

| GROUP | | | | COMPANY | | | |
|--|--|--------------------------|--------------------------|-----------------------------------|--|--------------------------|--------------------------|
| GENERAL INSURANCE BUSINESS Kshs "000" | LONG TERM INSURANCE BUSINESS Kshs "000" | TOTAL 2016 Kshs "000" | TOTAL 2015 Kshs "000" | SHARE-HOLDERS' FUND Kshs "000" | LONG TERM INSURANCE BUSINESS Kshs "000" | TOTAL 2016 Kshs "000" | TOTAL 2015 Kshs "000" |

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 31 DECEMBER 2016

| | | | | | | | |
|--|-----------------|------------------|-------------------|------------------|----------------|------------------|------------------|
| INCOME | | | | | | | |
| Gross written premium | 596,087 | 4,075,265 | 4,671,352 | 4,479,445 | - | 3,592,181 | 3,444,288 |
| Outward reinsurance premium | 291,880 | 284,416 | 576,296 | 678,387 | - | 220,376 | 297,598 |
| Net written premium | 304,207 | 3,790,849 | 4,095,056 | 3,801,058 | - | 3,371,805 | 3,146,690 |
| Gross earned premium | 600,535 | 4,075,265 | 4,675,500 | 4,487,484 | - | 3,592,181 | 3,444,288 |
| Net earned premium | 308,655 | 3,790,849 | 4,099,504 | 3,809,097 | - | 3,371,805 | 3,146,690 |
| Investment income | 204,505 | 5,538,249 | 5,742,754 | 3,971,826 | 136,866 | 5,306,225 | 3,754,663 |
| Commission earned | 362,843 | 25,304 | 388,147 | 413,111 | - | 52,278 | 90,207 |
| Other income | (5,053) | (197,557) | (202,610) | 100,919 | 3,481 | (192,839) | 28,240 |
| Total income | 870,950 | 9,156,845 | 10,027,795 | 8,294,953 | 140,347 | 8,537,469 | 7,019,800 |
| OUTGO | | | | | | | |
| Claims & policyholder benefits | 312,791 | 3,884,150 | 4,196,941 | 5,737,262 | - | 3,595,286 | 5,197,306 |
| Less: Reinsurers' share of claims | 207,555 | 58,952 | 266,507 | 233,748 | - | 50,462 | 87,613 |
| Net claims and policyholders benefits | 105,236 | 3,825,198 | 3,930,434 | 5,503,514 | - | 3,544,824 | 5,109,693 |
| Commission payable | 112,173 | 606,564 | 718,737 | 674,489 | - | 500,018 | 469,220 |
| Operating & other expenses | 414,056 | 1,068,525 | 1,482,581 | 1,418,729 | 607 | 912,555 | 903,108 |
| Total outgo | 631,465 | 5,500,287 | 6,131,752 | 7,596,732 | 607 | 4,957,397 | 6,482,021 |
| Profit from operations | 239,485 | 3,656,558 | 3,896,043 | 698,221 | 139,740 | 3,580,072 | 537,779 |
| Share of profits from associate | 122,363 | - | 122,363 | 107,924 | - | - | - |
| Profit before taxation | 361,848 | 3,656,558 | 4,018,406 | 806,145 | 139,740 | 3,580,072 | 537,779 |
| Income tax expense | 63,852 | 687,275 | 751,127 | 115,015 | 36,699 | 61,881 | 84,574 |
| Profit for the year after tax | 297,996 | 2,969,283 | 3,267,279 | 691,130 | 103,041 | 2,918,191 | 453,205 |
| OTHER COMPREHENSIVE INCOME | | | | | | | |
| Fair value gain on available for sale financial assets, net of tax | (2,717) | (17,798) | (20,515) | - | - | - | - |
| Fair value gain on property and equipment, net of tax | - | - | - | - | - | - | - |
| Other comprehensive income net of tax | (37,399) | (41,177) | (78,576) | (16,315) | - | - | - |
| Total other comprehensive income for the period | (40,116) | (58,975) | (99,091) | (16,315) | - | - | - |
| Total profit and other comprehensive income | 257,880 | 2,910,308 | 3,168,188 | 674,815 | 103,041 | 2,918,191 | 453,205 |
| Dividends: | | | | | | | |
| Interim dividend | - | - | 260,000 | - | - | 260,000 | - |
| Proposed final dividend | - | - | 200,000 | 200,000 | - | 200,000 | 200,000 |
| Earning per share | - | - | 145.21 | 30.72 | - | 134.28 | 20.14 |

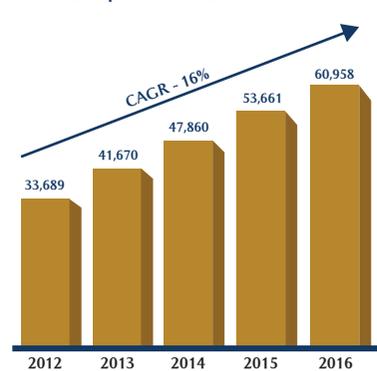
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

| SHAREHOLDERS' FUNDS | | | | | | | |
|--|------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|
| Share capital | 300,000 | 150,000 | 450,000 | 450,000 | 300,000 | 150,000 | 450,000 |
| Share premium | - | - | - | - | - | - | - |
| Statutory reserve | 274,405 | 7,017,440 | 7,291,845 | 4,795,062 | - | 6,972,499 | 4,526,809 |
| Revaluation reserve | 44,265 | (1,247) | 43,018 | 63,533 | - | - | - |
| Fair value reserve | - | - | - | - | - | - | - |
| Equity component of discretionary participation feature | - | - | - | - | - | - | - |
| Retained earnings | 2,651,540 | 124,916 | 2,776,456 | 2,465,960 | 1,916,529 | 1,916,529 | 1,800,988 |
| Proposed dividends | 200,000 | - | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| Other reserves | (178,193) | (41,177) | (219,370) | (140,794) | - | - | - |
| TOTAL SHAREHOLDERS' FUNDS | 3,292,017 | 7,249,932 | 10,541,949 | 7,833,761 | 2,416,529 | 7,122,499 | 9,539,028 |
| ASSETS | | | | | | | |
| Property & equipment | 36,376 | 185,947 | 222,323 | 255,664 | - | 147,301 | 174,665 |
| Intangible assets | 4,115 | 28,971 | 33,086 | 38,323 | - | 28,971 | 32,642 |
| Investment property | 1,200,000 | 8,682,477 | 9,882,477 | 9,104,750 | 1,200,000 | 8,682,477 | 9,104,750 |
| Investment in equity | 10,809 | 5,223,438 | 5,234,247 | 5,659,906 | - | 5,149,380 | 5,558,888 |
| Other investments | 855,512 | - | 855,512 | 733,149 | 666,668 | 8,823 | 676,491 |
| Loans receivable | - | 872,843 | 872,843 | 753,256 | - | 818,743 | 713,743 |
| Receivables arising out of reinsurance arrangements | 160,001 | - | 160,001 | 165,324 | - | - | 43,893 |
| Receivables arising out of direct insurance arrangements | 249,833 | - | 249,833 | 203,213 | - | - | - |
| Reinsurers share of insurance contract liabilities | 111,058 | 26,050 | 137,108 | 255,060 | - | 10,356 | 9,612 |
| Deferred acquisition costs | 41,286 | - | 41,286 | 44,044 | - | - | - |
| Deferred tax asset | 63,042 | - | 63,042 | 13,988 | - | - | - |
| Other receivables | 870,963 | 176,035 | 1,046,998 | 694,554 | 776,460 | 122,824 | 899,284 |
| Tax recoverable | 21,842 | 46,487 | 68,329 | 81,591 | - | 4,368 | 33,387 |
| Government securities | 392,566 | 37,779,725 | 38,172,291 | 29,683,449 | 23,995 | 36,969,986 | 28,647,498 |
| Deposits in financial institutions | 319,296 | 3,559,478 | 3,878,774 | 5,826,075 | 136,830 | 2,983,688 | 5,212,498 |
| Cash and bank balances | 18,469 | 21,352 | 39,821 | 149,043 | (4,286) | 6,926 | 36,897 |
| TOTAL ASSETS | 4,355,168 | 56,602,803 | 60,957,971 | 53,661,389 | 2,799,667 | 54,934,843 | 50,780,398 |
| LIABILITIES | | | | | | | |
| Insurance contract liabilities | 178,347 | 10,961,898 | 11,140,245 | 12,370,725 | - | 10,251,431 | 11,405,676 |
| Payable under deposit administration contracts | - | 35,721,978 | 35,721,978 | 31,006,565 | - | 35,031,026 | 30,417,618 |
| Payable under investment contracts | - | - | - | - | - | - | - |
| Provision for unearned premium | 116,152 | - | 116,152 | 128,740 | - | - | - |
| Payables arising out of reinsurance arrangements | 62,535 | 58,866 | 121,401 | 63,380 | 3,981 | 41,136 | 19,550 |
| Payable to bodies engaged in insurance business | 50,808 | - | 50,808 | 50,807 | 50,808 | 50,808 | 50,807 |
| Loans payable | - | 565,977 | 565,977 | 242,619 | - | 565,977 | 242,619 |
| Deferred tax liability | 241,241 | 1,553,286 | 1,794,527 | 1,275,997 | 190,662 | 1,553,287 | 1,275,568 |
| Tax payable | 84,198 | - | 84,198 | 15,232 | 84,198 | - | - |
| Dividends payable | - | - | - | - | - | - | - |
| Other payables | 329,870 | 490,866 | 820,736 | 673,563 | 53,489 | 369,487 | 390,763 |
| TOTAL LIABILITIES | 1,063,151 | 49,352,871 | 50,416,022 | 45,827,628 | 383,138 | 47,812,344 | 43,802,601 |
| NET ASSETS | 3,292,017 | 7,249,932 | 10,541,949 | 7,833,761 | 2,416,529 | 7,122,499 | 6,977,797 |

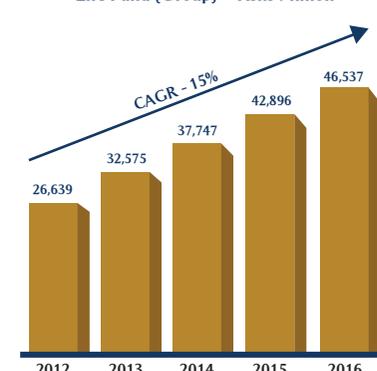
STATEMENT OF MOVEMENT IN DEPOSIT ADMINISTRATION & INVESTMENT CONTRACT LIABILITIES FOR THE YEAR ENDING...

| AMOUNTS PAYABLE UNDER DEPOSIT ADMINISTRATION CONTRACT | 31 DECEMBER 2016 | 31 DECEMBER 2015 | 31 DECEMBER 2016 | 31 DECEMBER 2015 |
|---|------------------|-------------------|-------------------|-------------------|
| At 1 January | | 31,006,566 | 27,595,600 | 30,417,618 |
| Pension fund deposits received | | 6,079,227 | 4,927,777 | 5,880,157 |
| Surrenders and annuities paid | | (4,429,591) | (3,584,283) | (4,286,468) |
| Interest payable to policyholders | | 2,872,341 | 2,116,999 | 2,815,338 |
| Others | | 193,435 | (49,528) | 204,381 |
| As at December 31 | | 35,721,978 | 31,006,565 | 35,031,026 |
| KEY RATIOS | | | | |
| Capital Adequacy Ratio | - | 441% | 263% | 441% |
| Claim Ratio | 34% | 41% | 37% | 39% |

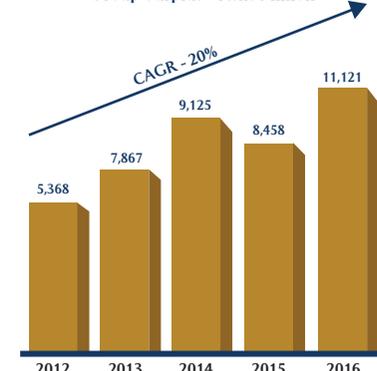
Group Total Assets - Kshs Million



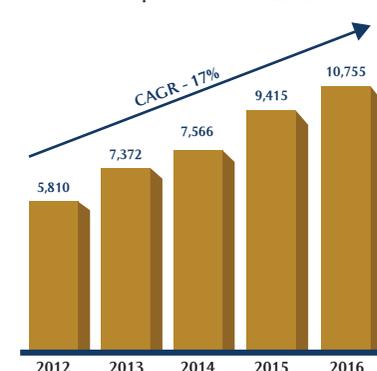
Life Fund (Group) - Kshs Million



Group Surplus - Kshs Million



Group GWP - Kshs Million



Life Assurer
of the Year
4 years in a row

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 21st March 2017 and signed on its behalf by:

J P M Ndegwa - Chairman

A S M Ndegwa - Director

J M Mutiga - Chief Executive Officer