
| Kshs "000" | Kshs "000" | Kshs "000" | Kshs "000" |



**Life Assurer  
of the Year  
5 years in a row**