

ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

ABOVE



BEYOND



ICEA LION

INSURANCE • PENSIONS • INVESTMENTS • TRUSTS



TCFD

TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



THE NAIROBI DECLARATION ON
SUSTAINABLE INSURANCE

GCR
RATINGS

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ABOUT OUR REPORT

OUR REPORTING SCOPE AND BOUNDARY

Our Integrated Report is the primary report of ICEA LION Life Assurance Company Limited and unless otherwise stated covers the financial period 1 January 2022 to 31 December 2022.

The report includes both the Company and its insurance and asset management subsidiaries in Uganda, as set out under the **About Us** section, on pages 12-13 together referred to as the 'Group'.

This report aims to inform our stakeholders of both our Financial and Non-Financial performance for the year 2022. It describes how we create value for our stakeholders through the deployment of various strategies.

This includes a link between how we create value on the 6 capitals and how this translates to our pursuit of Sustainable Development Goals (SDGs).

Included in the report is our Group history, staff complement details as well as our regional footprint in both Kenya and Uganda.

The report further sets out our operating context and details of our strategy and the underpinning pillars as well as our measures of success and target outcomes. In addition the report contains statements from the Company Chairman, the Chief Executive Officer and the Chief Financial Officer.

It also describes our Corporate Governance Practices and approach to Risk Management.

The Reporting Frameworks used are as set out in the **Foreword** on page 9.

FORWARD-LOOKING STATEMENTS

Included in this report are various forward looking statements describing how we see the future and its impact on our strategy. These forward looking statements take cognizance of the attendant risk as they relate to uncertain future events. Given this context, the outcomes of these forward looking statements may well turn out to be very different from what is currently envisioned.

DIRECTOR'S STATEMENT OF RESPONSIBILITY

The Board of Directors supported by the Board Audit and Risk Committee acknowledges its responsibility for this Integrated Report. The Board further believes that the report fairly represents the Group's material matters and that it offers a balanced view of our strategy and value creation process.

HOW TO READ OUR REPORT

NO.	SECTION	COMMENTARY	KEY CONCEPTS	FRAMEWORKS APPLIED
1.	Our Business	Describes our History, Staff Complement, Mission, Vision and Values and our Geographical Presence.	<ul style="list-style-type: none"> -About Us -ICEA LION Group Staff Complement -Our History -Who We Are -Our Regional Footprint 	<ul style="list-style-type: none"> -King IV Code -<IR> Framework of the International Reporting Council (IIRC) -Global Reporting Initiative (GRI)
2.	Perspective from the Board	Our Board Chairman and the Chairmen of the various Board Committees describe key aspects of our business as well as key matters that the Board and its various Committees handled during the year.	<ul style="list-style-type: none"> -Board Chairman Statement -Board Committees' Chairmen Statements 	<ul style="list-style-type: none"> -The Corporate Governance Code (CGC) -IRA Corporate Governance Guidelines -King IV Code -IIRC
3.	Perspectives from the Leadership Team	Our Leadership Team describes our Operating Context and key business matters covered in the year 2022.	<ul style="list-style-type: none"> -Operating Context -Chief Executive Officer Statement -Chief Financial Officer Statement 	<ul style="list-style-type: none"> -IFRS -Companies Act -King IV Code -GRI -IIRC CGC
4.	Our Strategy	2022 was our first year of implementation of Company's 3-year strategy for the period 2022-2024. In this section we highlight the key pillars of this strategy and key achievements in 2022.	<ul style="list-style-type: none"> -Our Business Model -Our Strategy -Our Leadership Structure 	<ul style="list-style-type: none"> -King IV Code -IIRC -SDGs
5.	Our Approach to Value Creation and its Safeguarding	The report describes how we create value across the 6 Capitals and also the link thereof with the SDG's. Details of our key activities and outcomes in each of these capitals are also described.	<ul style="list-style-type: none"> -How We Create Value -The 6 Capitals -Materiality Assessment 	<ul style="list-style-type: none"> -King IV -GRI -IIRC
6.	Our Governance	This section presents a detailed view of the Group's corporate governance practices.	<ul style="list-style-type: none"> -Corporate Governance Statements -Statements from the Chairmen of the various Board Committees - The Risk Landscape 	<ul style="list-style-type: none"> -CGC -King IV -GRI -IIRC -IRA Corporate Governance Guidelines
7.	Annual Financial Statements	This section sets out the Group's Audited Financial Statements.	<ul style="list-style-type: none"> -Financial Statements 	<ul style="list-style-type: none"> -IFRSs -The Companies Act -The Income Tax Act -IRA guidelines

REPORTING GUIDANCE INDEX

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FOREWORD

ABOVE AND BEYOND

This year, we reflect on how far we have come as an insurance player. This was the year when as a country we were hit by one of the worst droughts in recent history. This was the period where businesses, still reeling from the after-effects of COVID 19, were struggling to stay afloat – with some closing down and some lucky enough to remain in business. Some of these businesses and individuals are our clients and partners.

We recognize our role in ensuring a sustainable future, one that ensures that our society remains resilient in the midst of these hard times. As a Group, we are guided by this dated – but still very relevant definition of sustainable development. That is, "Meeting the needs of the present generations without compromising the future generation's ability to meet their own needs." Key sustainability challenges we face in this country include: Climate change, biodiversity loss, ecosystem degradation, pollution, poverty and social inequality.

This therefore is the year that we forged ahead to distinguish ourselves as a best-in-class African leader in solving today's challenges. We made bold steps as we moved "Above and Beyond" the current economic and social challenges.

OUR AMBITION

We continue firmly in our leadership position on the Nairobi Declaration on Sustainable Insurance (NDSI), an initiative we co-created with the UNEP PSI. Together with other signatories, we hosted an event with the UN High Level Climate Champions at COP 27 where we announced the setting up of the Africa Climate Risk Facility (ACRF). The ACRF is a multi-donor Trust Fund that will be available to all NDSI signatories for purposes of premium subsidies by sovereigns and sub-sovereigns, capacity building and support for product development for ESG and Climate Change oriented products. This facility is part of our ambitious way of solving today's challenges. To this end, we are playing a leading role together with our long-term partners in the sustainability front i.e. FSD Africa, Namib-Re, African Risk Capacity and supported by the African Development Bank.

ACTING AS A RESPONSIBLE LEADER

We continue to be one of the most active African signatories to the UNEP FI's Principles of Sustainable Insurance (PSI). The aim of the Principles is to lay a foundation upon which as a player, we can build a stronger relationship that puts sustainability at the heart of risk management in the pursuit of a more forward-looking and better managed world.

FOREWORD

Commitment to the Principles articulates to our stakeholders our stance towards responsible action as we consciously develop innovative solutions that solve current and emerging challenges. We also participated in the development of the first UNEP PSI ESG Underwriting Guide for Life and Health Insurance business.

We continue in our membership to Net-Zero Insurance Alliance (NZIA) which brings together some of the world's leading insurers and reinsurers to play their part in accelerating the transition to low carbon emissions by 2050. For a period of about a year, we were part of the team that participated in the development of the NZIA's target setting protocol. The protocol was announced at the World Economic Forum in 2022.

Our new focus on nature and biodiversity

Climate change, nature and biodiversity are inextricably linked. It is evident, even from the effects seen in our country, that nature-related risk is already impacting our economies and societies. Nature risks for several real economy sectors are very material and comparable to climate-related risks. Global and local efforts to respond to the nature crisis have gained momentum and are already appearing in regulatory and policy agendas.

As members of the UNEP PSI, we have been part of the Nature Positive Task Force which is developing thought leadership and guidance notes on how insurers can support countries' Nature and Biodiversity plans in light of the recently released Global Biodiversity Framework at COP 15. We have also been active members to the Taskforce on Nature Related Financial Disclosures (TNFD) insurer pilot group, where we were one of the African voices piloting the beta-version of the TNFD framework. The TNFD was established in response to the growing appreciation that finance is a critical part of the solution and the beta TNFD framework seeks to shift financial flows to nature-positive outcomes. The Africa pilot's objective is to build knowledge, awareness and capacity on nature in financial institutions as well as capture Africa-specific feedback which will ensure the framework is fit-for-purpose for African financial institutions. We have been part of this 'African Voice' pilot and are leading the way globally on engaging with and testing the TNFD framework.

We also joined the African Natural Capital Alliance (ANCA), an African-led collaborative forum to enable nature-positive outcomes. Through ANCA, we have spoken at a number of events as we persuade our peers to tackle the nature agenda.

We will in the coming year launch some nature-specific insurance products as part of our commitment to addressing these current challenges.

We have most recently joined the UN Global Compact in continuing to affirm our commitment in this space.

We see sustainability as a long-term value driver and our commitment towards these principles that we have adopted is an important step towards building a sustainable future for everyone.

OUR HIGH LEVEL ENGAGEMENTS

In recognition of our leadership, we have been invited to various high level engagements as participants. These include COP 27 held in November in Egypt, the World Economic Forum held in January 2023 in Davos, the EU- Kenya Business Forum and the African Carbon Markets event held in Nairobi. We also participated in the African Union Business Forum held in Addis Ababa and are currently involved in the Kenya Carbon Removal Roadmap workshop co-hosted by the Government of Kenya and Thunderbird School of Government at the Arizona State University.

FOREWORD

We are currently the leading Africa voice in the carbon markets discussion within the insurance sector.

The African Carbon Markets is expected to be one of the next financial markets frontiers not just for our country Kenya but also for East Africa and the rest of Africa.

OUR TRIPLE ROLE

As a Company, we play a triple role in the communities we serve: that of a risk manager, risk carrier and investor. As risk managers, we help communities understand, prevent and reduce risk.

As risk carriers where we protect communities financially by paying their claims and as investors we place insurance premiums into different financial instruments as we support the financial markets.

Accordingly, we will continue to seek collaborative engagements in tackling the sustainability and climate risk challenge as we support our region's efforts towards more resilient economies.

This Annual Integrated Report is the core report for the Group providing material financial and non-financial information. It explains our value creation process across the six capitals, the connections between the context we operate in, our strategy and the corporate governance structure that underpins this. Information in the Annual Integrated Report refers to topics classified as significant through a materiality analysis process.

THE SIX CAPITALS AND OUR VALUE CREATION PROCESS

For the purpose of integrated reporting, the factors that flow through ICEA LION for it to create value are divided into six capitals, being financial, manufactured, intellectual, human, social (relationship) and natural capitals. It is our belief that revealing our strengths and vulnerabilities will not only boost our quest to scale the heights of best practice with regard to relational thinking and corporate governance, but it will also increase our social license to operate while showcasing the heart and soul of ICEA LION.

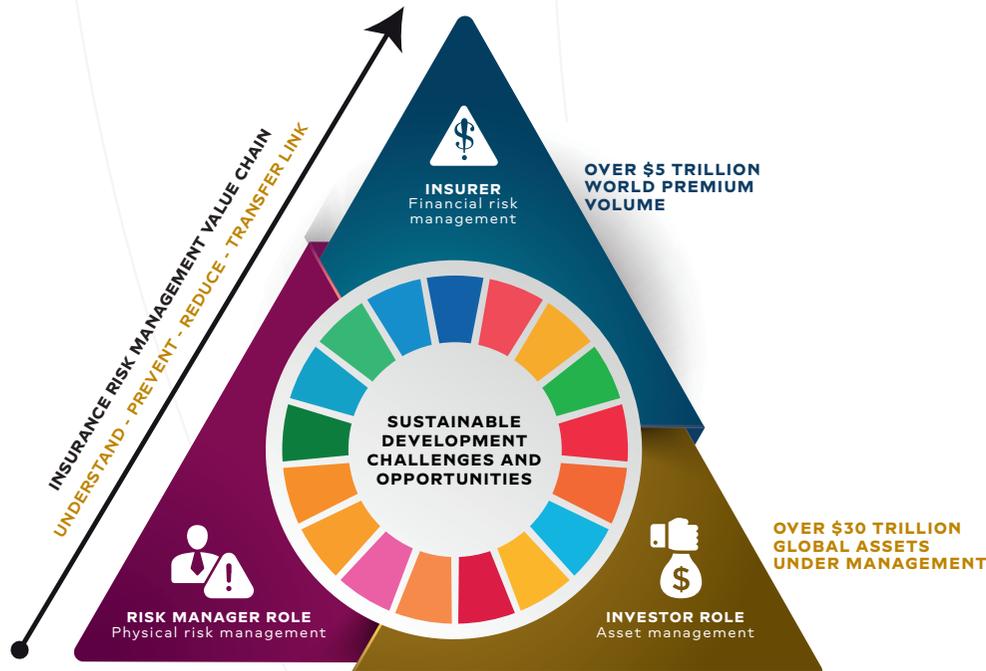


Image adopted from the UNEP PSI

FOREWORD

In this Report, we use the 6 Capitals Framework to anchor our disclosure and demonstrate our integration of strategy and sustainable development issues. We also highlight material aspects therein and how we have performed for each.

MATERIALITY

This report regards material matters as those which are likely to impact the Company's ability to achieve its strategy; remain commercially viable; environmentally and socially relevant; and to substantially influence the assessment and decisions of our stakeholders. In pursuing our strategy, we will continue to carefully use the range of capitals available to us as we consider their interconnectedness. This will in turn help us create value for our internal and external stakeholders.

FRAMEWORKS USED

This report has been prepared in compliance with the International Integrated Reporting Council (IIRC) Framework. The ICEA LION Integrated Report Lab and Leadership Team have considered the IIRC guiding principles, key elements and concepts; and with the guidance of the Board of Directors, applied these in the preparation of this report.

This report is also aligned with the parameters of the Global Reporting Initiative (GRI), Kenya Companies Act, 2015, The Corporate Governance Code for the Private Sector, as well as guidance issued by the Insurance Regulatory Authority on Corporate Governance.

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

ICEA LION Life Assurance's financial statements contained in this report were audited by KPMG.

REPORTING PERIOD & RESPONSIBILITY OF THE INTEGRATED REPORT

The Integrated Report has been prepared for the period 1 January to 31 December 2022 and covers the activities of ICEA LION Life Assurance Company Limited and its subsidiaries.

The Board of ICEA LION Life Assurance is responsible for the Annual Integrated Report, which is presented in accordance with the Guiding Principles and Content Elements established by the International <IR> Framework.

The Board, through its Committees, are regularly engaged by Management in the approach to the preparation and presentation of this report.

As regulations evolve, we will in the coming years provide more detailed disclosures on our ESG, Climate Change, Nature and Biodiversity approaches.

In partnership with our local and global partners, we will continue to live up to our corporate mission **"To Protect & Create Wealth"**. We are going above and beyond to ensure that we are here forever.



United Nations
Global Compact



THE NAIROBI DECLARATION ON
SUSTAINABLE INSURANCE



OUR INTEGRATED REPORTING JOURNEY

2017

Joined **UNEP-FI's Principles for Sustainable Insurance (PSI)**

Committed to four **PSI Principles**

Released our **1st Sustainability Report**



2019

Adopted **Integrated Thinking** and the concept of value creation within the **6 Capitals**

Released our **1st integrated Report**

Integration of the Environmental and Social Management System



2021

Co-organized the **1st PSI Africa Market event** in **East & Central Africa**

Co-developed and launched **The Nairobi Declaration on Sustainable Insurance (NDSI)**

Joined the **Net Zero Insurance Alliance (NZIA)**

Became a member of the **Glasgow Financial Alliance on Net Zero (GFANZ)**

Joined the **Partnership for Carbon Accounting Financials (PCAF)**



2022

Release of a climate resilience solution through **Flood Risk Mapping** for our clients

Leaders of the **Geothermal Underwriting Consortium** in Kenya

Release of the **Medical Second Opinion (MSO)** solution

Providing green loans to **ICEA LION staff** to purchase renewable energy solutions e.g solar

Discounts offered to clients who insure **solar based solutions** from our network of partners

Joined the **Task Force on Nature-Related Financial Disclosures (TNFD)** Africa pilot group

Joined the Africa Natural Capital Alliance (ANCA)

Co-hosted a **COP 27 event** in conjunction with UN High Level Champions, FSD Africa, African Risk Capacity & Namib-Re



2018

We adopted sustainable practices in energy, paper and water use. (**MULIKA GARAMA INITIATIVE**)

Released our **2nd sustainability Report**



2020

Joined the Taskforce For Climate Related Financial Disclosures (**TCFD**) insurer pilot group to develop insurer specific TCFD recommendations

Realigned strategies and product development initiatives to the **SDGs**

Released our **2nd Integrated Report** with additional disclosures.



WHO WE ARE - 01

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ABOUT US

ICEA LION Life Assurance Sub-Group is the long-term insurance arm of ICEA LION Group and currently operates in Kenya and Uganda.

ICEA LION Group is a one-stop financial services provider offering innovative products and services in insurance, pensions, investments and trusts. The Group was formed as a result of a business reorganization involving Insurance Company of East Africa Limited (ICEA) and Lion of Kenya Insurance Company Limited (LOK) in January 2012.

We are one of the largest providers of insurance and financial services in East Africa with well-established operations in Kenya, Uganda and Tanzania. True to our Group's mission **To Protect and Create Wealth**, we pride ourselves on having one of the strongest insurance group balance sheets in Eastern Africa empowering all our stakeholders.

With roots dating back to 1895, ICEA LION was integral to the dawn of commercial progress and opportunity in East Africa and we have continued to shape the region's financial landscape over the years.

As such, we have decades of experience in helping discerning individuals protect and create wealth. We have done so by keeping an eye firmly on the future and embracing innovation to craft financial products and services that we know meet our clients' diverse and dynamic needs in today's constantly changing world.

ICEA LION Life Assurance is a member of First Chartered Securities (FCS), a private investment holding company with interests in financial services, logistics, real estate, manufacturing and agriculture. Over the years, the Group has built impressive investment portfolios in these spheres.

ICEA LION Group companies are owned by ICEA LION Insurance Holdings Limited. Our life and non-life companies are ICEA LION Life Assurance Company Limited and ICEA LION General Insurance Company Limited respectively. ICEA LION Asset Management Limited and ICEA LION Trust Company Limited are our investment and corporate trusteeship companies respectively.

The Life and Non-Life insurance and investment subsidiaries in Uganda and the Non-Life insurance subsidiary in Tanzania also form part of ICEA LION Group.

In 2021, US based global financial services leader Prudential Financial, Inc. through Leapfrog Strategic Africa Investments (LSAI) acquired a 24% stake in ICEA LION Insurance Holdings Limited. This partnership is expected to support the ICEA LION Group's strategy of focusing on customer connectivity, growth and innovation, digitization, development of new products and enhancement of operating synergies throughout its various operations.



WHO WE ARE

ICEA LION GROUP STAFF COMPLEMENT ACROSS EAST AFRICA



WHO WE ARE

WHAT DRIVES US



MISSION

To Protect and Create Wealth



VISION

To be the leading Pan African provider of insurance and financial services



OUR CORE VALUES

- We see through the eyes of the customer
- Our people are important to us
- We deliver on our promises
- We champion integrity



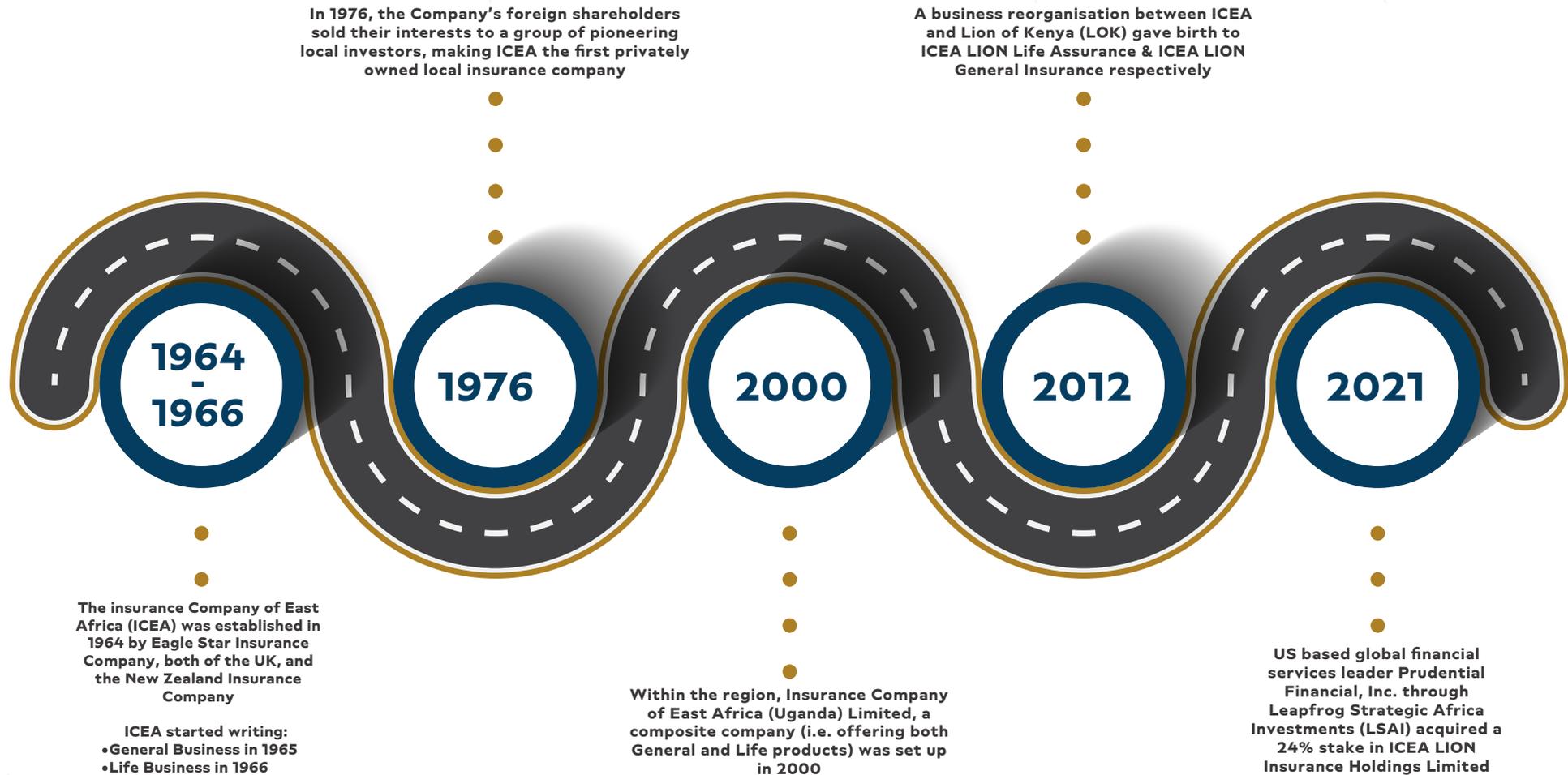
OUR BRAND PROMISE

Through every life-changing moment,
We're Better Together



WHO WE ARE

OUR HISTORY



OUR REGIONAL FOOTPRINT

KENYA HEAD OFFICE ICEA LION CENTRE

RIVERSIDE PARK - CHIROMO ROAD
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KENYATTA AVENUE BRANCH

GROUND FLOOR, JKUAT TOWERS
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MOMBASA ROAD BRANCH

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UNIVERSITY WAY BRANCH

9TH FLOOR, AMBANK HOUSE
P.O. BOX 46143 - 00100 NAIROBI
TEL: +254 (0) 20 2751814
MOBILE: +254 719 071814

CARDINAL OTUNGA BRANCH

CARDINAL OTUNGA PLAZA, 6TH FLOOR
KAUNDA ST, NAIROBI
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TEL: +254 (0) 20 27501553
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WESTLANDS BRANCH

3RD FLOOR UNGA HOUSE,
MUTHITHI ROAD
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KAREN BRANCH

1ST FLOOR, KAREN OFFICE PARK,
LANGATA ROAD
P.O. BOX 46143 - 00100, NAIROBI
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THIKA BRANCH

4TH FLOOR, ZURI CENTRE
KENYATTA HIGHWAY
P.O. BOX 30190 - 00100 NAIROBI, KENYA
MOBILE: +254 719 071824

NAKURU BRANCH

3RD FLOOR, JENNIFER RIRIA HUB,
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ELDORET BRANCH

THE ANCHOR HOUSE 5 TH FLOOR
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KISUMU BRANCH

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OGINGA ODINGA STREET
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KAKAMEGA BRANCH

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NANYUKI BRANCH

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NYERI BRANCH

KONAHAUTHI BUILDING, KIMATHI WAY
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MERU BRANCH

1ST FLOOR, ROYAL BUSINESS PARK
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KERICHO BRANCH

2ND FLOOR, GREEN SQUARE MALL,
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KISII BRANCH

WAUMINI PLAZA KISII
OPPOSITE OURU CENTRE
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MOMBASA TOWN BRANCH

MEZZANINE 2, ACACIA CENTRE
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MOMBASA NYALI BRANCH

2ND FLOOR, NYALI CENTRE,
SOUTH WING LINKS ROAD,
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HEAD OFFICE

RWENZORI COURTS BUILDING,
GROUND, 1ST & 2ND FLOORS
PLOT 2 & 4A - NAKASERO ROAD
P. O. BOX 33953, KAMPALA
TEL: +256 414 232337 / 341 495
TOLL FREE: 0800 100 120 / 311
EMAIL: INFO@ICEA.CO.UG
WEBSITE: WWW.ICEA.CO.UG

JINJA ROAD BRANCH

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TEL: +256 41 7706710

LIRA BRANCH

GROUND FLOOR,
UNIVERSAL INTERLINK BUILDING,
OLWOL ROAD,
TEL: +256 393 225828

BUGANDA ROAD BRANCH

1ST FLOOR, ARROW CENTER
TEL: +256 417 706711

GULU BRANCH

1ST FLOOR
HOUSING FINANCE BUILDING,
ACHOLI ROAD
TEL: +256 392 001094

LUMUMBA AVENUE BRANCH

3RD FLOOR, RUMEE BUILDING
TEL: +256 414 236927

MBALE BRANCH

1ST FLOOR, SAIMA COMPLEX,
MARKET STREET/CATHEDRAL AVENUE
TEL: +256 392 178402

KAMPALA ROAD BRANCH

GROUND FLOOR, ZEBRA PLAZA
TEL: +256 392 000115

KABALE BRANCH

2ND FLOOR, NSSF BUILDING,
TEL: +256 393 239200
ARUA BRANCH
KKT PLAZA, BLOCK A - DUKA ROAD
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MBARARA BRANCH

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HIGH STREET
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WHO WE ARE

HOW WE CREATE VALUE

Creating shared value is at the core of our business strategy. This helps us focus on the right kind of profits – profits that create societal benefits rather than diminish them. Below is an illustration of how our strategy creates shared value and aligns to the Sustainable Development Goals (SDGs).

HUMAN CAPITAL



- Proportion of women staff members working at 54%
- Percentage of women in senior management at 30%
- Direct jobs sustained in entire economy - 346
- Number of staff between 20s and 30s – 17%
- Number of staff in wellbeing programs - 346
- Learning costs per employee Kshs 31,054



INTELLECTUAL CAPITAL



- Brand Consideration Measure of 73% in East Africa against a global average of 57%
- Brand Strength Measure of 1.9% in East Africa against a global average of 3.2%
- Brand Visibility Measure of 16% in East Africa against a global average of 24%
- Award winning advertising campaigns for millennials dubbed #BackYourFuture that garnered the Best
- Overall Integrated Campaign as well as Best Overall Campaign across industries in Kenya as well as
- 2nd Runners Up in Africa at the African Cristal Awards



SOCIAL CAPITAL



- Contribution to the COVID 19 kitty
- Support for staff and clients on health and wellbeing during COVID 19
- Corporate Social Investment & Responsibility worth 21.3 million between 2013 and 2019
- Grew our social media following : Facebook over 60,000 | Twitter over 6,700 | LinkedIn over 11,200
- | Instagram over 2100 | YouTube over 530
- Treating Customers Fairly (TCF) compliance standards resulting in a Net Promotor Score (NPS) - 80%
- Customer Satisfaction Index (CSI) – 81% (compared to industry CSI index of 76%)
- Co-creation of the Nairobi Declaration on Sustainable Insurance (NDSI)
- Participating in the set up and fundraising of the Africa Climate Risk Facility
- Participation in the Nature-Positive Taskforce
- Participation in Taskforce on Nature Related Financial Disclosures.
- Participation in the African Natural Capital Alliance
- Participation in the Carbon Removals Roadmap for Kenya
- Signatory to UNEP FI PSI since 2016
- Signatory to the Net Zero Insurance Alliance
- Board position in the UNEP FI PSI Global Board
- Representation in the UNEP FI Leadership Council



WHO WE ARE

HOW WE CREATE VALUE

NATURAL CAPITAL



- Development of an Environmental Liability Solution
- Launch of the medical second opinion product
- Participation in the Nature-Positive Taskforce
- Participation in Taskforce on Nature Related Financial Disclosures.



- Participation in the African Natural Capital Alliance
- Introduced waste recycling process for the Group offices and the branches through Taka Taka Ni Mali (an NGO)



- Introduced subsidized green loans to staff to support purchase of renewable energy equipment such e.g. solar and water harvesting equipment
- Monitored resource usage (water, fuel, power & paper)



MANUFACTURED CAPITAL



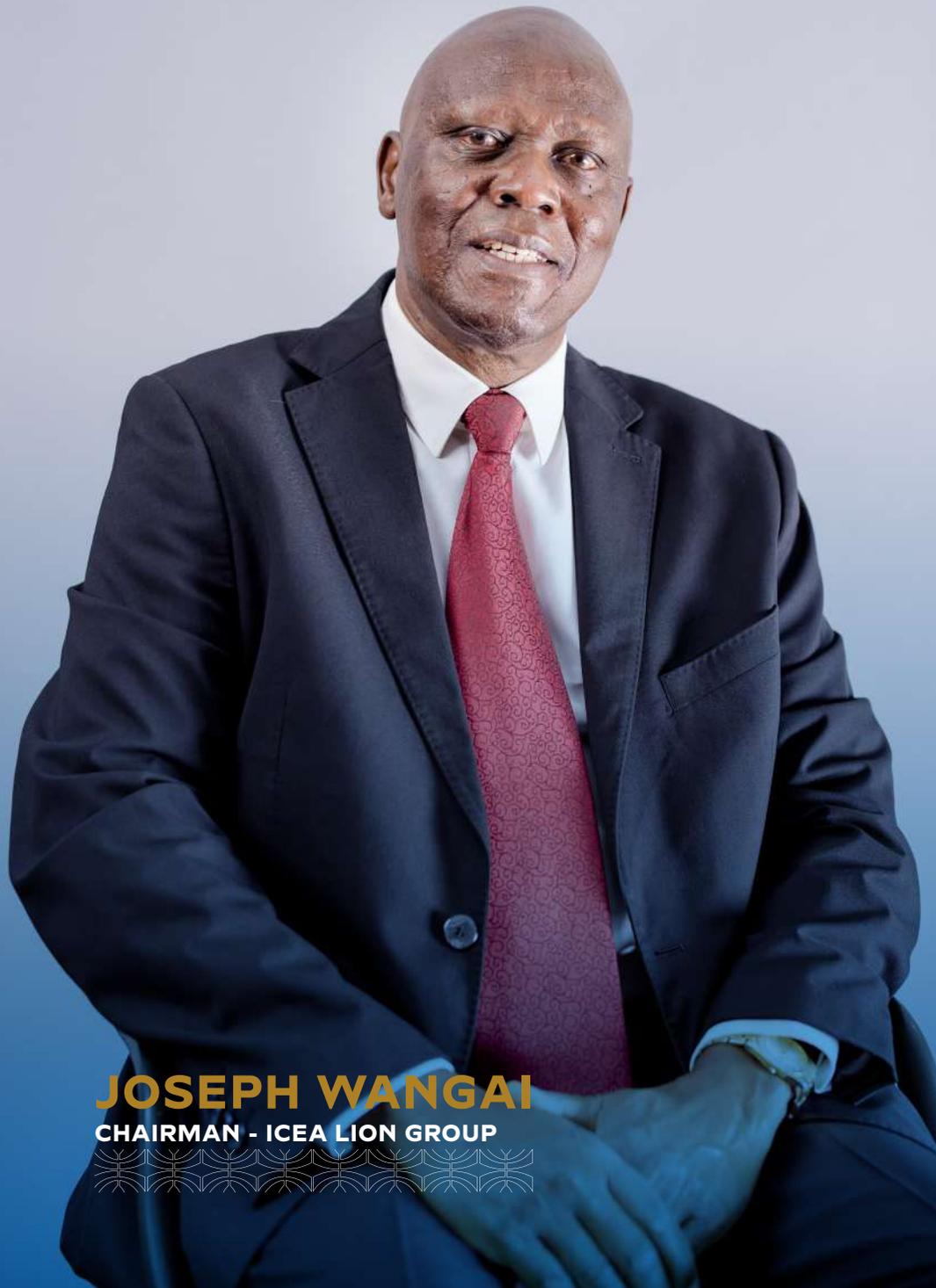
- Our investment properties provide a stable and secure long-term return to our clients and shareholders
- Development of new products/ distribution channels
- Online self-service portal that allows clients to access and update their policy information
- Our Agents Mobile App allows our sales force to digitally on-board clients
- Our Partners' Portal allows our corporate customers to access services

FINANCIAL CAPITAL



- Value added to the economy: Kshs 75.31 Billion (2021 72.98 Billion)
- Total Assets; Group - Kshs 144 Billion (2021 Kshs 128 Billion)
- 5 year Group taxes paid of Kshs 3 Billion
- 99% Local procurement
- Market position - 2
- Market share of 15%





JOSEPH WANGAI
CHAIRMAN - ICEA LION GROUP



WHO WE ARE

CHAIRMAN'S STATEMENT

Dear Stakeholders,

I am pleased to present our 2022 integrated report, which provides highlights of the state of our business and its attendant strategy for the future. As Chairman of ICEA LION Life Assurance Company Limited for the second year, I am encouraged by the resilience demonstrated by the business amidst the challenging operating environment witnessed in 2022.

Despite political uncertainty associated with the General Elections in August 2022, the economy continued on a recovery trajectory, with GDP growth surpassing pre-pandemic levels. Further, geopolitical tensions, macro-economic impediments, regulatory and industry developments continue to pose both risks and opportunities to our business. As a Company, we are continuously adapting and effectively responding to the fast-changing operating environment by making the necessary changes and adjustments to our strategy. We have invested heavily in technology and digital capabilities to sustainably serve our customers and other stakeholders. Through business process re-engineering, we have revamped our processes thus reducing the time and cost it takes to deliver on our customer promise.

Our people are our strength, and we continue to relentlessly pursue strategies that help us attract and retain some of the best talent in the market. Talent development remains critical in our succession planning strategy, and we consistently strive to offer a rewarding career path for our people. We have also continued on a journey to create an environment that is diverse and inclusive, an environment that our people can be proud of.

WHO WE ARE

CHAIRMAN'S STATEMENT

PERFORMANCE

By demonstrating resilience in a time of great uncertainty, we have made great strides towards reinforcing our stakeholders' trust and confidence in the Company, notwithstanding significant internal and external market shocks. The Company delivered strong financial and operational performance, with Gross premiums and contributions for the year standing at Kshs 20.7 billion, registering a growth of 3% compared to 2021, while the Profit Before Tax for the year was Kshs 2.7 billion. The Company's total assets as at 31 December 2022 stood at Kshs 134 billion, firmly securing our leading position in the insurance sector in Eastern and Central Africa in terms of asset base.

This performance is a testament to the strength of our leadership team, and in this regard, I would like to thank management for delivering commendable results in a challenging year. Management continued to benefit from the support of a committed Board that remained focused on ensuring a robust delivery against our strategic targets. Employees across the organization have demonstrated exceptional ability to respond and adjust to change with speed.

The **Group Financial Review** section on pages 28-37 provides further details of our Company and subsidiary performance and key economic metrics that prevailed during the year.

STRATEGY

Our 2022 to 2024 strategic plan is guided by the Company's mission **"To Protect and Create Wealth"**. The Board remains committed to providing continuous support to management in delivering on business plans and achieving sustainable growth and profitability. Our strategy is designed to achieve sustainable long-term growth to meet the needs of our stakeholders. The Strategy is predicated on five focus areas as set out overleaf:



While pursuing our aggressive growth strategy, we remain mindful of the uncertain economic operating context, the lessons learned during the pandemic and the sustainability of our approach to business.

BOARD CHANGES AND TRANSITION

Effective alignment between management and the board is essential in delivering stakeholder value. I commend the Board and its committees for demonstrating unrelentless commitment towards its stewardship role and proactively supporting management. The Board has responsibly delegated tasks with openness and applied its collective experience to tackle the challenges that we face and maximize opportunities available during 2022 and beyond.

There were a few changes to our board composition during 2022. Dr. Caesar Mwangi retired as a Director of the Company after 4 years of service, and I would like to express our appreciation for his dedicated service and contribution. Additionally, on behalf of the Board, I would like to welcome Mr. Ernest Ndegwa, who joined the Board as a Non Executive Director during the year and we look forward to his valuable contribution.

ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

WHO WE ARE

CHAIRMAN'S STATEMENT

COMPLETION OF SUBSIDIARY REALIGNMENT

Following the establishment of ICEA LION Insurance Holdings Limited in 2020, we embarked on a corporate restructuring process aimed at clustering similar business verticals together for better management and sharper focus towards achieving greater group synergy. In early 2023, ICEA LION Life Assurance Company Limited transferred its ownership in ICEA LION Asset Management (Uganda) Limited and ICEA LION General Insurance Company (Uganda) Limited to ICEA LION Asset Management Limited and ICEA LION General Insurance Company Limited, respectively. This followed the transfer of ICEA LION Asset Management Limited and ICEA LION Trust Services Company Limited from the ICEA LION Life Assurance Company Limited to ICEA LION Insurance Holdings Limited in 2021.

GOING FORWARD

We recognize that our market leadership is constantly under challenge and in order to maintain a competitive advantage, we continue to give top attention to innovation and digital transformation, these having been identified as critical ingredients in meeting our customers' needs and attracting top talent. We anticipate that sound regulations will promote better customer experience, encourage product innovation and ensure more well capitalized market players. This will ultimately play a role in increasing the level of insurance penetration in Kenya which is currently below 3% of GDP.

As a Group, we will continue to monitor our operating environment in order to capitalize on emerging opportunities while mitigating relevant risks. As always, championing professionalism and integrity remain core values of the Company. Our Company business fundamentals remain strong and we are confident that the Company will continue to deliver sustainable value to our all our stakeholders.

APPRECIATION

I would like to thank our customers and business partners for their loyalty and patronage over the years. To my fellow directors, thank you for your guidance, support and invaluable contribution in the Board. I would also like to acknowledge the contribution of the leadership team and staff members of our Company and the subsidiaries for their continued service and dedication to our Group.



JOSEPH WANGAI
CHAIRMAN - ICEA LION GROUP



WHO WE ARE



JOSEPH WANGAI
CHAIRMAN



JAMES NDEGWA
DIRECTOR



MARIAM ABDULLAHI
DIRECTOR



MUGWE MANGA
DIRECTOR



KAIRO THUO
DIRECTOR



ROBIN NDEGWA
ALTERNATE DIRECTOR



DOUG LACEY
DIRECTOR



ANDREW NDEGWA
DIRECTOR



PATRICK MUGAMBI
ALTERNATE DIRECTOR



DAVID HUTCHISON
DIRECTOR



ERNEST NDEGWA
DIRECTOR



NORM KELLY
DIRECTOR



GEORGE NYAKUNDI
CHIEF EXECUTIVE
OFFICER



KENNEDY ONTITI
COMPANY SECRETARY

BOARD OF DIRECTORS



GEORGE NYAKUNDI

CEO - ICEA LION LIFE ASSURANCE



WHO WE ARE

CHIEF EXECUTIVE OFFICER'S STATEMENT

ICEA LION LIFE ASSURANCE

"The future is bright for all of us as we have positioned the Company for accelerated growth in the years ahead."

It is my pleasure to present the Company's Integrated Report and accounts for the year ended 31st December, 2022. Our excellent financial performance in 2022 is the direct result of our concerted efforts and commitment to deliver value to our stakeholders and customers as we emerged from the Covid-19 pandemic. This financial results were delivered in yet another challenging environment and uncertainty caused by rising inflation, interest rates and the Russian-Ukraine war that disrupted global supply chains.

The year witnessed further expansion of our branch network in order to increase our distribution footprint and reach in line with our strategic goal of revamping our retail distribution channel. The year saw the creation of additional four (4) branches in Nanyuki, Kericho, Kisii and Kakamega. In order to equip our sales teams with the requisite skills, we established a training academy in Nairobi. This Centre of excellence will enable us to train and grow the number of Financial Planners in our Company in order to achieve set ambitious goals in our retail products offering.

BUSINESS PROCESS RE-ENGINEERING (BPR)

During the year under review, the Company implemented initiatives to re-engineer our systems and processes with a view to improve our operational efficiency, the quality of our customer experience, reduce operational costs and ultimately, create a fit for purpose organization. Implementation of the initiative commenced in 2021 through a focus on quick wins and this continued in 2022.

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CHIEF EXECUTIVE OFFICER'S STATEMENT

ICEA LION LIFE ASSURANCE

The initiative has transformed the Company by enabling faster transaction processing, contributing to significantly improved customer experience as well as enhanced operational efficiency and cost reduction. The implementation of identified improvements is on-going, focusing on the medium to long term issues. The initiative is a key pillar in the Company's 2022 – 2024 strategy and its conclusion and continuous reviews will support the achievement of the strategic objective of being a Company that is truly customer obsessed.

TECHNOLOGY

During the difficult times of the Covid-19 pandemic, technology enabled business continuity, powered new and innovative ways of distributing products and helped serve customers more efficiently. Automating and digitizing our value chain has made penetration and the coverage seamless. The Company has, using technology, adopted smarter ways of on-boarding partners, identifying new prospects and faster on-boarding of customers. The Company is constantly using and enhancing data analytics capabilities to provide insights in order to improve operational efficiency, minimize risk while growing the business.

An emphasis on technology and digitization initiatives across the value chain of agency channels has resulted in improved business performance.

A key initiative in 2023 will be the implementation of a new financial reporting standard, the International Financial Reporting Standard 17. This is in line with the global requirement to report our financial results in 2023 based on the new standard. The Company will implement and report under IFRS 17 for the year 2023.

APPOINTMENT

Focusing on our key strategic pillar of growing our retail business, a General Manager was appointed on the 1st August 2022, to head the newly created position. The new General Manager-Retail Distribution, Mr. David Muchiri, is a consummate professional with vast experience in insurance distribution. We are optimistic that David's tenure and wealth of experience will bring about the desired improvement, growth in our retail business distribution channels and set a new progressive pathway for the Company. Kindly join me in welcoming David to the Company.

LOOKING INTO THE FUTURE

In preparing the Company for the challenges of the future and in response to the ever-evolving dynamics of the marketplace, we embarked on a three-year strategic journey commencing 2022 and terminating in 2024. As we implement this strategy we are cognizant of developing factors that may affect its successful implementation and have put in place an elaborate enterprise risk management strategy to ensure that our business continues in the face of potential threats to our Company.

Our focus for the three years is overseeing the delivery of our various strategic goals by 2024 and ensuring that the Company achieves the desired transformation at pace while maintaining a sound control environment. Our business strategy continues to be anchored on growing the profitability of the Company, improving on operational efficiency, revamping our distribution channels and embedding customer obsession in all our systems, processes and service delivery.

ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

WHO WE ARE

CHIEF EXECUTIVE OFFICER'S STATEMENT

ICEA LION LIFE ASSURANCE

The Company's ambition to be the most customer centric life insurance company in the region means that we are committed to excellent customer experience through great and customer obsessed service through frictionless value delivery. During the period under review, we put this into practice in a number of ways in our Company. We automated our Net Promoter Score (NPS) which has enabled us to collect and act on customer feedback from different touch points. We also enhanced our Customer Satisfaction Index (CSI) enabling us to measure and have an enhanced view of our customer satisfaction levels. The information we get from every customer interaction gives us useful insights on our customers' needs, aspirations and service requirements.

CONCLUSION

The dynamism of the business environment in which we are operating continues to pose its challenges and opportunities for operators. In this context, our strength has always been built on applying the right strategies and initiatives that have the capability of achieving optimal operational efficiency and performance. The Company is very well positioned to take advantage of the opportunities that lie ahead.

Let me also use this opportunity to express my sincere gratitude to the Board of Directors for their unalloyed support and guidance. I would also like to acknowledge the continued commitment and enthusiasm demonstrated by members of staff and Management whose contributions I sincerely appreciate. I convey my appreciation to our intermediaries for their continued support and commitment. The future is bright for all of us as we have positioned the Company for accelerated growth in the years ahead.



GEORGE NYAKUNDI
CEO - ICEA LION LIFE ASSURANCE



OUR LEADERSHIP TEAM



GEORGE NYAKUNDI
CHIEF EXECUTIVE OFFICER



ASMAN MUGAMBI
GENERAL MANAGER - CORPORATE BUSINESS DEVELOPMENT AND TECHNICAL SERVICES



DAVID MUCHIRI
GENERAL MANAGER - RETAIL BUSINESS



KEVIN NYAKERI, CFA
CHIEF FINANCIAL OFFICER



GLADYS MUSEMBI
ASSISTANT GENERAL MANAGER - OPERATIONS



CHRISTINE MUTAHE
ASSISTANT GENERAL MANAGER - CORPORATE BUSINESS DEVELOPMENT



PATRICIA KIHARA
ASSISTANT GENERAL MANAGER - RETAIL BUSINESS



KENNETH MUCHIRI
MANAGER - GROUP BUSINESS DEVELOPMENT



KENNEDY ODENYO
MANAGER - GROUP BUSINESS DEVELOPMENT



FELIX CHOMBA
MANAGER - CLAIMS



MUIRI WAICHINGA
MANAGER - ORDINARY LIFE OPERATIONS



ENID OTIENO
MANAGER - INTERNAL AUDIT



MARGARET NDUNGU
COMPANY ACTUARY

OUR SUBSIDIARIES TEAM



GABRIEL KURIA
CEO - ICEA LION GENERAL INSURANCE COMPANY (UGANDA) LTD.



EMMANUEL MWAKA
CEO - ICEA LION LIFE ASSURANCE COMPANY (UGANDA) LTD.



ANNE NJUGI
COO - ICEA LION LIFE ASSURANCE COMPANY (UGANDA) LTD.

OUR SHARED SERVICE TEAM



PHILIP LOPOKOIYIT
CEO - ICEA LION INSURANCE HOLDINGS



NAOMI MUNYI
GM - GROUP HEAD OF FINANCE



JULIANA NGULI
GENERAL MANAGER - HUMAN RESOURCES & ADMINISTRATION



ANTHONY MUTURI
GROUP ACTUARY



CYNTHIA KANTAI
GROUP HEAD - MARKETING AND COMMUNICATIONS



DOROTHY MASEKE
GROUP HEAD - RISK AND COMPLIANCE



KEVIN KOMBO
GROUP HEAD OF INTERNAL AUDIT



MARTIN KARIITHI
HEAD - DATA AND ANALYTICS



PAUL KIOI
GENERAL MANAGER - TECHNOLOGY AND TRANSFORMATION



CAROLINE MAINA
GROUP HEAD - ICT BUSINESS APPLICATIONS



DAVID TOO
GROUP HEAD - ICT INFRASTRUCTURE



JOHN WANJOGU
GROUP HEAD - DIGITAL CUSTOMER EXPERIENCE



DR. ABIUD MULONGO
GROUP HEAD - DIGITAL



LEONARD SHALAKHA
GROUP HEAD OF TAX



KEVIN NYAKERI, CFA
CHIEF FINANCIAL OFFICER



WHO WE ARE

GROUP FINANCIAL REVIEW

REPORT FROM THE CHIEF FINANCIAL OFFICER

ECONOMIC BACKGROUND

Economically, the year 2022 was characterized by high inflation, political uncertainty and a strong US Dollar. The Russian-Ukraine war disrupted global commodities markets leading to high food and energy prices. This coupled with other supply chain bottlenecks stoked inflation setting off an increase in interest rates across many economies including Kenya. Relatively higher interest rates in the US resulted in a strong dollar and flight of capital from our frontier markets. In Kenya, our main market, GDP contracted by 4.7% as per Q3,2022 and the elevated perceived risk led to significant falls in Government bond and stock prices.

GROUP BUSINESS PERFORMANCE OVERVIEW

REVENUE

Against this economic environment, the Group delivered good performance in terms of business growth and profitability. Our Group premium and contributions grew by 8% to Kshs 25 billion. This resilient growth was underpinned by both our corporate and retail pension business lines coupled with significant growth contribution by the ordinary life business segment.

INVESTMENT INCOME

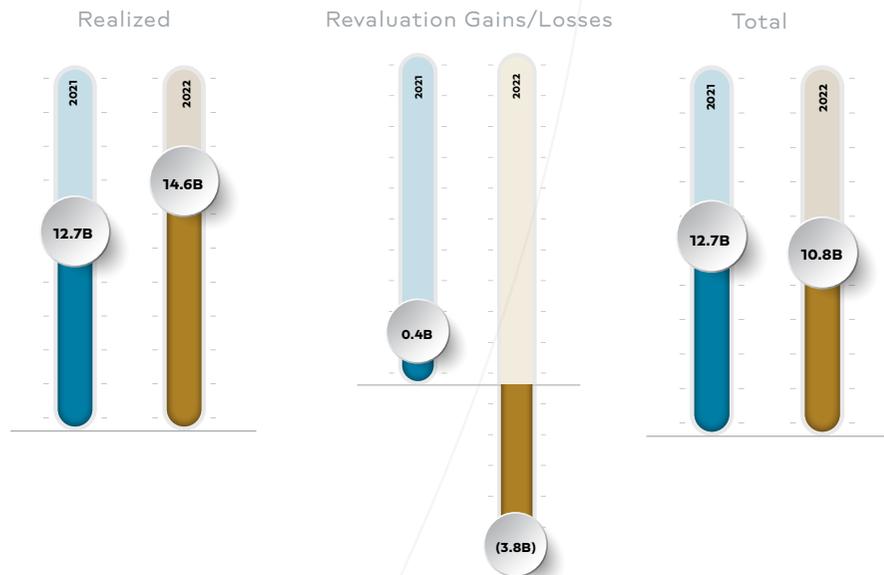
Realized Group investment income increased by 18% to Kshs 14.6 billion (2021: Kshs 12.7 billion) on the back of higher interest income from government securities and dividend income. This growth was however largely offset by revaluation losses on bonds and equities driven by higher interest rates and lower listed equity prices. Put together, our Group total investment income was Kshs 10.8 billion as depicted on the following page:

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GROUP FINANCIAL REVIEW

REPORT FROM THE CHIEF FINANCIAL OFFICER

Investment Income KES Billions



CLAIMS OUTGO & EXPENSES

As always, it is in paying claims that the mettle of our brand promise “Through Every Life-Changing event, We’re Better Together” is tested. During the year 2022, as a Group, we paid out over Kshs 15 Billion (2021 Kshs 14.5 Billion) in claims and surrenders to our customers. This growth in claims outgo was in tandem with the higher business volumes reported during the year. Due to strategic investments in support of our ambitious growth strategy and lower revenue growth, the Company operating expense ratio increased to 8.8% from 5.8%.

PROFITABILITY

Group Profit Before Tax decreased to Kshs 3.1 Billion from Kshs 3.9 Billion in 2022. The decline was in large part due to revaluation losses on listed equities and marked to market government securities. This profitable performance was on the back of resilient sales growth, a low expense ratio and higher interest income from a bigger investment asset base.

While higher interest rates lead to unrealized losses on bonds, they bring about two important tailwinds in the form of lower actuarial liability valuation and increased interest income. Conversely, low interest rates represent headwinds to life insurance companies as they deliver a double whammy of higher actuarial liabilities and low interest income. To counter this volatility, the Group is exploring options to expand our investment opportunity set in the coming days.

BALANCE SHEET GROWTH AND SHAREHOLDER MATTERS

Thanks to our clients who have entrusted us with both protecting and creating wealth for them, our Group total assets grew by Kshs 16 billion to close the year at Kshs 144 billion representing a growth of 13%.

The Company’s shareholder capital grew to Kshs 17.5 billion, whereas, the Company’s Capital Adequacy Ratio (CAR) remains strong at 311%, exceeding the regulatory risk-based CAR of 200%.

ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

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GROUP FINANCIAL REVIEW

REPORT FROM THE CHIEF FINANCIAL OFFICER

OUR GLOBAL CREDIT RATING

During the year, GCR Ratings upgraded ICEA LION Life Assurance Company Limited Kenyan financial Strength Rating to AAA (KE) with a Stable Outlook from AA (KE). The rating is underpinned by the parent company, ICEA LION Insurance Holdings' solid financial profile, characterized by very strong capitalization and above-average earnings. This solid foundation provides us with the strategic headroom to pursue our ambitious growth plans.



OUR SUBSIDIARIES PERFORMANCE

ICEA LION LIFE ASSURANCE COMPANY (UGANDA) LIMITED

2022 gross premium and contributions for the Uganda Life business grew by 47% to UGX 93.5 billion (2021 UGX 63.7 billion), while Company assets grew by 29% to UGX 233 billion (2021 UGX 180 billion). The Life Fund's strong performance enabled the Company to declare competitive rates of return to Deposit Administration schemes and bonus rates to "with Profits" ordinary life policies.



ICEA LION GENERAL INSURANCE COMPANY (UGANDA) LIMITED

ICEA LION business gross premium grew by 17% to close at UGX 34 billion (2021 UGX 29.5 Billion), while the net earned premium grew by 5% to UGX 13 billion (2021 UGX 12.5 billion).



ICEA LION LIFE ASSET MANAGEMENT (UGANDA) LIMITED

The Uganda fund management Company's Assets Under Management were UGX 479 Billion as at 31 December 2022 (2021 UGX 245 Billion) while income for the year grew by a stellar 50% to close at UGX 2.7 Billion (2021 UGX 1.8 billion)



WHO WE ARE

GROUP FINANCIAL REVIEW

REPORT FROM THE CHIEF FINANCIAL OFFICER

FINANCIAL REPORTING EXCELLENCE - FiRe AWARD

ICEA LION Life Assurance was awarded Winner Insurance Category for Integrated Reporting at the 2022 Institute of Certified Public Accountants of Kenya (ICPAK) Financial Reporting (FiRe) Awards. This award is testament to our talented people and the Group's unrelenting quest for good corporate governance including financial reporting excellence.



IFRS 17 IMPLEMENTATION AND INDUSTRY PERSPECTIVES

The IFRS-17 accounting standard, which is widely regarded as the standard of the decade, is set to be implemented on January 1st, 2023. We are pleased to report that our Group is on track towards the implementation of this standard.

We have made significant investments in our people and systems and engaged with various stakeholders to ensure a smooth transition to IFRS-17.

While IFRS-17 will have a significant impact on the insurance industry as a whole, it is expected to have a greater impact on life insurance companies. For our Group, all the 3 measurement models i.e the General Measurement Model (GMM), the Variable Fee Approach (VFA) and the Premium Allocation Approach (PAA) will apply. As industry CFOs, we are actively engaged in discussions around the key implementation and interpretational aspects of the standard.

In addition to our internal efforts, we are also engaging with the Insurance Regulatory Authority and the Kenya Revenue Authority to ensure alignment with their guidelines and requirements. As part of this effort, we are collaborating with other CFOs in the industry to promote convergence on these important matters.

ESG MATTERS

In 2022, climate change continued to pose a significant risk to economies and businesses around the world and as a result, Environmental, Social and Governance (ESG) matters remain a prominent concern in the commercial and investment spheres.

One challenge facing businesses is the lack of uniformity in the definition and reporting of ESG metrics, which has led to issues with greenwashing. To address this, the International Sustainability Standards Board was formed in 2021 by the IFRS Foundation. This standards-setting body is aimed at meeting the demand for high-quality, transparent, reliable and comparable reporting by companies on climate and other environmental, social and governance matters. You can find more information about this initiative on the IFRS website www.ifrs.org/groups/international-sustainability-standards-board.

ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

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GROUP FINANCIAL REVIEW

REPORT FROM THE CHIEF FINANCIAL OFFICER

Despite these challenges, business has a crucial role to play in combating climate change. As a Group, we remain committed to doing sustainably profitable business in support of this great human endeavor to leave a better planet for future generations. Colin Mayer's statement that "The purpose of business is to create profitable solutions to the problems of people and planet. It is not to profit by creating problems for people and planet" continues to resonate with us and we discuss our efforts in this area in more detail under **Our Strategy** section on page 45 and under the **Social & Relationship Capital** section on page 103 of this report. We believe that internationalization of sustainability accounting will promote transparency and standardization of ESG reporting and we will continue to support these efforts.

LOOKING AHEAD

Going forward, we are confident in our ability to continue driving growth and creating value for all our stakeholders. As a leading regional life insurer, our promises to clients are multi-generational in nature. This calls for a judiciously considered business approach centered on commercial practices that safeguards the long-term interests of all stakeholders.

As previously stated, the key sources of our competitive advantage include people with integrity and talent, a strong financial position, focused management of profit drivers and good corporate governance practices. This secret sauce remains unchanged and serves as a considerable source of strength as we face the future.



KEVIN NYAKERI, CFA
CHIEF FINANCIAL OFFICER



WHO WE ARE

GROUP FINANCIAL REVIEW
REPORT FROM THE CHIEF FINANCIAL OFFICER

GROUP FIVE YEAR FINANCIAL HIGHLIGHTS

	31-Dec-22	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18
	Kshs Million	Kshs Million	Kshs Million	Kshs Million	Kshs Million
Revenue					
Total income	19,998	21,153	15,767	16,932	12,878
Net claims and benefits payable	(13,095)	(14,209)	(10,486)	(9,329)	(10,782)
Total Expenses	(4,060)	(3,092)	(3,204)	(3,181)	(2,674)
Share of profit of Associate, net of tax	242	42	127	182	166
Profit/(Loss) Before Tax	3,085	3,894	2,204	4,604	(412)
Income Tax	(493)	(1,062)	(128)	(1,371)	268
Profit/(Loss) After Tax	2,592	2,832	2,076	3,233	(144)
Other Comprehensive Income	22	17	(26)	10	(102)
Total Comprehensive Income	2,614	2,849	2,050	3,243	(246)
Statement of Financial Position					
Assets					
Investment property	9,425	9,963	10,610	10,773	10,534
Government securities	112,815	97,616	82,266	67,171	57,134
Deposits with financial institutions	6,945	4,230	3,896	6,665	4,421
Equities	8,029	9,528	7,766	8,166	6,833
Other assets	7,197	6,724	6,382	6,144	5,421
Total Assets	144,411	128,061	110,920	98,918	84,343
Liabilities					
Insurance contract liabilities	32,936	30,411	26,353	23,631	22,495
Payable under deposit administration	86,918	75,520	64,440	57,284	48,764
Deferred tax	2,522	2,565	1,964	2,098	1,136
Other liabilities	3,176	2,619	2,837	2,193	1,046
Total Liabilities	125,552	111,115	95,594	85,207	73,442
Total Equity	18,859	16,946	15,326	13,711	10,901
Total Liabilities and Equity	144,411	128,061	110,920	98,918	84,343

COMPANY FIVE YEAR FINANCIAL HIGHLIGHTS

	31-Dec-22	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18
	Kshs Million	Kshs Million	Kshs Million	Kshs Million	Kshs Million
Revenue					
Total Income	17,007	18,878	13,381	14,957	11,192
Net Claims and Benefits Payable	(11,428)	(13,223)	(9,807)	(8,692)	(10,101)
Total Expenses	(2,905)	(2,215)	(2,057)	(2,041)	(1,711)
Profit/(Loss) Before Tax	2,674	3,440	1,517	4,225	(620)
Income Tax	(341)	(935)	64	(1,263)	309
Profit/(Loss) After Tax	2,333	2,505	1,582	2,962	(311)
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	2,333	2,505	1,582	2,962	(311)
Statement of Financial Position					
Assets					
Investment property	9,425	9,963	10,610	10,773	10,534
Government securities	105,973	92,547	78,160	64,449	54,913
Deposits with financial institutions	5,868	3,461	2,961	5,856	3,652
Equities	7,844	9,346	7,665	8,074	6,738
Other assets	4,781	4,966	4,255	4,351	4,227
Total Assets	133,891	120,283	103,651	93,503	80,064
Liabilities					
Insurance contract liabilities	29,361	27,697	24,148	21,757	20,813
Payable under deposit administration	83,073	72,876	62,604	56,111	48,813
Deferred tax	2,522	2,565	1,955	2,098	1,136
Other liabilities	1,895	1,738	1,581	1,321	675
Total Liabilities	116,851	104,876	90,288	81,287	70,437
Total Equity	17,040	15,407	13,363	12,216	9,627
Total Liabilities and Equity	133,891	120,283	103,651	93,503	80,064

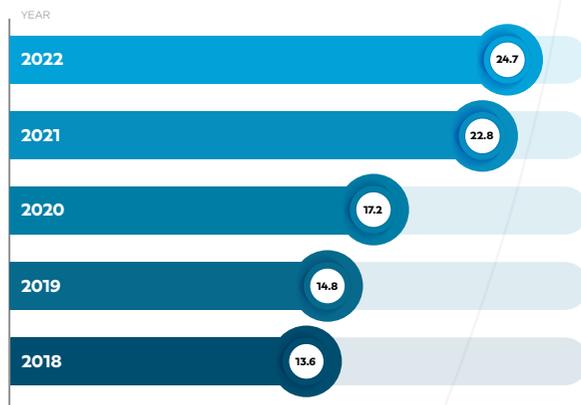
WHO WE ARE

GROUP FINANCIAL REVIEW

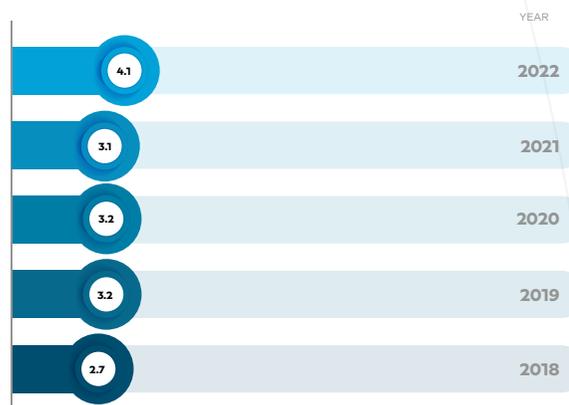
REPORT FROM THE CHIEF FINANCIAL OFFICER

(Chart Figures in KES Billions)

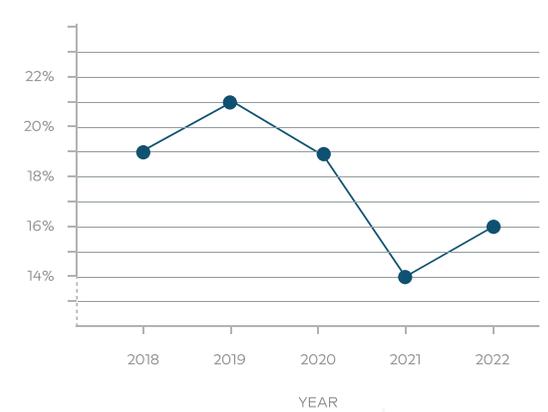
Group - GWP and Contributions



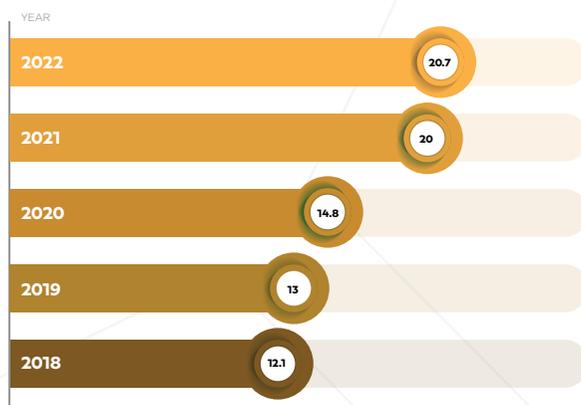
Group - Total Expenses



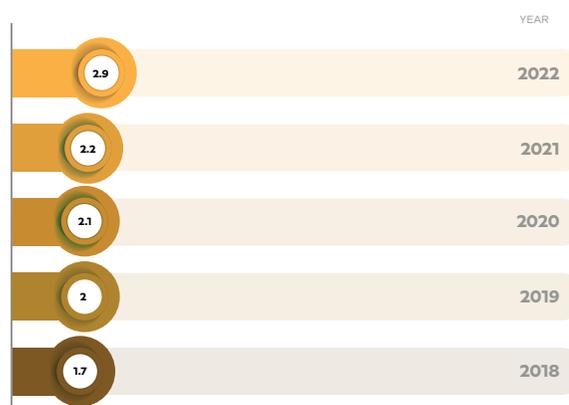
Group - Total Expenses Ratio



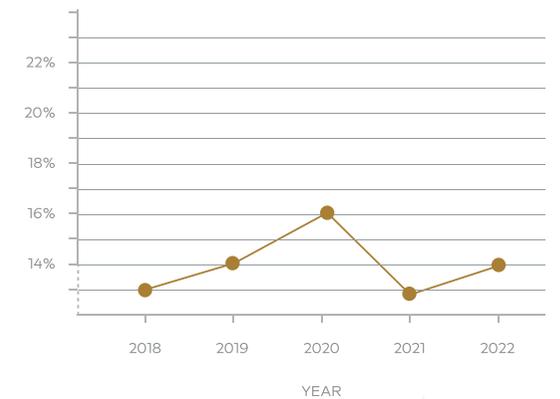
Company - GWP and Contributions



Company - Total Expenses



Company - Total Expenses Ratio



ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

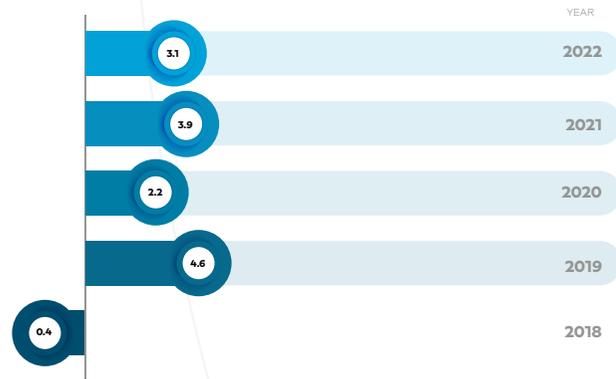
WHO WE ARE

GROUP FINANCIAL REVIEW

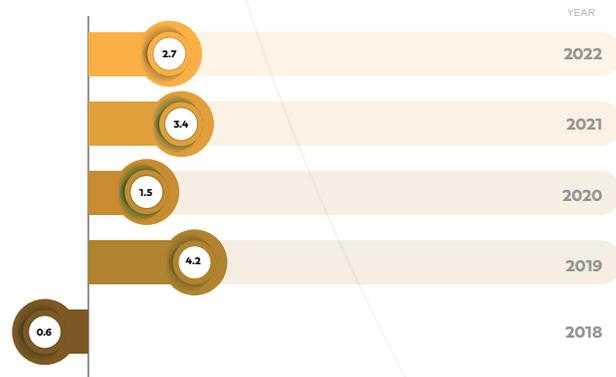
REPORT FROM THE CHIEF FINANCIAL OFFICER

(Chart Figures in KES Billions)

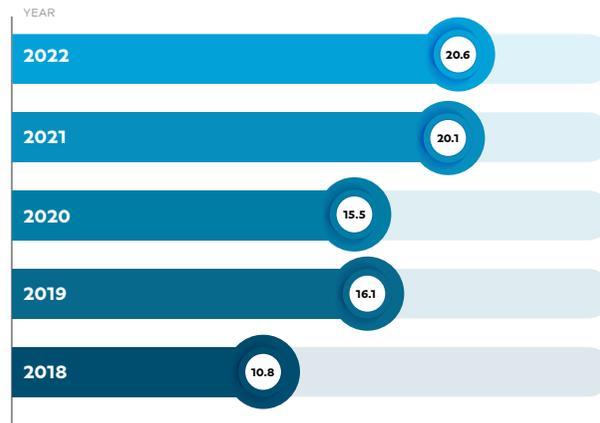
Group - Profit Before Tax



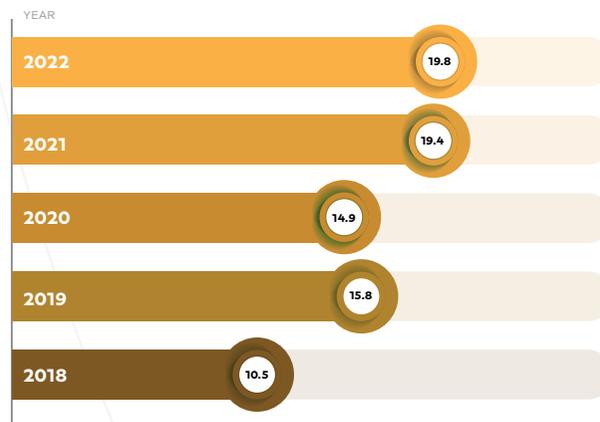
Company - Profit Before Tax



Group - Actuarial Surplus



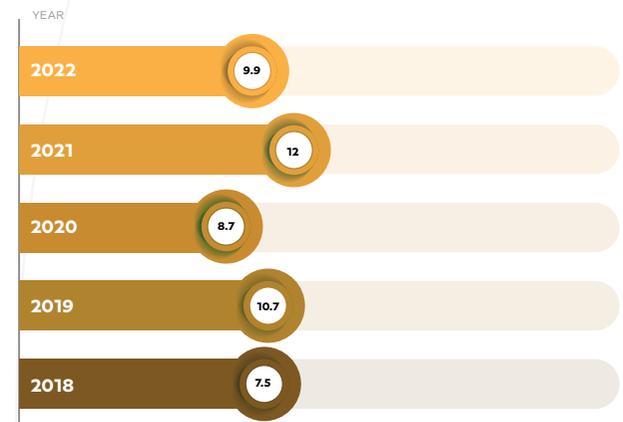
Company - Actuarial Surplus



Group - Investment Income



Company - Investment Income



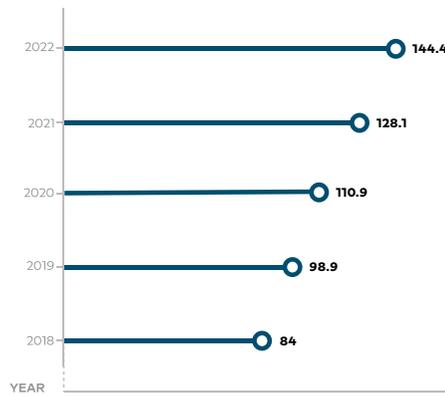
WHO WE ARE

GROUP FINANCIAL REVIEW

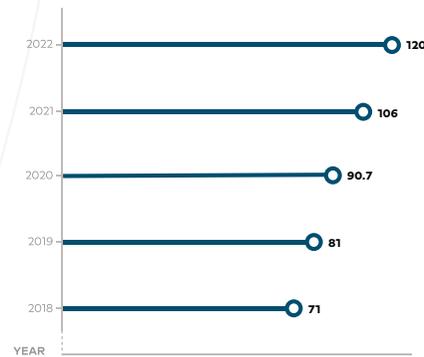
REPORT FROM THE CHIEF FINANCIAL OFFICER

(Chart Figures in KES Millions)

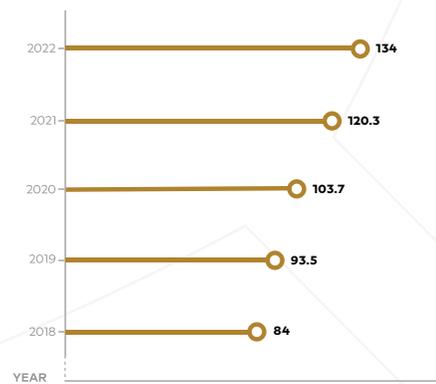
Group - Total Assets



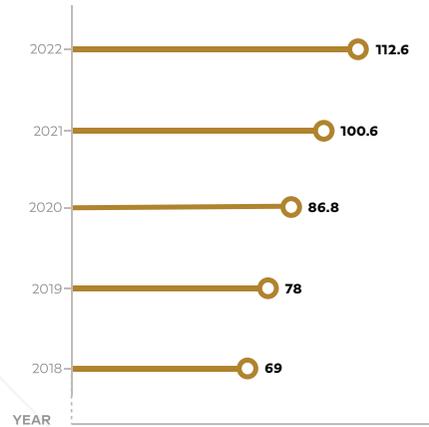
Group - Life Fund



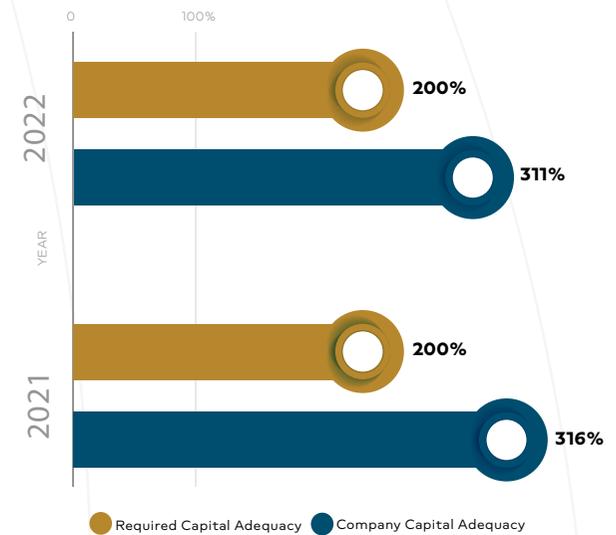
Company - Total Assets



Company - Life Fund



Company - Capital Adequacy



WHERE & HOW WE OPERATE - 02

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45 OUR STRATEGY: 2022-2024



OPERATING CONTEXT

GLOBAL ECONOMY

Globally, 2022 was characterized by 3 main themes i.e. the Russia-Ukraine war, multi-decade high inflation and a strong US dollar.

A significant slowdown in growth was observed resulting from persistent supply chain disruptions caused by the Russia-Ukraine war. This significantly affected commodity prices including food and energy prices which in turn stoked inflation. The resulting high and persistent increase in prices spurred central banks to raise interest rates in a bid to combat inflationary pressures. According to the International Monetary Fund (IMF), the global economy is projected to grow at 3.4% in 2022, a lower rate compared to 6.0% experienced in the year 2021.

KENYAN ECONOMY

Kenya's economy experienced a slowdown reflecting external shocks from elevated commodity and energy prices. The severe drought that affected agricultural sector output, subdued private sector activity and the temporary election-related uncertainty added to the slowdown. According to the Kenya National Bureau of Statistics, GDP growth declined to 4.7% in Q3, 2022 compared to 9.3% in Q3, 2021. The accommodation and food services and trade sectors boosted GDP growth. On the other hand, the agricultural sector contracted for a fourth consecutive quarter due to unseasonably low rainfall.

THE LIFE INSURANCE INDUSTRY

According to the Insurance Regulatory Authority (IRA) Q3, 2022 report, long term insurance business income grew by 12.3% to Kshs 103.49 billion compared to a growth of 24.0% in Q3 2021, (2021: Kshs 92.12 billion).

The main components of this income were Deposit Administration (Pensions) and Life Assurance classes that remained the biggest contributors to the long-term insurance business accounting for 36.3% and 25.2% respectively.

Life assurance total investment assets grew by 15.0% to Kshs 586.73 billion compared to Q3 2021 (Kshs 510.16 billion). Government securities represented 77.8% (Kshs 456.58 billion) of the assets. Investment Property and Equities formed 9.2% and 3.5% respectively while term deposits represented 3.6% of the total investment assets.

Government securities' prices remained depressed due to a rise in interest rates as the Central Bank moved to contain inflation.

Equity prices fell largely due to foreign investors exiting the market following a rise in interest rates in the developed world especially in the US.

The top seven Life insurance companies (out of 23 life insurers) with a market share of at least 5% control 72% of the industry Gross Premium and Contributions. The remaining 16 companies control a market share balance of 28%. ICEA LION Life Assurance maintained its second position in the industry with a market share of approximately 15% (2021 – 16%).

ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

WHERE & HOW WE OPERATE

OPERATING CONTEXT

OUR GROUP PERFORMANCE

(Chart Figures in Kshs Billions)

Total Income

2022: **20**
2021: **21**Operating Expenses
& Other Outgo2022: **17.2**
2021: **17.3**Profit
Before Tax2022: **3.1**
2021: **3.9**

Total Assets

2022: **144**
2021: **128**

FUTURE OUTLOOK AND OPPORTUNITIES

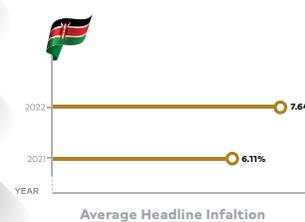
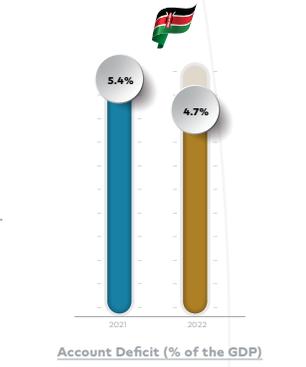
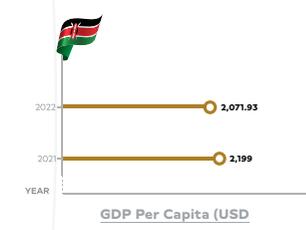
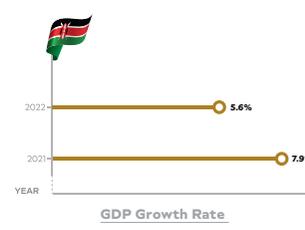
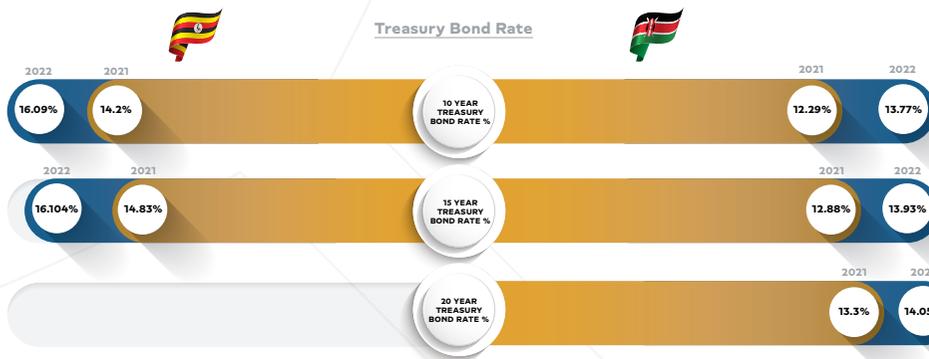
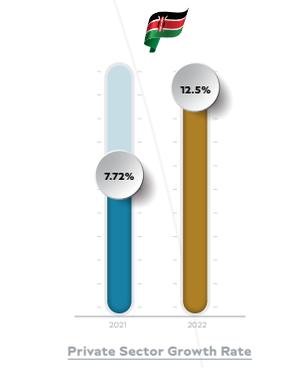
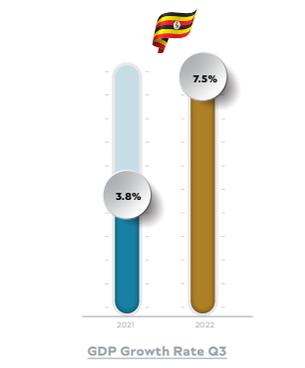
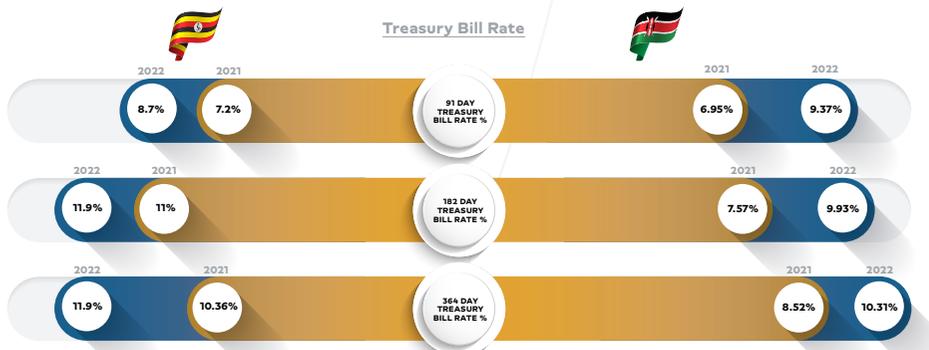
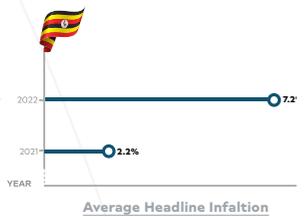
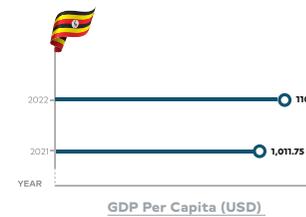
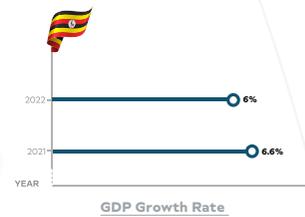
Insurance penetration in Kenya is still very low, currently estimated at 3%. This is a pointer to a huge potential for life insurance products considering the expected population growth. We see great opportunities in the continued local and regional economic expansion and demographic changes. This coupled with access to new technologies like mobile phones, online and other collaborative tools will lead to simple and affordable solutions that meet and exceed customer expectations.



ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

WHERE & HOW WE OPERATE

OPERATING CONTEXT



WHERE & HOW WE OPERATE

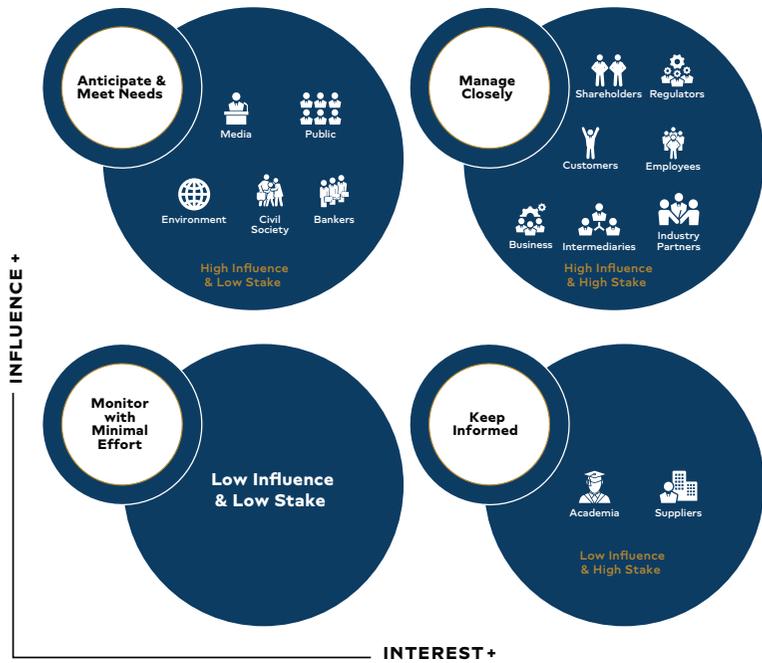
STAKEHOLDER MAPPING

We are committed to delivering on our mission 'To Protect and Create Wealth' for all our stakeholders. Stakeholder engagement is ingrained in our governance and strategy and is articulated in our Stakeholder Management Plan. These guidelines govern how we communicate, engage and release material information about the Group to all stakeholders across our network in Kenya, Uganda and Tanzania.

We have developed stakeholder engagement strategies, that bear in mind the processes required to identify the people, groups and organisations that could affect or be affected by our business activities.

We also analyze stakeholder expectations and their impact on our business. Further, we are able to develop appropriate strategies and tactics for effectively engaging them in a manner appropriate to their interest and involvement in our business.

STAKEHOLDER MAP



OUR STAKEHOLDER MANAGEMENT PROCESS

We have mapped our stakeholders according to their interest and influence. This mapping allows us to define appropriate engagement strategies for each stakeholder group. Below is the process we follow in mapping and managing our stakeholders.



STAKEHOLDER MAPPING

OUR STAKEHOLDERS



OUR BUSINESS MODEL



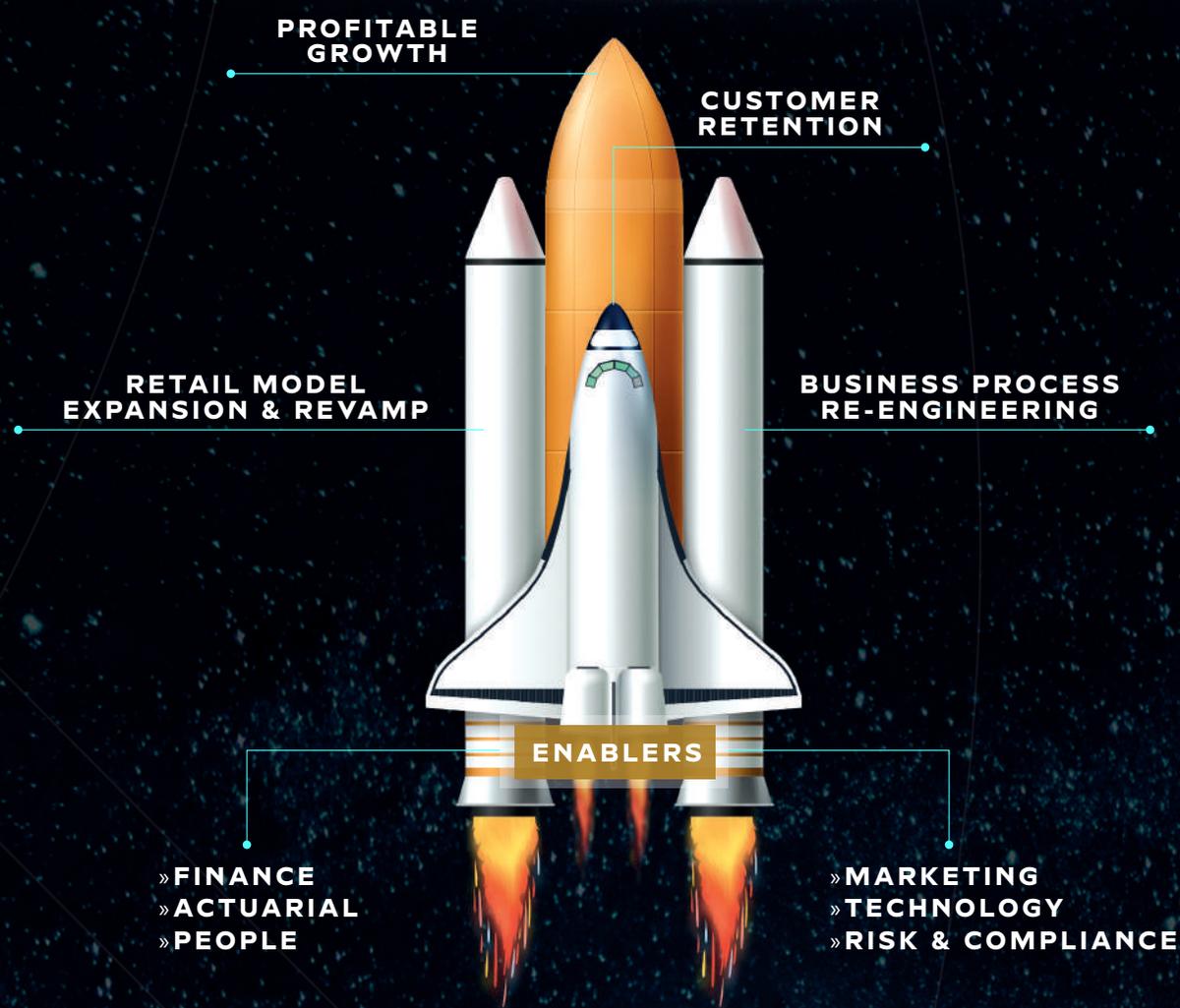


ICEA LION

INSURANCE • PENSIONS • INVESTMENTS • TRUSTS

OUR STRATEGY

2022 - 2024



WHERE & HOW WE OPERATE

OUR STRATEGY

2022 -2024

PROFITABLE GROWTH, BUSINESS MODEL TRANSFORMATION & CUSTOMER FOCUS

Our strategy is aimed at profitable growth and is centred on 3 main themes as set out below:

1. Retaining and organically growing our existing business
2. Acquiring business from existing and new markets through a differentiated value proposition
3. Revamping and expanding our retail model



WHERE & HOW WE OPERATE

OUR STRATEGY

2022 - 2024

ESG (ENVIRONMENTAL, SOCIAL AND GOVERNANCE) FOR SUSTAINABILITY

Embedded in our strategy is the pursuit of ESG. ESG is a framework that helps stakeholders understand how an organization is managing risks and opportunities related to environmental, social and governance criteria (sometimes called ESG factors). Kenya as a country has made a commitment to the **Paris Agreement and its Nationally Determined Contributions (NDCs) target which is to lower greenhouse gas (GHG) emissions by 30% by 2030**. In addition, the country is focused on climate change evidenced by the World Bank Funded Financing for Locally-led Climate Action Program (FLLoCA).

Priorities for Kenya going forward include climate change mitigation and adaptation. This is also where a great chunk of government and donors will be directed to going forward.

Mitigation sectors in the country have been identified as:

- Forestry
- Industry
- Transport
- Waste
- Renewable Energy
- Health
- Infrastructure

Adaptation sectors on the other hand are:

- Water
- Agriculture
- Land use
- Forestry
- Energy
- Health
- Infrastructure

The Company is pursuing various collaboration opportunities in both the mitigation and adaptation sectors to foster sustainability in our business practices.

Hosting COP27 Event under the Nairobi Declaration on Sustainable Insurance(NDSI)

ICEA LION Co-hosted an event on Finance Day at COP27 under the Nairobi Declaration on Sustainable Insurance. Please refer to pages 104-105 on the section of the Africa Climate Risk Facility (ACRF).

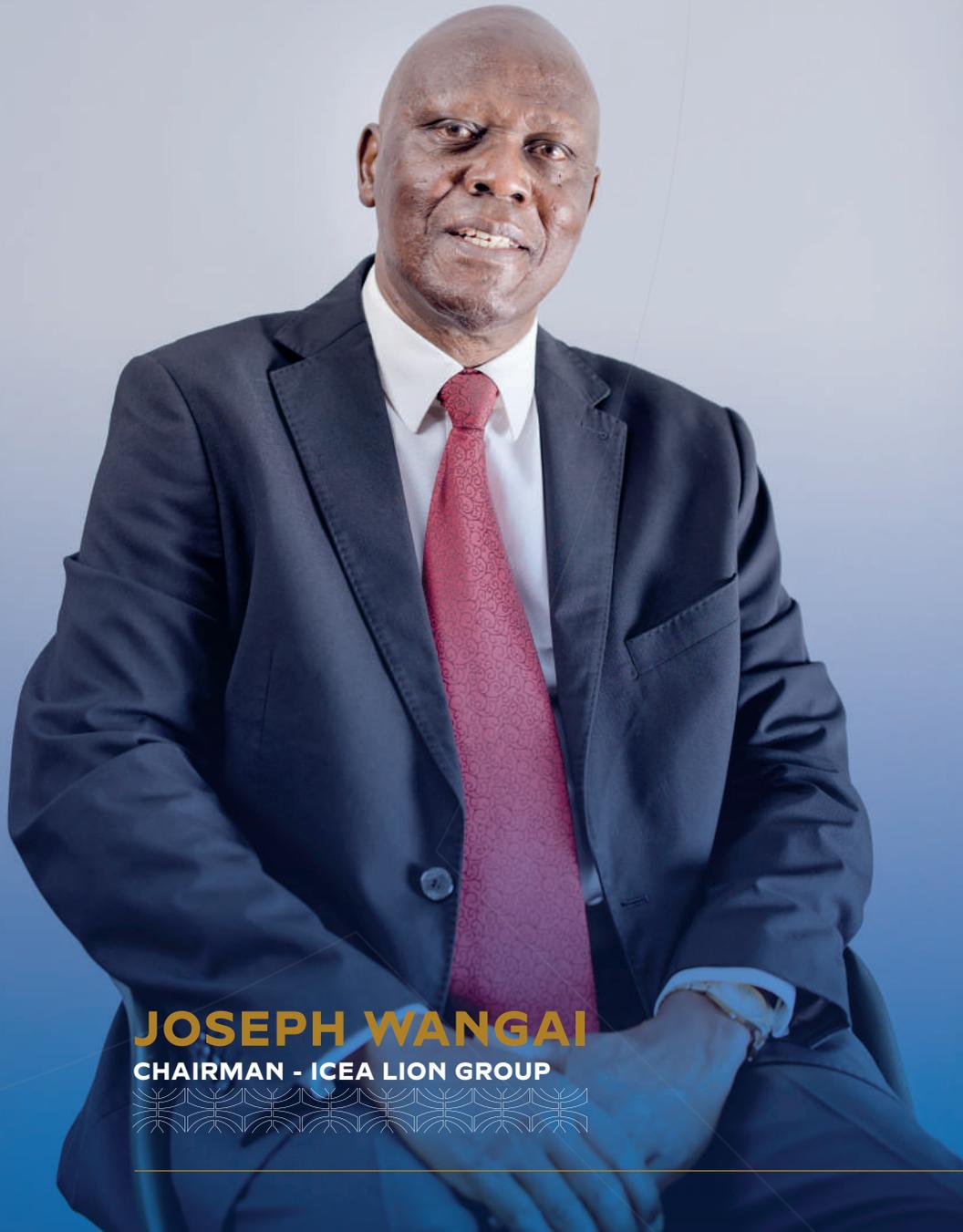
We are pioneers of the NDSI, which is a statement of commitment by African Insurance leaders to support the SDGs. We co-created the NDSI together with the UNEP PSI at the Market event that we hosted on the 22nd of April 2021. To date, more than **100** insurers, reinsurers and brokers across Africa have signed onto the declaration and we are working together to accelerate solutions to major sustainability challenges – ranging from climate change and ecosystem degradation to poverty and social inequality. NDSI signatories are committed to taking action to develop African solutions to African challenges.



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JOSEPH WANGAI
CHAIRMAN - ICEA LION GROUP

GOVERNANCE STATEMENTS

CHAIRMAN'S GOVERNANCE STATEMENT

"Being here for the long haul means our focus on best in class corporate governance practices and a culture that delivers sustainable returns is part of our ethos."

On behalf of the ICEA LION Life Assurance Board, it is my pleasure to share with you this comprehensive 2022 Corporate Governance Report. We are committed to achieving the highest standards possible, in terms of:

- Accountability
- Integrity
- Fairness
- Responsibility
- Transparency

In pursuit of this objective, we have put in place formal structures to support corporate governance. These structures are regularly reviewed in order to strengthen and improve them. In light of this, we have implemented best practice governance guidelines including the King IV Corporate Governance Code to guide our governance processes. We have also used the International Integrated Reporting Council (IIRC) Framework in providing these disclosures.

In this report, I highlight key features of the current corporate governance practices.

BOARD OF DIRECTORS

Our Company's Board is responsible for the development of corporate governance practice and ensuring compliance by all the Company's organs.

ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

GOVERNANCE STATEMENTS

CHAIRMAN'S GOVERNANCE STATEMENT

We deliver this through Board Committees and by having in place business principles and practices as well as internal control and risk management processes that seek to ensure preservation and growth of stakeholder value.

BOARD CHARTER & WORK PLAN

Our Board Charter contains provisions that ensure that we, as the Board, observe best practice in corporate governance.

Our work plan has a formal schedule of matters specifically reserved for the Board's attention to ensure we exercise full control over all significant matters. It sets out the schedule of meetings for the Board and its committees and the main business to be dealt with during those meetings. Special meetings are arranged as necessary.

OUR BOARD CHARTER

Key components in our Board charter include the following:



GOVERNANCE STATEMENTS

CHAIRMAN'S GOVERNANCE STATEMENT

BOARD COMPOSITION & APPOINTMENTS

Our Board of Directors consists of the Chief Executive Officer and twelve non-executive directors including myself as Chairman. These Directors have a good mix of skills, experience and competencies in relevant fields of expertise. Further, these Directors meet the "fit and proper persons' criteria" in compliance with the "Guidelines of Suitability of Persons" as required by the Insurance Regulatory Authority. Directors are appointed by the Nomination and Remuneration Committee of the Board.

Diversity

Our Board recognises the benefits of a diverse skills base across the Company and is supportive of initiatives that promote diversity at all levels. Despite making some strides in this regard, we as a Company still seek to increase female representation at Board level. This continues to be a target we are eager to achieve in the near future.

BOARD MEETINGS AND INFORMATION FOR DIRECTORS

In 2022, our Board met four times on pre-set dates, to review and monitor the implementation of strategic initiatives and business plans, review quarterly financial results, approve financial reports and maintain effective control over strategic, financial, operational and compliance issues. In carrying out the above responsibilities, our Board delegates its authority to the Chief Executive Officer to oversee the day to day operations of the Company.

The notice of Board meetings is given in advance in accordance with the Company's Articles of Association and is distributed together with the agenda and board papers to all the directors beforehand, covering regular business progress reports and discussion papers on specific matters.

The Company Secretary is always available to attend to matters pertaining to the Board of Directors and Board Committees. All reports from the Insurance Regulatory Authority, the Kenya Revenue Authority, auditors, actuaries and rating agencies are reviewed at Board meetings and appropriate action taken.

Board Evaluation

Regulations calling for board evaluation represent the minimum requirements and this, carried out by an external consultant, coordinated by the Chairman and Company Secretary, goes beyond a check-box compliance exercise. Our evaluation contributes significantly to performance improvements on four levels that is: at the Organisational, Board, Individual Board Member and Stakeholder levels. The Board evaluations have been carried out for the past five consecutive years with significant improvements made to this end.

ROLE OF THE CHAIRMAN & THE CHIEF EXECUTIVE OFFICER

The Board is committed to a clear division of responsibilities between the Chairman and the CEO. The Chairman is responsible for managing the Board and providing strategic leadership to the Company. The CEO directs the implementation of Board decisions and instructions. Our CEO steers the organisation to realise its strategic objectives in conjunction with the senior leadership team.

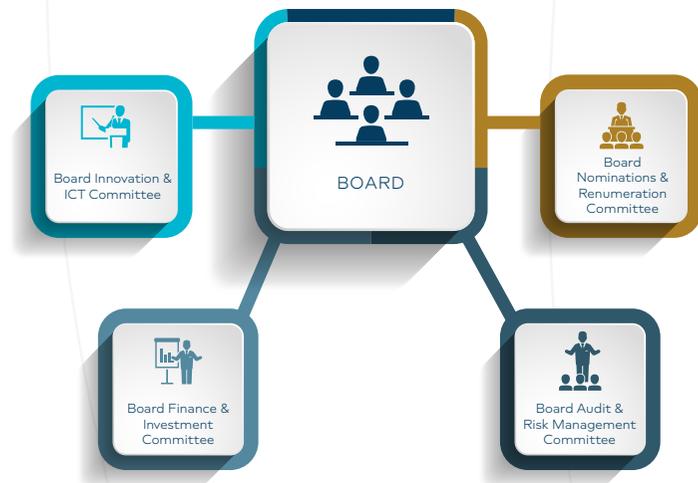
OUR BOARD COMMITTEES

Our Board has constituted several committees to assist us to discharge our responsibilities and obligations more effectively. The committees consist of at least two non-executive directors as well as members of the leadership team of ICEA LION who attend by invitation. They report on their activities quarterly to the Board.

ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

GOVERNANCE STATEMENTS

CHAIRMAN'S GOVERNANCE STATEMENT

**(a) Board Audit & Risk Management Committee**

This Committee is chaired by an independent non-executive director. There are eight other non-executive directors, two of whom are independent, who sit in this committee. The CEO, the Chief Financial Officer, Manager, Internal Audit and the Manager, Risk and Compliance, attend by invitation.

The Committee met four times in 2022 and is responsible for:

- Ensuring that the systems and controls, procedures and policies of the Company as well as risk management activities are properly established, monitored and reported on
- The Committee meets quarterly to review external auditors' plans and reports, internal audit reports and any proposals or reports that affect ICEA LION's internal control environment
- Matters relating to ethics and policy holders protection are dealt with by this committee

- The Audit, Risk and Compliance Committee is also responsible for monitoring and providing effective supervision of the Management's financial reporting process to ensure accurate and timely financial reporting
- Additionally, the committee is responsible for ensuring entrenchment of good corporate governance practices at ICEA LION

(b) Board Finance & Investments Committee

This Committee has six non-executive directors, two of whom are independent. The CEO, Chief Financial Officer and the CEO of ICEA LION Asset Management Limited attend by invitation.

The Committee met four times in the year to review:

- The financial and investment strategies
- Approve or recommend to the board for approval investment projects in accordance with the Company's investment policy
- Review the performance of the investment portfolio
- Monitor special investment projects

(c) Board Innovation and ICT Committee

This Committee is chaired by an independent non-executive director. Two other non-executive directors, both of whom are independent and three other directors also sit in. The CEO, Head of Technology & Transformation, Head of Infrastructure, Head of Business Applications and the Manager, Risk and Compliance, attend by invitation. This committee met four times in 2022.

GOVERNANCE STATEMENTS

CHAIRMAN'S GOVERNANCE STATEMENT

This Committee reviews;

- The ICT strategy including ICT security and business continuity plans (BCP)
- Recommends ICT projects for Board approval
- Reviews recommendations on the annual budgets and monitoring project implementation
- It also vets the Company' innovation strategy and investments in innovation development prior to submission to the Board for approval
- It monitors compliance with the approved innovation strategy, including innovation portfolio mix and the progress made in its implementation

(d) Board Nominations & Remuneration Committee

This Committee has five non-executive directors, two of whom are independent. The Chief Executive Officer attends by invitation.

This Committee is responsible for:

- Making recommendations to the board on executive remuneration and incentive policies
- Recruitment
- Retention and termination policies for senior management
- Remuneration framework as well as succession planning

(e) Board Executive Committee

This committee is chaired by an independent, non-executive director. There are four other non-executive directors who sit in this committee. The CEO also attends the committee meetings by invitation.

This is a newly constituted committee which is responsible for;

- a) Strategic and key business execution policy matters of the Company
- b) Reviewing the budget and recommending its approval to the Board
- c) Providing entrepreneurial leadership to the Company within a framework of prudent and effective controls
- d) Monitoring the Company's capital position and reviewing and approving proposals for the allocation of capital and other resources within the Company
- e) Reviewing transactions where the Director(s) and/or related parties of the Company enter into substantial transactions, whether directly or indirectly
- f) Monitoring the actual against projected impact of Board approved strategy
- g) Driving and monitoring operating and financial performance;
- h) Prioritising and allocating resources; and
- i) Oversight of the implementation of operational plans, annual budgeting and periodic reviews of the Company's operations and strategic plans

Below is a summary of our Board Committee 2022 attendance. Attendance at Full and Board Committee meetings was commendable.

ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

GOVERNANCE STATEMENTS

CHAIRMAN'S GOVERNANCE STATEMENT

BOARD OF DIRECTORS MEETING ATTENDANCE

MAIN BOARD MEETING					
Name	Designation	18/03/2022	17/06/2022	23/09/2022	25/11/2022
J. Wangai	Chairman	•	•	•	•
J. P. M. Ndegwa	Member	•	•	•	•
A. S M. Ndegwa	Member	•	•	•	•
D.G. M. Hutchison	Member	•	•	•	•
R. M. Ndegwa	Alternate Director	•	•	•	•
E. M. Ndegwa	Member	•	•	•	•
J. K. Kimeu	Member	•	•	•	•
Dr. C. Mwangi	Member	•	•	•	•
M. Manga	Member	•	•	•	•
M. Abdullahi	Member	•	•	•	•
K. Thuo	Member	•	•	•	•
P. K. Mugambi	Alternate Director	•	•	•	•
D. Lacey	Member	•	•	•	•
N. Kelly	Member	•	•	•	•
G. Nyakundi	CEO	•	•	•	•

 Present
  Absent with appology

CHAIRMAN'S GOVERNANCE STATEMENT

BOARD AUDIT, RISK & COMPLIANCE COMMITTEE					
Name	Designation	15/03/2022	14/06/2022	20/09/2022	22/11/2022
K. Thuo	Chairman	●	●	●	●
A. S. M. Ndegwa	Member	●	●	●	●
J. K. Kimeu	Member	●	●	●	●
D. G. M. Hutchison	Member	●	●	●	●
P. K. Mugambi	Member	●	●	●	●
R. M. Ndegwa	Member	●	●	●	●
E. M. Ndegwa	Member	●	●	●	●
Dr. C. Mwangi	Member	●	●	●	●
D. Lacey	Member	●	●	●	●
N. Kelly	Member	●	●	●	●
G. Nyakundi	CEO	●	●	●	●

BOARD REMUNERATION & NOMINATIONS COMMITTEE			
Name	Designation	17/03/2022	21/11/2022
J. P. M. Ndegwa	Chairman	●	●
A. S. M. Ndegwa	Member	●	●
J. Wangai	Member	●	●
J. K. Kimeu	Member	●	●
Dr. C. Mwangi	Member	●	●
D. Lacey	Member	●	●
N. Kelly	Member	●	●
G. Nyakundi	CEO	●	●

● Present ● Absent with apology

ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

GOVERNANCE STATEMENTS

CHAIRMAN'S GOVERNANCE STATEMENT

BOARD INNOVATION & ICT COMMITTEE					
Name	Designation	14/03/2022	13/06/2022	19/09/2022	21/11/2022
M. Manga	Chairman	•	•	•	•
A. S. M. Ndegwa	Member	•	•	•	•
J. K. Kimeu	Member	•	•	•	•
P. K. Mugambi	Member	•	•	•	•
M. Abdullahi	Member	•	•	•	•
Dr. C. Mwangi	Member	•	•	•	•
D. Lacey	Member	•	•	•	•
N. Kelly	Member	•	•	•	•
G. Nyakundi	CEO	•	•	•	•

BOARD FINANCE & INVESTMENT COMMITTEE					
Name	Designation	14/03/2022	13/06/2022	19/09/2022	21/11/2022
A. S. M. Ndegwa	Chairman	•	•	•	•
J. K. Kimeu	Member	•	•	•	•
P. K. Mugambi	Member	•	•	•	•
M. Manga	Member	•	•	•	•
Dr. C. Mwangi	Member	•	•	•	•
D. Lacey	Member	•	•	•	•
N. Kelly	Member	•	•	•	•
G. Nyakundi	CEO	•	•	•	•

 Present
  Absent with apology

Attendance at Full and Board Committee meetings was commendable.

GOVERNANCE STATEMENTS

CHAIRMAN'S GOVERNANCE STATEMENT

PRINCIPAL OFFICER & SENIOR MANAGEMENT

In our commitment to strengthen efficiency and executional capability, we have in place a strong management team. The calibre of our senior leadership team has ensured that risks and governance have been well managed throughout the year with a clear commitment to not only doing things in the right way but also doing the right things. Our team has the requisite qualifications and experience in their respective fields. We also meet the "fit and proper persons' criteria" in compliance with the "Guidelines of Suitability of Persons" as required by the Insurance Regulatory Authority.

Directors have been inducted on how the Group manages and governs itself, how we make decisions, what we stand for and the standards of governance we wish to retain.

OUR SUSTAINABILITY PRACTICES

Long-term sustainability is a key pillar of our internally adopted best-practice corporate governance philosophy. ICEA LION has been a signatory to the United Nations Environmental Programme Finance Initiative (UNEP FI) Principles of Sustainable Insurance (PSI) for the past four years. These principles provide a global roadmap to develop and expand innovative risk management and insurance solutions that promote:

- Social and environmental protection
- Inclusive insurance
- Renewable energy
- Food security
- Clean water
- Sustainable cities and
- Disaster-resilient communities

Sustainable insurance aims to:

- Reduce risk
- Develop innovative solutions
- Improve business performance; and
- Contribute to environmental, social and economic sustainability while creating shared value

We have recently joined the UN-convened Net-Zero Insurance Alliance (NZIA) which brings together some of the world's leading insurers and reinsurers to play their part in accelerating the transition to low carbon emissions by 2050. NZIA reinforces our deep commitment to continue to engage with our customers to deliver solutions that support their resilience in current times and more importantly in the medium to long term.

We have also co-developed **Nairobi Declaration on Sustainable Insurance** – a statement of commitment by African insurance leaders to promote the SDGs through our business practices.

INTERNAL CONTROL & RISK MANAGEMENT SYSTEMS

Our Company is exposed to a variety of risks which can have a negative impact on our stakeholders. We have put in place a strong integrated risk management process in our daily business activities as well as solid corporate governance structures that promote effective identification, monitoring and management of risk.

These structures include well developed and documented internal procedures, clearly defined reporting lines and well-structured regular training programmes for staff.

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The latter are intended to enable staff to attain a clear appreciation of the nature of business risk; the likely consequences of not giving adequate attention to, or failure to properly manage risk; and of the universally accepted and internally prescribed techniques of effectively managing risk.

Our Company has established a fully-fledged risk management and compliance function headed by a senior officer. This position is the focal point of in-house risk management compliance monitoring, authentication and related activities. This function has coordinated the setup of the risk appetite by the Board of Directors which has been cascaded to the senior management team.

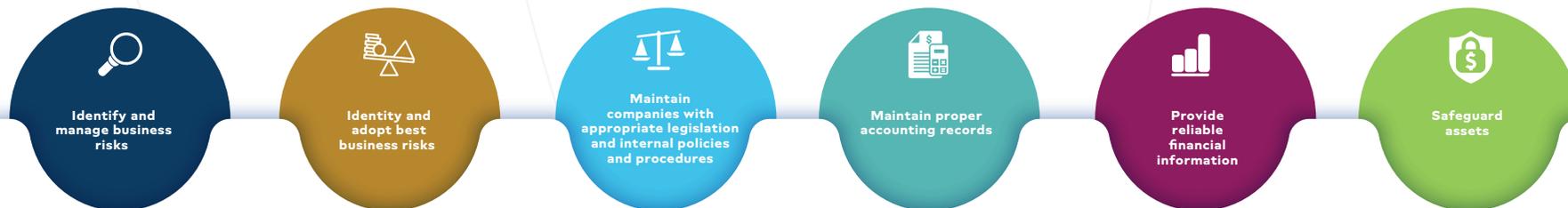
We have recently incorporated a new approach to risk management – the **Dynamic Risk Assessment** which seeks to depict the connectedness of risks; away from the traditional, two dimensional view of risk, by mathematically and visually illustrating risk connectivity, contagion and clusters.

It introduces the dimensions of interconnectivity and velocity to the traditional impact and likelihood view of the risks.

We also have in place an independent internal audit function headed by a senior officer. This function reviews the adequacy and effectiveness of ICEA LION's adherence to its internal controls as well as reporting on strategies, policies and procedures.

Our internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and provide reasonable assurance against material financial misstatements or loss.

These systems are designed to:



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CHAIRMAN'S GOVERNANCE STATEMENT

The Board satisfies itself that the internal control framework is operating optimally through the following:



COMPLIANCE & ANTI-MONEY LAUNDERING PROGRAM

The sustained success of our Company is based on trust, respect and the responsible, integrity-enriched behaviour of all our employees. With our compliance and anti-money laundering programme, ICEA LION follows local and international guidelines and standards for rules-compliant and values-based corporate leadership.

These guidelines include:

- 01** The corporate governance code for private sector organisations
- 02** UNEP FI principles of sustainable insurance
- 03** The anti-money laundering guidelines by the Insurance Regulatory Authority (IRA)
- 04** The UK Corporate Governance Code
- 05** Organisation for Economic Co-operation and Development (OECD) principles on Corporate Governance
- 06** The King IV report on Corporate Governance
- 07** Financial Action Task Force (FATF) among others

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By recognising and supporting these local and international principles, we manage the risk of violating legal and regulatory provisions and requirements (compliance risks). This also means that our customers benefit from the fact that sustainability and social responsibility are integrated into corporate behaviour. The Company has been careful to ensure that we adhere to and continuously improve our standard of corporate governance. In light of this, we will continuously work toward full compliance with the King IV Governance code.

The standards for conduct established by the ICEA LION's Code of Business Conduct and Ethics serve to implement these guidelines and principles which are mandatory for all employees. The Code of Conduct and other internal guidelines adopted provide all employees with clear guidance on conduct that is in accordance with the values of the Company. They provide employees with practical guidelines for making their own decisions and avoiding potential conflicts of interest. These guidelines also help employees recognise when they are approaching a critical limit, such as the acceptance of gifts or invitations from business partners.

The Code of Business Conduct and Ethics also forms the basis for guidelines and controls to ensure fair dealings with our customers. In cases of doubt, the compliance department provides advice.

The tasks of the compliance team include:

- Advising the business units on laws, provisions and other regulations,
- The creation, implementation and monitoring of compliance with internal guidelines and standards as well as regular training of employees on applicable rules.

A major component of the compliance programme is an independently managed whistle-blower system that allows employees to confidentially alert the compliance and audit departments about any irregularities.

Employees who voice concerns about irregularities in good faith should not fear retribution in any form, even if the allegation later turns out to be unfounded. To transmit the principles of the Code of Conduct and other compliance guidelines and controls effectively, we have developed interactive training programmes.

ACTUARIAL FUNCTION

ICEA LION has in place an in-house actuarial function. This function evaluates and provides advice to our management regarding at a minimum, technical provisions, premium and pricing activities and compliance with related statutory and regulatory requirements. The Company has further contracted an "Appointed Actuary" who is a Fellow of The Actuarial Society of Kenya in compliance with the Actuarial Function guidelines released by the Insurance Regulatory Authority.

CONFLICT OF INTEREST

Our Directors are required to act in the best interest of ICEA LION at all times. It is our policy to ensure that Directors avoid putting themselves in positions whereby their interests' conflict with ICEA LION's interests. Any business transacted with the Directors or their companies must be at arm's length and fully disclosed. Our Board has adopted a policy which ensures that directors, management and staff disclose all possible conflict of interest sources and are required to exclude themselves in decisions where conflict of interest may arise.

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CHAIRMAN'S GOVERNANCE STATEMENT

DIRECTORS' EMOLUMENTS

The aggregate amount of emoluments paid to Directors for services rendered during the financial year is disclosed in Note 39 (f) to the financial statements for the year ended 31 December 2022. (See page 223)

RELATED PARTY TRANSACTIONS

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors or Management except those disclosed in Note 39 to the financial statements for the year ended 31 December 2022. (See page 222-223)

COMPLIANCE WITH THE LAW

Our Board is satisfied that ICEA LION has, to the best of its knowledge, put in place mechanisms to ensure compliance with all the applicable laws. To the knowledge of the Board, no director, employee or agent of the Company acted or committed any indictable offence in conducting the affairs of ICEA LION nor has any of them been involved or been used as a conduit for money laundering or any other activity incompatible with the relevant laws.

CONDUCT OF BUSINESS & PERFORMANCE REPORTING

ICEA LION's business is conducted in accordance with a carefully formulated strategy, annual business plans and budgets which set out very clear objectives. Roles and responsibilities have been clearly defined with approved authority being delegated. Performance against the objectives is reviewed and discussed on a regular basis by the management team. Management prepares a quarterly business review report which is presented to the Board and any issues arising are fully discussed. Performance trends, forecasts as well as actual performance against budget are closely monitored.

DISCLOSURE OF INFORMATION & RELATIONSHIP WITH THE INSURANCE REGULATORY AUTHORITY

ICEA LION shares information on its financial position and the risks to which it is subject to. This information gives a well-rounded view of our Company and includes financial position, performance and corporate governance among other perspectives. This information is shared with the Insurance Regulatory Authority and other relevant stakeholders.

ACCOUNTABILITY, AUDIT & SHAREHOLDER RELATIONS

Our Board recognises its responsibility to present a balanced and understandable assessment of ICEA LION's financial position, performance and prospects.

Our financial statements are prepared in accordance with IFRS and the requirements of the Kenyan Companies Act 2015 and are audited in accordance with International Auditing Standards. Our Directors recognise and have confirmed responsibility over the financial statements and have provided other information in this integrated report that we consider useful to shareholders and other stakeholders.

STAKEHOLDER GROUPS

We take cognizance of the fact that we can only thrive if we balance the interests of our key stakeholders. The target operating model puts market management as well as customer value at the centre stage with customer centricity and innovation programmes having been defined. In order to assure its progress, we measure our customers' satisfaction and brand value.

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Our Company cannot excel in customer experience excellence and market success without the support and commitment of its employees. As a result, we are strongly investing in our talent pool by providing opportunities for personal and institutional development.

CORPORATE GOVERNANCE

The Group has consistently practiced good corporate governance, reflecting its belief that robust governance practices, processes and culture are fundamental to inspiring investors' confidence, ensuring long-term shareholder value and protecting stakeholders' interests.

The Board will continue to focus on further improving board policies and practices in execution of its oversight role while integrating sustainability goals with business strategy and operations and promoting meaningful engagement with our stakeholders.

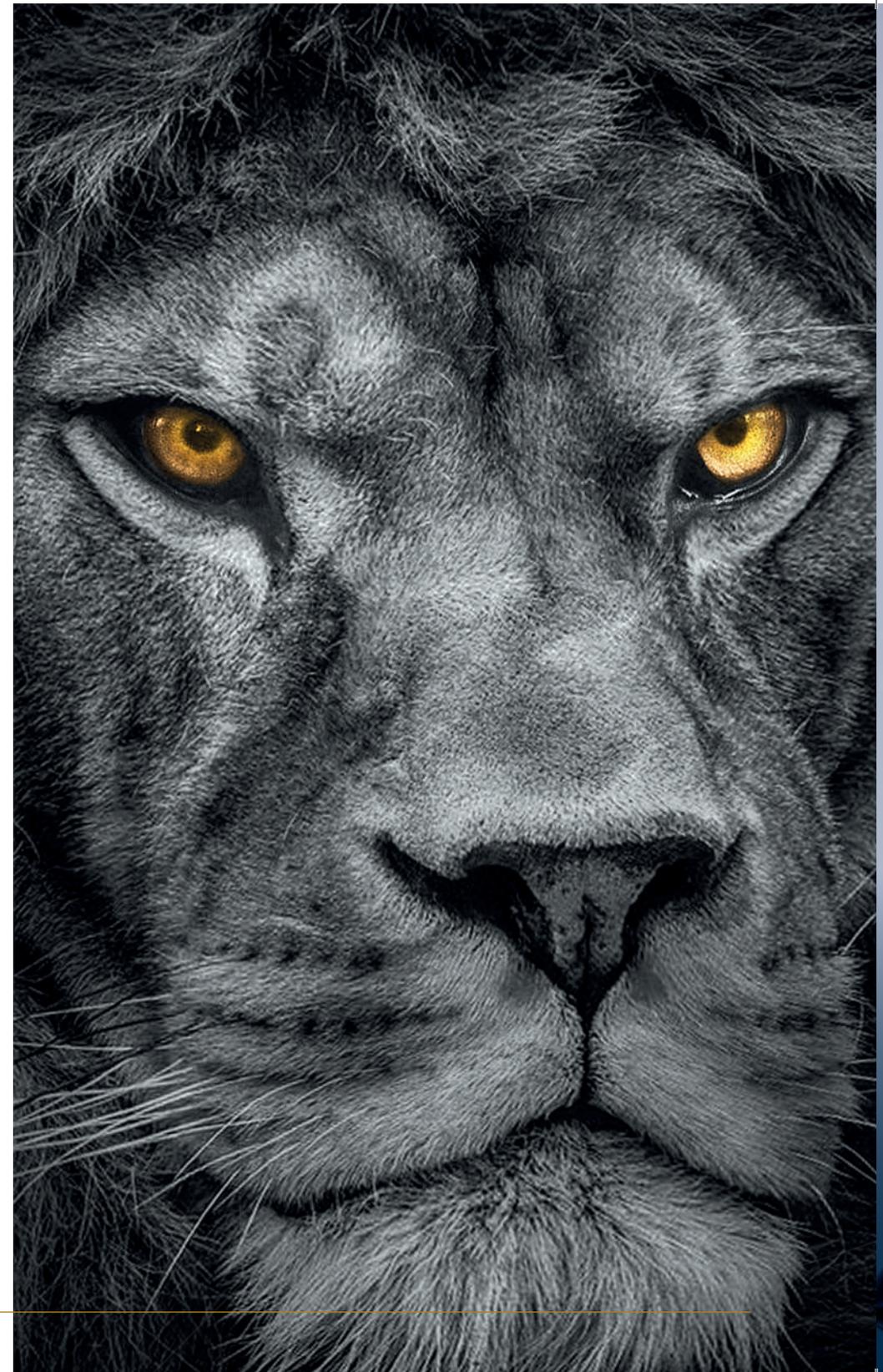
DIRECTOR APPOINTMENT

On 18th March 2022, the board onboarded a new director, Mr. Ernest Ndegwa. Mr. Ernest Ndegwa is a great addition to our board and brings onboard diverse experience as described on page 70.

It is my pleasure in the spirit of disclosure in this integrated report, to introduce the statements from our Board Committee Chairmen as detailed on the pages 63-74.



JOSEPH WANGAI
CHAIRMAN - ICEA LION GROUP





ANDREW NDEGWA
COMMITTEE CHAIRMAN



GOVERNANCE STATEMENTS

BOARD FINANCE & INVESTMENT COMMITTEE

CHAIRMAN'S STATEMENT

It is my pleasure to present the report of the Board Finance and Investment Committee for the year ended 31 December 2022.

The Committee is charged with the responsibility of:

- Reviewing and recommending to the Board the Company's asset allocation policies and strategies including asset liability matching
- Reviewing investment policies and strategies
- Monitoring compliance with the approved investment strategy including investment mix
- Monitoring the performance of the investment portfolio
- Recommending investment proposals to the Board for approval and overseeing investment projects
- Engaging and overseeing the performance of investment managers and consultants

During the year 2022, the Company investment portfolio increased by Kshs 13.8 billion from Kshs 116.9 billion to Kshs 130.7 billion representing a growth of 11.85%. This was thanks to new business inflows and reinvestment of net realized investment income after claims payments and management expenses.

From a portfolio mix standpoint, 80% of our investment assets are placed in the fixed income asset class. This is in large part due to the need to ensure capital preservation and stability of returns that align with the company's liability profile. To this end, our investment in government securities increased by Kshs 13.4 billion to close the year at Kshs 106 billion.

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Due to an increase in interest rates during the year, this asset class performed well recording above target realized interest income. This result was however tempered by unrealized revaluation losses emanating from the marked-to-market component of the portfolio, which suffered a diminution in fair value with bond prices falling as interest rates rose.

With regard to the equities portfolio which represents about 6% of investment assets, performance was subdued on the back of a general slump on the Nairobi Securities Exchange. The market weighted NSE 25 share index was down 16% compared to an increase of 9.6% in 2021. In line with the general market trend, revaluation losses on the Company's equity portfolio amounted to Kshs 1.9 billion. This performance was resilient compared to the NSE All Share Index which was down 23.4% for the year. The relative outperformance was the result of a careful stock selection strategy. As a long term insurer, our asset allocation and selection models have a correspondingly long term outlook and we consider this volatility to be an opportunity to invest in fundamentally sound companies.

Our real estate holdings, which constitute about 7% of the Company investment portfolio, returned revaluation losses of Kshs 0.6 billion. This was largely due to rental concessions granted to improve occupancy in the long term. Given our strategic development plans and operational interventions in terms of refurbishments and marketing coupled with new rental models, we are confident of increased future returns from this asset class.

The challenges experienced across our three main asset classes during 2022 mean that it is more important than ever that we diversify our placements across a broader range of investments which offer competitive returns while protecting the value of capital invested. To this end, we have developed an Alternative Investments Framework which we shall apply to identify suitable opportunities as well as ensure robust risk management in both selection and post investment management of assets.

ANDREW NDEGWA COMMITTEE CHAIRMAN



KAIRO THUO
COMMITTEE CHAIRMAN



GOVERNANCE STATEMENTS

BOARD AUDIT & RISK MANAGEMENT COMMITTEE

CHAIRMAN'S STATEMENT

"Following best practices in risk management and internal controls augments our quest towards promoting sustainable performance across all fronts within the organisation."

As Chair of the Audit and Risk Management Committee, I am pleased to present our report. The committee meets quarterly to review external auditors' plans and reports, internal audit reports and any proposals or reports that affect the Company's internal control environment. Matters relating to ethics and policy holders' protection are dealt with by this committee.

The Audit and Risk Management Committee is also responsible for monitoring and providing effective supervision of the management's financial reporting process to ensure accurate and timely financial reporting. Additionally, the committee is responsible for ensuring entrenchment of good corporate governance practices.

Being an election year and coming so soon after the COVID 19 pandemic, the Committee provided oversight to the Company's resilience strategy. Apart from monitoring and reviewing resilience in business performance, the Committee also ensured that the Company had effective business continuity and staff safety plans during this highly uncertain period. I am glad to report that in spite of these uncertainties, the impressive results posted by the Company are a true testament to the Group's resilience strategy built on a strong foundation built over the years.

IFRS 17 also took centre stage in this particular year with the Committee providing oversight of this project by ensuring all project risks were monitored and mitigated in a bid to guarantee success of the project.

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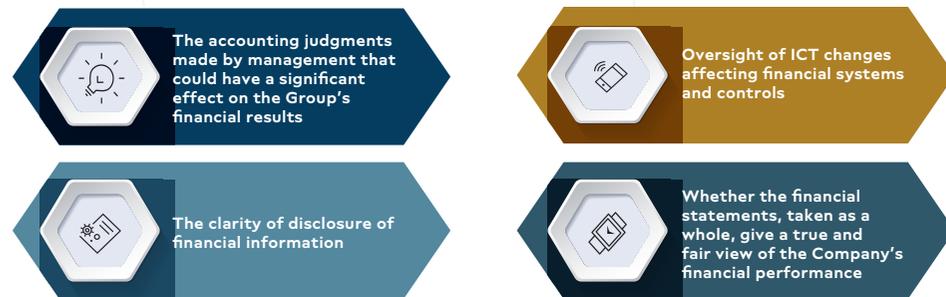
GOVERNANCE STATEMENTS

BOARD AUDIT & RISK MANAGEMENT COMMITTEE STATEMENT

CHAIRMAN'S STATEMENT

The committee also reviewed the Company's Integrated Report as well as reviewed the effectiveness of the internal controls and the work of Risk and Internal Audit functions.

In respect of financial statements, the Committee's focus was:



The Statement of Directors' Responsibilities on this can be found on page 131 of this report.

COMPANY CAPITAL ADEQUACY

The Committee reviewed and affirmed that the Company's capital adequacy status was adequate. Further, the Capital Management strategy in place was sound and capable of supporting the Company's planned growth strategy.

FILING OF STATUTORY RETURNS

The Committee reviewed the filing of various statutory returns in the Company's subsidiaries and was satisfied with the compliance levels. No major issue was noted during the period under review.

INTERNAL CONTROL & RISK MANAGEMENT

The Board has overall accountability for ensuring that risk is effectively managed across the Company. On behalf of the Board, this Committee has responsibility for reviewing the effectiveness of internal controls including financial, operational and compliance controls. In order to do this, the Committee:

- Receives and agrees on appropriate actions in response to regular reports from the Risk and Internal Audit functions on:
 - The status of internal control and risk management systems
 - The department's findings, annual plan and the resources available to it to perform its work
 - Any concerns expressed by colleagues about possible malpractice or wrongdoing
- Reviews whistle-blowing reports from the Company; and reviews the external auditor's management letter on internal financial controls.
- Seeks reports from senior management on the effectiveness of the management of key risk areas; and monitors the adequacy and timeliness of management's response to identified audit issues.

The Company's principal risks are set out from pages 76-88 of this report.

The main features of the Company's internal control and risk management systems relating to the accuracy and reliability of financial reporting, including the process for preparing the integrated report are:

- Recruitment of suitable qualified and experienced finance, internal audit and risk team members
- Segregation of duties, clear lines of accountability and delegation of authority

GOVERNANCE STATEMENTS

BOARD AUDIT & RISK MANAGEMENT COMMITTEE STATEMENT

CHAIRMAN'S STATEMENT

- Policies and procedures that cover financial planning and reporting, preparation of financial and non-financial information and capital expenditure
- A robust period-end review process including review and commentary from process owners
- A tiered review process for external financial reports involving internal stakeholders from relevant areas of the business

No significant failings or weaknesses of internal controls were identified during these reviews.

Where limited weaknesses and areas where controls could be further automated, clear action plans were put in place to address these weaknesses and were captured as part of audit findings and functional risk registers with defined management responsibility.

INFORMATION TECHNOLOGY RISKS

As part of its oversight responsibility, this Committee reviews controls over ICT. The Company has a qualified ICT systems auditor who reviews ICT systems general controls with an aim of providing an independent assurance on the effectiveness and efficiency of IT controls. Aside from that, working with the internal auditors, external auditors and external technical reviewers, the Committee was able to review the status of the Company's information security processes.

CYBER SECURITY AND DATA PROTECTION

With the new Data Protection Act, 2019, the Committee placed significant focus on data loss risks with the Company adopting a clear roadmap and strategy for data protection compliance. An independent assessment of the Companies data protection status was conducted by Ernst and Young, a project that highlighted the effectiveness of the processes we have put in place to comply with the Act. The Committee also continues to monitor the cyber security landscape, a threat that continuous to grow in the financial services sector.



ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

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CHAIRMAN'S STATEMENT

INTERNAL AUDIT

The Internal Audit Department provides objective and independent assurance to the Committee on the state of the Company's risk management and governance frameworks, internal controls and integrity of the financial reporting process.

The internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and provide reasonable assurance against material financial misstatements or loss.

KEY AUDIT THEME	AUDIT FOCUS AREA	MEETING DATES 2022
Information Technology	IT Assets Management	15 th March
Information Technology	IT Security	15 th March
Operations	Underwriting	15 th March
Operations	Annuities	15 th March
Operations	Personal Retirements Schemes	14 th June
Operations	Branch Operations and Retail Network	14 th June
Finance	Cash and Bank	14 th June
Information Technology	ICEA LION Life Management System	14 th June
Information Technology	Personal Retirement Scheme Portal	20 th September
Finance	Tax	20 th September
Finance	Financial Investments	20 th September
Information Technology	Cyber Security	22 nd November
Compliance & Regulatory	Anti-Money Laundering	22 nd November

The Committee approved the Company's annual Internal Audit Plan, which was developed through a robust risk assessment of the Company's auditable universe.

The Internal Audit function executed its mandate by issuing regular audit reports to the Committee as well as tracking and monitoring management action regarding implementation of audit recommendations. Key audit themes covered in the audit period are highlighted in the table below:

The Committee is satisfied with the performance of the internal audit function and will continue to provide support in ensuring that the internal audit function is able to achieve its mandate effectively.

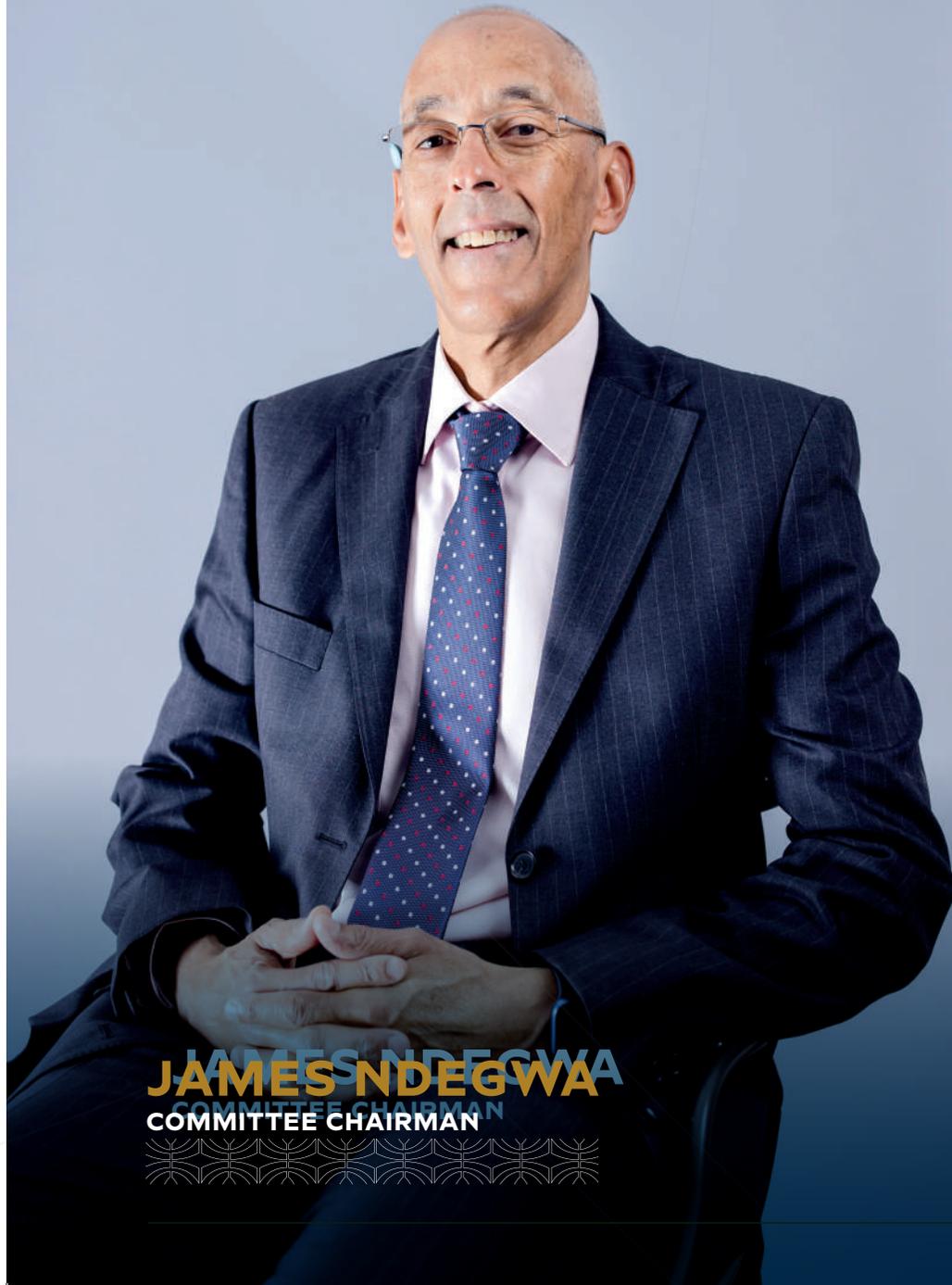
EFFECTIVENESS & INDEPENDENCE OF THE EXTERNAL AUDITOR

The Committee considered the effectiveness of KPMG as the external auditor over the last year. In making this assessment the Committee has considered the information presented by the auditors, management responses to the auditor's findings, including any adjustments and the level of audit fees.

To fulfil its responsibilities in respect of the independence and effectiveness of the external auditor, the Committee reviewed:

- Terms, areas of responsibility, duties and scope of work of the external auditor
- Audit work-plan for the Group
- Detailed findings of the audit including a discussion on major issue that arose during the audit
- The letter from the external auditor confirming its independence and objectivity
- The Committee is satisfied with the performance and independence of the external auditor

KAIRO THUO
COMMITTEE CHAIRMAN



JAMES NDEGWA
COMMITTEE CHAIRMAN



GOVERNANCE STATEMENTS

BOARD REMUNERATION & NOMINATION COMMITTEE REPORT

CHAIRMAN'S STATEMENT

"The overall purpose is to support the Board Vision of a Group characterized by integrity , professionalism and robust governance with a focus on empowering our people for enhanced performance culture. "

2022 was a year that the Group was settling back to near normal recovery from the impact of the 2020/21 Covid-19 crisis that impacted the lives of everyone within the Country. It is a year that exemplified the Group's purpose of protecting and creating wealth for our stakeholders. As a Group we remain committed to improving the competitiveness of our people and living our value that Our People are Important to Us.

The Remuneration and Nomination Committee is responsible for making recommendations to the Board on remuneration and incentive policies, recruitment and retention policies for senior management and the remuneration framework for directors, among other matters.

The Committee also makes recommendations for the appointment of potential directors, the evaluation of the performance and effectiveness of the Board, its Committees and Directors as well as succession planning.

In its efforts to realize key goals of the remuneration policy, the Committee considers risks and potential costs to the business in recommendations for the remuneration designs and applications.

During the year, two Nomination and Remuneration committee meetings were held to discuss the Groups people matters.

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BOARD REMUNERATION & NOMINATIONS COMMITTEE

CHAIRMAN'S STATEMENT

In discharging its responsibilities set out in the committee's terms of reference, the following were key focus areas for the year:

1. Review of the remuneration policy including review of enhanced employee benefits structure
2. Reviewed the Company's compliance with regulatory frameworks, Best Practice, Corporate Governance and Relevant codes
3. Overseeing the recruitment of senior management
4. Continued to oversee business continuity and effective risk management to ensure occupational health and safety measures are complied with
5. Assessing the well-being of employees through reports received from Management on employee health and wellness

Board Appointments

During the year the Committee recommended one non-executive board appointment that was made following regulatory approval.

Mr. Ernest Mwangi Ndegwa

Mr. Mwangi was appointed on 21st March 2022. He has vast experience spanning over 30 years gained working in various industries that includes Real Estate, Manufacturing and Finance Consulting. Currently he is the Managing Director and Chief Executive Officer of Amalgamated Properties Limited.

Mr. Mwangi holds a Master of Business Administration and a Bachelors of Arts Economics Degrees from York University Ontario Canada.

Remuneration Philosophy

The ICEA LION Group strives to ensure that the remuneration philosophy focuses on rewarding consistent and sustainable individual and corporate performance.

In its efforts to realize the key goals of the remuneration philosophy, the Group considers risks and the potential costs to the business in its recommendations for the remuneration designs and applications.

It ensures that an appropriate balance is achieved between the interests of shareholders, operational and strategic requirements of the Group and offers attractive and appropriate remuneration packages.

Remuneration Principles

The principles that reflect and drive the remuneration philosophy are:

- Fairly remunerate employees competitively based on skill set, experience and the contribution they make to the Company
- Effectively compete in the talent pool to attract and retain the best talent within the industry the Group operates in
- Transparency, fairness and objectivity in the reward systems to ensure they are easily understood and communicated.
- Provide internal and external pay equity based on fair and transparent remuneration practices
- Focus on pay mix structure that provide fixed and variable pay; and competitive benefits. Flexibility to accommodate business environment changes that impact staff remuneration issues.
- Promote and foster collaboration beyond individual roles, departments and operating business boundaries

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BOARD REMUNERATION & NOMINATIONS COMMITTEE

CHAIRMAN'S STATEMENT

The Groups targeted remuneration is aimed at providing a competitive and sustainable value for our employees to promote individual and Corporate performance. The remuneration levels are influenced by the prevailing market rates, business performance levels, viable cost ratios and prevailing pay rates in our markets for competent staff.

Periodic benchmark surveys with comparator organizations are conducted to inform remuneration levels, practices and other employee value propositions.

JAMES NDEGWA
COMMITTEE CHAIRMAN





MUGWE MANGA
COMMITTEE CHAIRMAN



GOVERNANCE STATEMENT

BOARD INNOVATION & ICT COMMITTEE

CHAIRMAN'S STATEMENT

INTRODUCTION

In my last year's report I wrote on the need for an efficient operating model for the technology and transformation department to guarantee that business continues to provide superior services in a tight industry environment that has low insurance penetration at 2% average in East Africa. That foresight has helped the ICEA LION Group to achieve great success amid the tech talent challenges the industry has experienced for the last two years. The opening of software development hubs by some of the world's largest tech companies in the country has caused the demand for quality tech talent to outpace the supply.

The challenge with tech talent will continue to bite and hence the need to create a compelling employee experience. The other focus must be in seeking the opportunity that lies in the insurance penetration by creatively meeting customer needs with new products delivered at the convenience of customers.

2022 REVIEW

Looking back at 2022, it gives me pleasure to see what the company has been able to achieve in placing convenient capabilities at the hands of our customers and partners. Last year was a significant and successful year in our innovation and transformation journey. The Company continued to add capabilities in our infrastructure and build interfaces to our customers and partners.

Our partners portal has seen significant upgrades with features that make our partners transact with ease. They are now able to create and download their own quotations and digitally onboard clients including bulk upload of scheme member's data.

GOVERNANCE STATEMENTS

BOARD INNOVATION & ICT REPORT 2022

CHAIRMAN'S STATEMENT

Our checkoff process is now automated and our partners have the benefit of automated reconciliation of their funds. We have also enabled our partners to initiate claims online from the portal. In pursuit of our strategy to integrate our services with brokers, we have opened our systems through secure Application Programming Interfaces (API) with brokers whose systems are ready for such integrations.

The business continues to focus on enabling full customer onboarding and transaction capabilities on our virtual chatbot advisor, Leo. From the comfort of their homes and through the familiar WhatsApp communication, our customers are now able to open and transact their own money market investments including joint and their children's accounts. Our customers can now also buy motor insurance and track their claims on WhatsApp from the comfort of their homes.

Medical Second Opinion, a unique and very affordable insurance product for those seeking to have a second opinion on their medical diagnosis from the best doctors in the world, is now accessible end to end through WhatsApp communication.

Finally, we have enabled our customers with Life insurance covers to take loans against their policies by simply dialling our USSD codes.

To enhance the resilience of our systems and infrastructure the Company migrated 25 of our customer facing workloads to the cloud in the course of last year.

This initiative has greatly increased the resilience and availability of our online services to customers.

Internal process improvements continue to be a key focus area for the Technology and Transformation team. Last year the team made improvements to more than 50 touchpoints in the life business process thus greatly improving our turn-around-times to customers.

2023 FOCUS AREAS

This year, our Group will continue to place convenience in the hands of our customers and partners with many services and products earmarked for provision through WhatsApp and the web. This is an ongoing quest to completely change the way customers access our products and services.

We are excited on the planned launch of our women-only insurance and investments product in the market this year. We believe there is a need to serve the unique needs of women in East Africa. This year we shall also enable investment groups (chamas) to invest in money market funds as an investment group.

We always pay right attention to compliance with regulations and reporting and we have embarked on a journey to be fully compliant with the International Financial Reporting Standard , IFRS 17 this year. In addition, we are looking forward to the completion and commissioning of a new insurance management system that will improve our service provision to our customers and give a flexible platform to create new products and services with ease.

ACKNOWLEDGEMENT

As I have always held, the achievement of transforming our services to the customers is only possible through excellent focus and dedication by our people.

ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

GOVERNANCE STATEMENTS

BOARD INNOVATION & ICT REPORT 2022

CHAIRMAN'S STATEMENT

I heartily thank all the ICEA LION Group staff without whom, these achievements we are proud of would not have been possible. My fellow directors in the Board have continued to give invaluable advice and encouragement to the management and I am truly grateful to them.

MUGWE MANGA COMMITTEE CHAIRMAN



OUR RISK LANDSCAPE - 04

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GOVERNANCE, RISK AND COMPLIANCE

GOVERNANCE AT A GLANCE



Our risk governance process is robust with a well-developed Enterprise Risk Management Framework, which includes mandated committees comprising the relevant skills and expertise.

RISK MANAGEMENT



Our risk measures aim at matching regulatory requirements and shareholder expectations for risk-adjusted returns.

We prudently manage our capital, liquidity and funding levels to support business growth, maintain interested parties confidence, create and protect wealth for our shareholders and clients. We closely monitor both financial and non-financial risks to manage risks.

REGULATORY COMPLIANCE



We manage compliance in accordance with our Compliance Framework and are guided by our Company values, code of ethics and applicable statutes/regulations/guidelines.

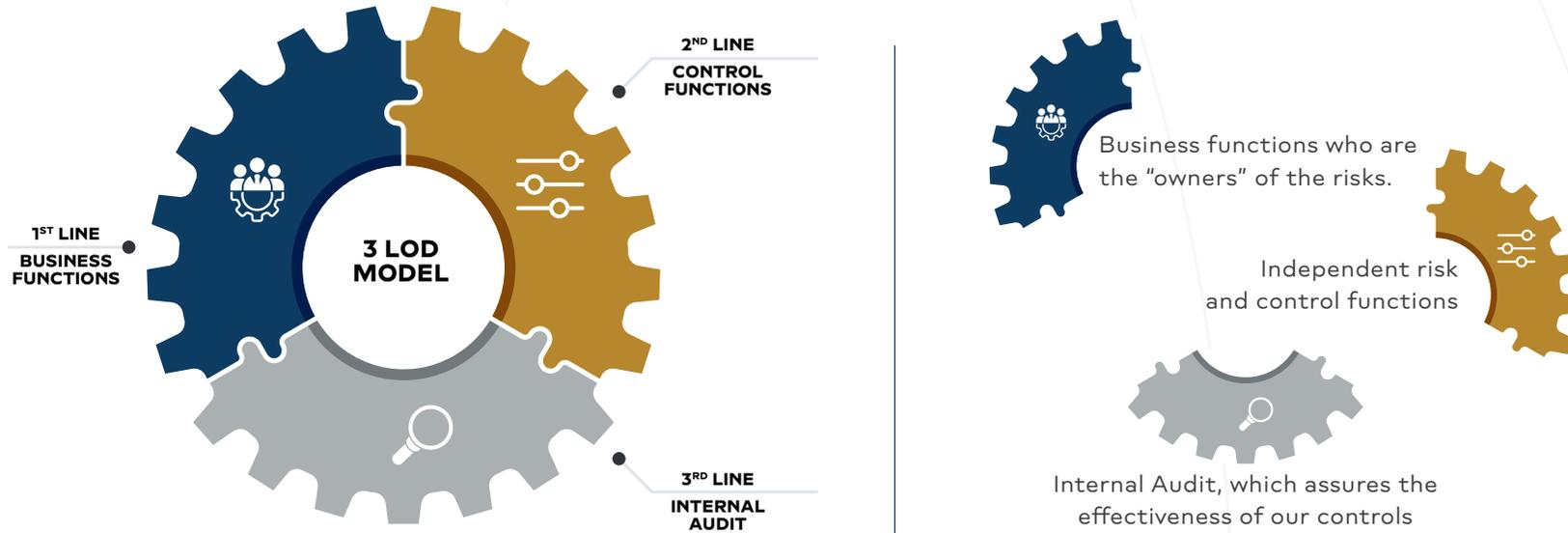
The Company is cognizant that non compliance has the potential of financial losses, fines or diminished reputation. We therefore continuously monitor our progress in managing compliance risks and ensure strict adherence to our internal and external compliance requirements.



"Effective management of risks as well as ensuring that our personal and market conduct reflects the highest standards of ethical and responsible business practices are key to supporting a sustainable future."

Dorothy Maseke
Group Head Risk & Compliance

OUR APPROACH TO RISK MANAGEMENT



1 ST LINE OF DEFENSE		2 ND LINE OF DEFENSE	3 RD LINE OF DEFENSE
The Board	General Support Functions	Risk Management Committees	Internal Audit
Business Units	ICT	Risk Management Function	
Technical support functions	HR & Administration	Actuarial Function	
Finance	Marketing & Communications	Legal and Compliance Function	
Claims	Strategy & Innovation		
Reinsurance	Research & Development		

OUR RISK LANDSCAPE

DYNAMIC RISK ASSESSMENT

DRA APPROACH

The DRA approach incorporates future trends and their downstream consequences to organizations so as to identify their future expected pathways of contagion and expected velocity.



The Group implemented a Dynamic Risk Assessment (DRA) approach last year - is a new technique for identifying and managing risks. This approach enables a connected view of risks; away from the traditional, two dimensional view of risk, by mathematically and visually illustrating risk connectivity, contagion and clusters. It introduces the dimensions of interconnectivity and velocity of the risks.

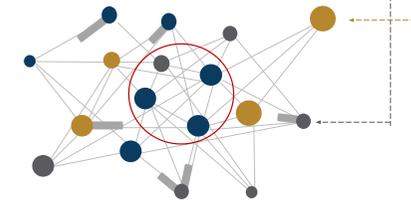
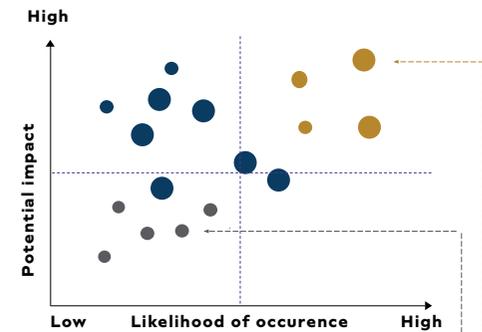


DRA approach recognizes the absence of certainty regarding future events, and provides insights on business decisions, and results, by accounting for the occurrence of potential challenges such as macro-economic and geo-political risks, population growth, its flow-on effects on food and water supplies, the energy revolution, rising life expectancy, among others.



This proprietary approach, owned by KPMG, was developed to deal with the limitations of traditional risk models in generating future outcomes when past data does not exist.

TWO DIMENSIONAL VIEW OF RISK



● This individually insignificant issue has hidden systemic significance: it triggers many other risks and opportunities into existence, all of them more significant than itself.

● The individually most significant issue exhibits low levels of expected contagion. Likelihood and impact of this cluster exceeds those of this single issue.

BUILDING RESILIENCE THROUGH RISK INTELLIGENCE

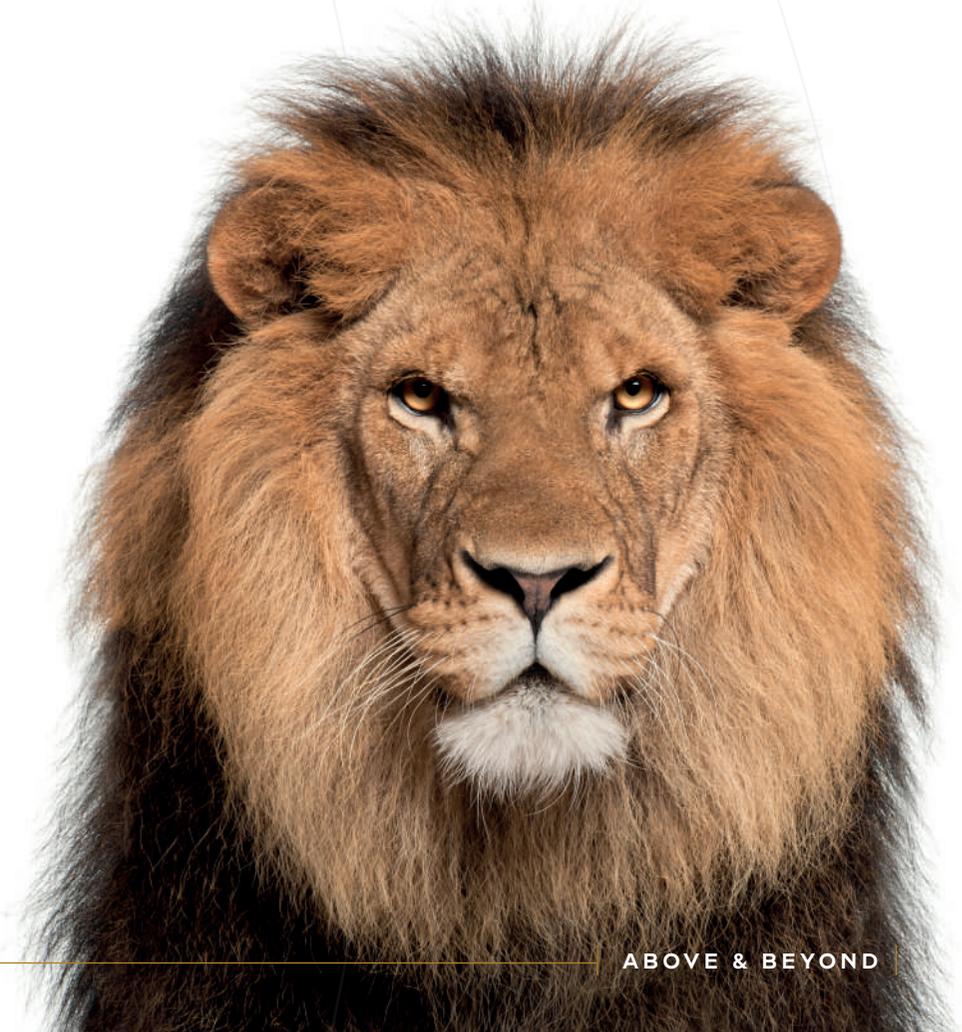
We have established and implemented a risk management framework as well as policies and procedures for managing risks within the Company. This framework is based on the ISO 31000 Enterprise Risk Management model. Key elements of this framework include; identification, measurement, analysis and reporting of risk.

We have put in place a strong integrated risk management process in our daily business activities, as well as strong corporate governance structures that promote effective identification, monitoring and management of risk.

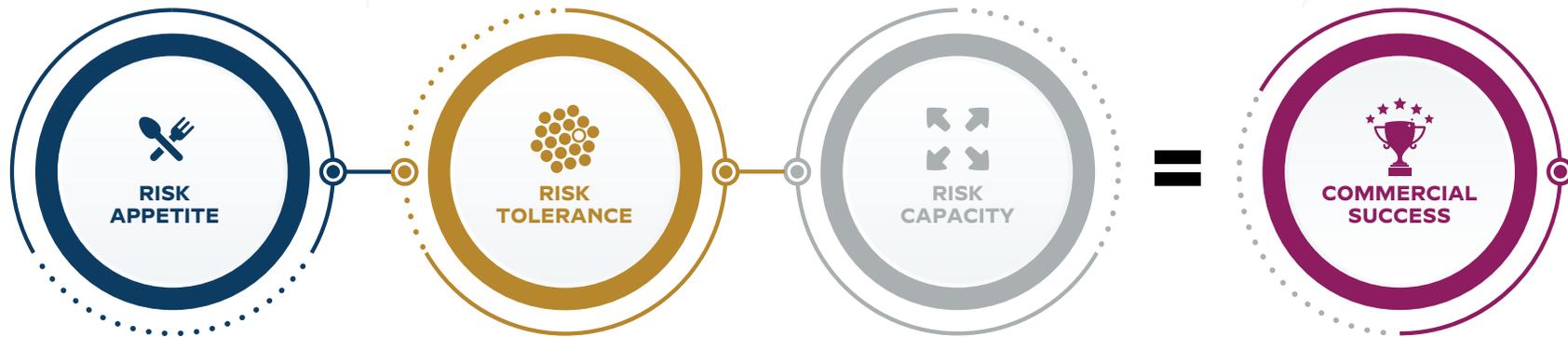
Moreover, we have established a fully-fledged risk management and compliance function headed by a senior officer. Independence of this function is maintained by a direct reporting line to the Board Audit and Risk Committee. This position is the focal point of in-house risk management compliance monitoring, authentication and related activities. The function has coordinated the setting up the corporate risk appetite by the Board of Directors which has been cascaded to the senior management team.

Regular risk assessment exercises are also conducted in a bid to integrate risk management into the business. Specific key risks are also measured individually against pre-defined risk tolerance levels. These structures include well developed and documented internal procedures, clearly defined reporting lines and well-structured regular training programs for staff.

This regular training is intended to enable staff attain a clear appreciation of the nature of business risks; the likely consequences of not giving adequate attention to and failure to properly manage risk. It also facilitates an appreciation of the universally accepted and internally prescribed techniques of effectively managing risk.



RISK APPETITE PROCESS AND SETTING



RISK APPETITE

Risk appetite is an expression of the amount or type of risk that the Company is generally willing to take in pursuit of its financial and strategic objectives, reflecting its capacity to sustain losses and continue to meet its obligations as they fall due, under both normal and a range of stress conditions.

Setting the risk appetite by putting in place parameters that support business decisions and business growth.



RISK TOLERANCE

Risk tolerance is the maximum amount or type of risk the Company is prepared to tolerate above risk appetite for short periods of time on the understanding that management action is taken to get back within risk appetite.

The role of risk is to support the Board in setting commercial appetite, direction and acting as a tool for assisting the business to make better decisions.

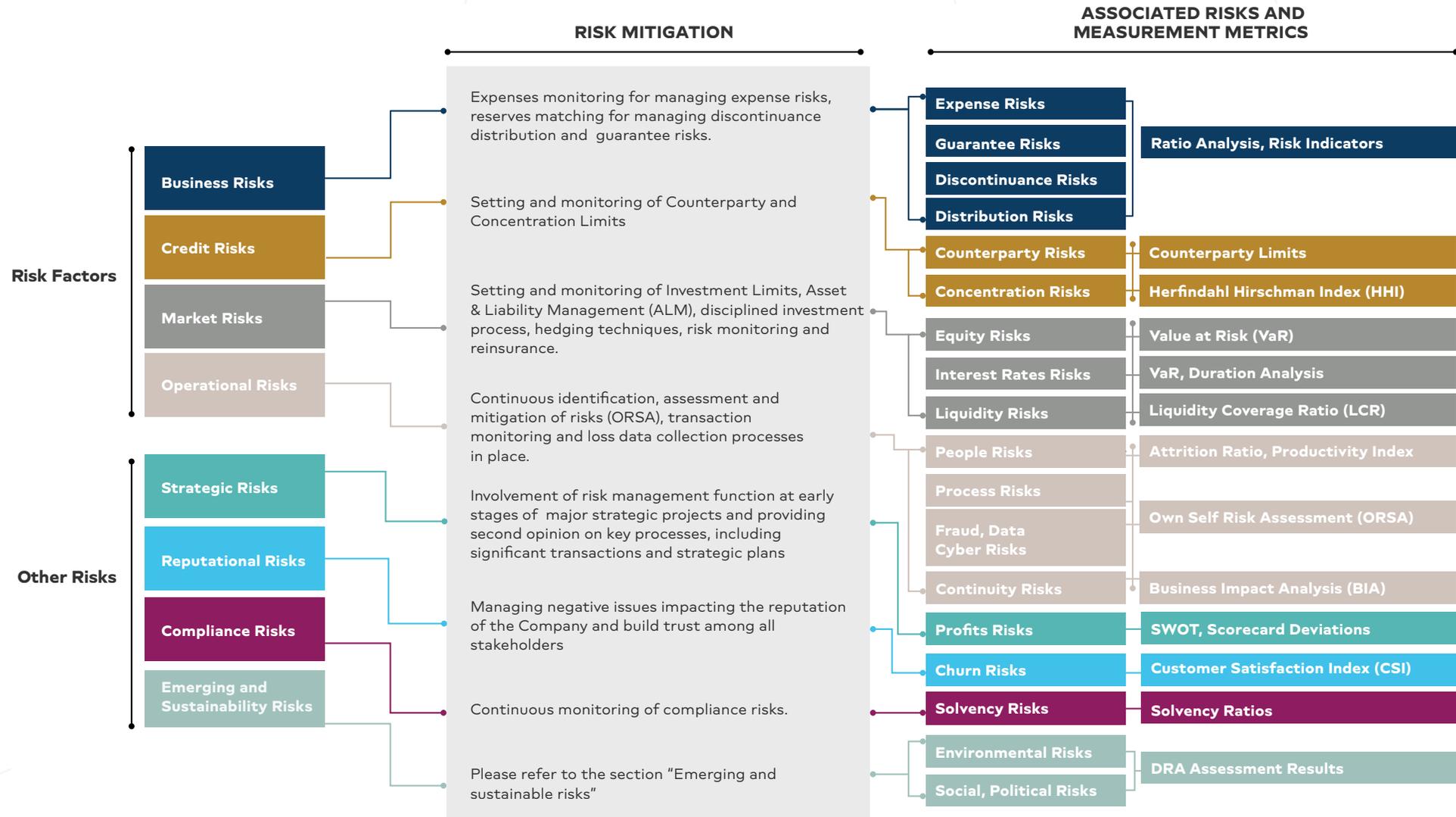


RISK CAPACITY

Risk capacity is the maximum amount of risk the Company is able to support within its available financial resources.

Aiding in decision making, continuously evaluating, responding to and managing our risks.

RISK FACTORS AND MEASUREMENT



RISK FACTORS AND MEASUREMENT



BUSINESS RISKS

Business risks include cost risks and policyholder behavior risks.

(a) Cost risks are associated with the risk that expenses incurred in administering policies are higher than expected or that new business volume decreases to a level that does not allow the Company to absorb its fixed costs

(b) Policyholder behaviour risks are risks related to the unpredictable, adverse behavior of policyholders in exercising their contractual options, for instance, early termination of contracts, surrenders, partial withdrawals, renewals and annuity take-up options.

Assumptions on policyholder behavior are set in line with accepted actuarial methods and based on own historical data, where available. If there is no historical data, assumptions are based on industry data or expert judgment. It is used as a basis to determine the economic impact of policyholder behavior under different scenarios within our internal models.



CREDIT RISKS

Credit risk is defined as the risk that a third party in a transaction will default on its commitments. Given the nature of its core business activities, the Company monitors counterparty and associated concentration risks arising from investment portfolios held by the Company's insurance operations and exposures on third party obligors stemming from the investments such as banks and investment brokers.

Additionally, the exposure to credit risk is covered by statutory solvency Capital Requirement metric.



MARKET RISKS

Market risks may arise as a result of market movements, which may expose the Company to fluctuations in the value of its assets, the amounts of its liabilities, or the income from its assets.

The main market risks to which the Company is exposed are the following:

- Interest-rate risk, spread risk and equity risk related to the operating activities of the Company

- Exchange-rate risk related to the Company's operating activities; and;
- Risks relating to the management of exposure to foreign currency exchange rate fluctuations.

A wide variety of Risk Management techniques are used to control and mitigate the market risks to which the Company is exposed. These include:

- Setting and monitoring of functional limits on market risks
- Asset Liability Management (ALM), i.e. defining an optimal strategic asset allocation with respect to the liabilities' structure in order to reduce the mismatch risk to a desired level
- A disciplined investment process including thorough analysis by the Investment arm and backed by reviews by the Risk Management function



OPERATIONAL RISKS

Operational risks are those exposures that may arise from a failure in organization systems, processes and resources or from external events.

OUR RISK LANDSCAPE

RISK FACTORS AND MEASUREMENT

Operational risk includes legal risks and excludes risks arising from strategic decisions, as well as reputation risks.

The Company's Operational risk framework provides for the setting up of a common system, dedicated risk champions and a common operational risk typology classifying operational risks into seven risk categories i.e. internal fraud, external fraud, employment practices and workplace safety; clients, products and business practices, damages to physical assets, business disruption and system failures and execution; delivery and process management. Its implementation is not limited to insurance activities.

The risk framework embeds governance through senior management validation to ensure that the risk assessment is not only adequate, appropriate and comprehensive but also to ensure that for the identifiable risks, adequate corrective and effective mitigation actions are defined and implemented.

We have also integrated fraud risk management within the enterprise risk management activities.

We commit to the highest possible standards of openness, probity and accountability in all our affairs.

In light of this, we are determined to maintain a culture of honesty and zero tolerance to fraud and corruption. A board-approved fraud management policy is in place and it defines processes in relation to reporting and managing fraud and corruption.

Key elements of this fraud management system include:

- Deployment of a whistle-blowing policy through an independently managed hotline
- Deployment of an Anti-Bribery policy
- Sanctions including legal actions against those found to have committed fraud
- Fraud awareness programs through training
- Due diligence processes for new staff, suppliers and other stakeholders

In addition, an incident collection and management process is in place to track and appropriately mitigate actual operational risk losses.

This process is also used as a valuable source of information to back-test the assumptions and controls taken in risk assessments. Business continuity, disaster recovery and crisis management plans are in place.



STRATEGIC RISKS

The risk that strategic outcomes may differ adversely from expectations or that the strategy chosen may be suboptimal.

There are adequate controls and oversight processes with regard to strategic initiatives including regular updates and progress is reported to the Board.



REPUTATIONAL RISKS

This is the risk of damage to the Company's image which may impair our ability to retain and generate business due to loss of trust and confidence or a breakdown in business relationships. We have no appetite for reputation risk.

We have set up a Crisis Management Team that handles reputational risks that may arise out of adverse media coverage, social media incidences, among other sources.

EMERGING AND SUSTAINABILITY RISKS

The Company has identified five key emerging risks that may affect how we do business but at the same time introduce new opportunities to us. These are:

- Climate change
- Artificial Intelligence and Big Data
- Terrorism and threats to national security
- Social and demographic changes
- Cyber risks

1. ESG, CLIMATE CHANGE, NATURAL CAPITAL AND BIO-DIVERSITY



There are various initiatives at the international, regional and local levels with respect to climate change and sustainable finance, that continue to propose reforms to and make potential changes to investment activities and disclosure requirements.

Emerging requirements include the inclusion of environmental, social and governance considerations in insurance and asset management products and stress testing against climate change related risks as recommended by the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). The Central Bank of Kenya (CBK) recently published guidance on climate-related risk management requiring banks to submit Board-approved Environmental Social and Governance (ESG) and Climate Change implementation plans. CBK's roadmap indicates that by June 2023, it will require banks to incorporate the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations in their reporting and disclosures.

The Nairobi Securities Exchange (NSE) has also released ESG Disclosures manual for listed entities which are meant to assist companies better embed ESG considerations in their strategies and operations and ultimately report ESG performance to stakeholders using a framework that meets international standards on ESG reporting.

The Capital Markets Authority (CMA) issued the Green Bond Guidelines which aim to give guidance to issuers in the capital markets as Kenya works towards developing a domestic green bond market.

The Insurance Regulatory Authority (IRA) has begun to pay attention to ESG and climate change and is currently developing guidelines that will require insurers to promote action on sustainability and provide disclosures on ESG. The increased activity generally represent regulatory and policy starting points which point to increased focus and attention within the financial services sector.

OUR RISK LANDSCAPE

EMERGING SUSTAINABILITY RISKS

The current government has recognised the climate change agenda as central to its economic strategy. Over the recent past two months the following have taken place:

- Release of the Draft Green Fiscal Incentives Framework by the National Treasury
- Setting up of the Climate Advisor Council
- Setting up of the Carbon Credit Regulations Taskforce
- Release of special tariffs by KPLC for e-mobility e.g. vehicles and motor cycles.
- Announcement of Kenya hosting of the Africa Climate Summit in September 2023
- Commitment to the Global Bio-diversity Framework
- Commitment to transition to 100% clean energy through increased geothermal and hydroelectric power generation
- Exploration of debt-to-nature swaps as an economic resilience strategy

This focus presents significant risks to our business in terms of the need to comply with emerging regulations which may mandate reduction of carbon emissions alongside numerous disclosures. It however also presents significant opportunities given our leadership position in this space.

As an institution, we are members to the UN-convened Net Zero Insurance Alliance (NZIA), The Taskforce on Climate Related Financial Disclosures (TCFD) insurer pilot group, the UNEP FI's Principles of Sustainable Insurance as well as the Taskforce on Nature Related Financial Disclosures Africa pilot group and the Africa Natural Capital Alliance (ANCA)

We have established a clear sustainability process and strategy that guides our approach towards managing ESG risks and exploring opportunities that may arise.

We co-created the Nairobi Declaration on Sustainable Insurance (NDSI) which now has 90 signatories from across Africa. This Declaration is a statement of commitment by African insurance industry leaders to support the achievement of the UN Sustainable Development Goals (SDGs).

At COP 27, as NDSI signatories, we announced the creation of the Africa Climate Risk Facility (ACRF), a USD 900 million multi-donor Trust Fund that will support the insurance of 1.4 billion Africans cumulatively by 2030.

As members of the TNFD we are currently developing nature-based insurance solutions as part of the product development strategy. We aim to achieve far more than minimum legal requirements on environmental compliance and are currently undertaking improvement programs of positive action by setting environmental objectives and targets as well as continuously monitoring and reviewing our environmental performance. We have most recently introduced a waste recycling process in conjunction with **Taka Taka Ni Mali (TTNM)**, a non-profit organization dedicated to sustainable waste management through reusing, repairing, repurposing, refurbishing and recycling of waste. TTNM will provide us with data on how our waste is being recycled and the end products produced from this waste.

ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

OUR RISK LANDSCAPE

EMERGING SUSTAINABILITY RISKS

2. AI AND BIG DATA

We recognize the profound impact disruptive technologies have had on our business in the last decade and the likelihood for more disruption in the years to come. These include the Internet of Things (IoT), blockchain, augmented reality, artificial intelligence, cloud computing, robotics and the growth of mobile technology. Availability of customer data, combined with technological capabilities of processing data quickly provides new opportunities in terms of customer segmentation and pricing.

New technology is crucial in terms of opening up new markets, spurring growth of the insurance industry as well as the ancillary businesses that grow around them. It however creates potential risks such as cyber risks which challenges institutions' traditional risk management models.

In response to this, we continue to leverage on cutting-edge technologies for the management and analysis of data. We have dedicated significant attention and resources to developing digital infrastructure through our digital transformation agenda.

Our data analytics strategy, spearheaded by our Head of Data Analytics, evaluates the unique business challenges in our organization. These challenges are matched with relevant data and resources through established processes that grow capabilities and institutionalize analytics to ensure key decision-makers have access to actionable results. Our strategy has also incorporated agile governance that brings together all stakeholders involved in the development of digital solutions.



OUR RISK LANDSCAPE

EMERGING SUSTAINABILITY RISKS

3. TERRORISM AND THREATS TO NATIONAL SECURITY

The risk of terror attacks still remains high within the region. We have a special taskforce made up of senior executives who provide oversight on security and terror related risks. This taskforce meets with a Security Risk Consultant every quarter to review the security strategies that have been deployed. We also have a Security Risk Management Strategy that takes into account relevant security management and operating procedures which are monitored on a regular basis.



4. SOCIAL AND DEMOGRAPHIC CHANGES

There are significant social and demographic changes globally that continue to cause serious challenges related with education, economic prospects and mental health of the current and future society. In recognition of this, we continuously monitor these changes as we develop and improve on products that are more accessible and flexible to accommodate unique needs.

Noting that we have a significantly youthful population, we seek to offer dynamic and digital solutions that can address the needs of this demographic's specific needs. We are continuously reviewing our product positioning with the aim of providing solutions that will fit the needs of this generation.

In light of being an inclusive organization, we have conventional products distributed via conventional means for our traditional customers who are still loyal to the ICEA LION brand.



ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

OUR RISK LANDSCAPE

EMERGING SUSTAINABILITY RISKS

5. CYBER RISKS

According to the World Economic Forum Global Risks Report, cyber-attacks continue to be of high concern to businesses. Cyber-attacks are a concern for organizations and nations at large, changing the landscape of modern-day political machination and even warfare. Yet, with every passing year, the African cyber security landscape rapidly evolves.

Exposure to cyber-attacks remains high due to increased criminal activity within the financial services sector. This is evident from the hundreds of millions of losses that have been reported as a result of cyber-attacks in Kenya. These include ransomware events and man-in-the-middle attacks. The new Data Protection Act increases the regulatory burden on us with clients being more aware of their rights to privacy. The risk of litigation and/or regulatory sanctions therefore remains high. This region is even more vulnerable due to cyber security funding gaps as well as a lack of loss-data that would help in pricing of cyber insurance products in the market. Therefore, cyber insurance products remain pricey and out of reach for many organizations.

At a Company level, we have a cyber-security management strategy approved at Board level. Key aspects of this includes enhancing the cyber security culture through regular training and work place programs. This is in addition to heavy investment in cyber security tools that can assist in mitigating this risk. Significant investments continue to be made to increase our cyber security posture with a well-trained cyber security team in place. We use next generation layered preventative and defensive systems controls.



OUR VALUE CREATION - 05

90	6 CAPITALS FOR VALUE CREATION
92	MATERIALITY ASSESSMENT
93	01. HUMAN CAPITAL
99	02. INTELLECTUAL CAPITAL
103	03. SOCIAL & RELATIONSHIP CAPITAL
118	04. NATURAL CAPITAL
122	05. MANUFACTURED CAPITAL
125	06. FINANCIAL CAPITAL



ICEA LION

INSURANCE • PENSIONS • INVESTMENTS • TRUSTS

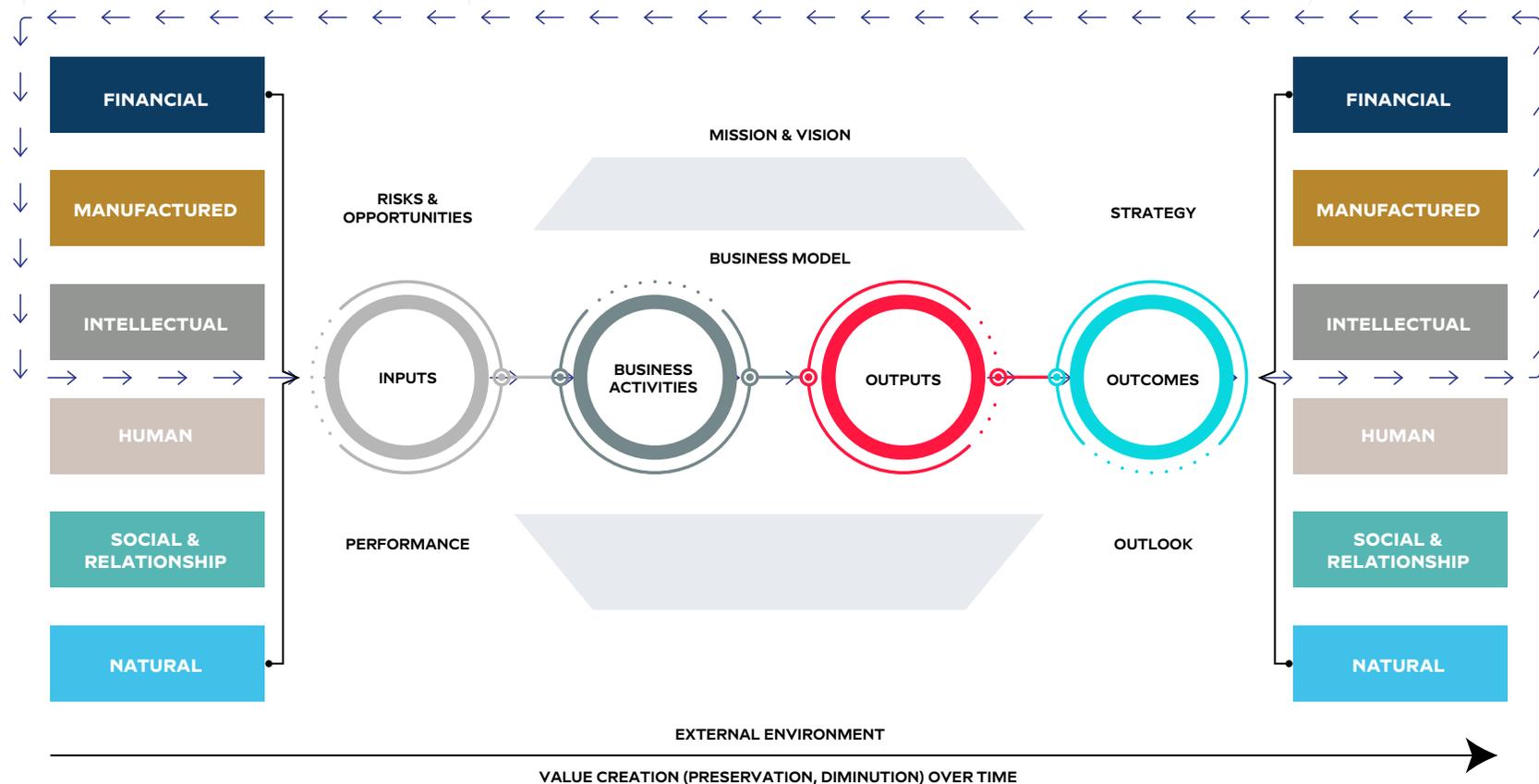
OUR VALUE CREATION

6 CAPITALS FOR VALUE CREATION

Having adopted the IIRC, we use the 6 capitals approach to show how value within the organisation is built up and transformed for the benefit of the Group's long-term viability.

We have structured this section of the report in the form of the 6 Capitals and hope that they will be useful to our stakeholders in understanding the Group. The section also sets out material issues driving our strategy and how we respond to the needs of our stakeholders.

The following diagram depicts how the 6 capitals relate to our business model.



OUR VALUE CREATION

6 CAPITALS FOR VALUE CREATION



1. OUR HUMAN CAPITAL

Our people are important to us and therefore this is one of the greatest capitals we have. It encompasses people's competencies, capabilities and experience and their motivations to innovate.



2. OUR INTELLECTUAL CAPITAL

This is comprised of our knowledge-based intangibles such as intellectual property, e.g. patents, copyrights, software, rights and licenses. It also includes organizational capital e.g. tacit knowledge, systems, procedures and protocols. The Corporate brand image and reputation that we have developed over time are also a key consideration.



3. OUR SOCIAL AND RELATIONSHIP CAPITAL

These include our institution and the relationships established within and between each community, group of stakeholders and other networks including the ability to share information and enhance individual and collective well-being. Shared norms, common values and behaviors, key relationships and the trust and willingness to engage that we have developed over time as we strive to create and protect wealth for our stakeholders are also included here.

Our social license to operate, community related aspects including: corruption; anti-competitive behavior; customer health, safety and privacy; human rights such as non-discrimination, freedom of association, among others are also included here.



4. OUR NATURAL CAPITAL

These include all renewable and non-renewable environmental materials that we utilise in order to deliver the financial products and services that support our current and future prosperity. Other related aspects include biodiversity and ecosystem health, carbon emissions, effluents and waste. As a financial services player, we relate to various sectors of the economy and can therefore influence how our stakeholders relate to natural resources.



5. OUR MANUFACTURED CAPITAL

This is composed of physical objects that are available to us for use in the production of goods or the provision of services. They include our buildings, equipment and facilities, infrastructure, applications and systems, among others. We have invested heavily in infrastructure over the past few years, an essential component in building efficacy and efficiencies within our business model.



6. OUR FINANCIAL CAPITAL

This is composed of financial resources or the pool of funds available to us for use in the provision of insurance services as well as the value we create in the economies in which we operate.

OUR VALUE CREATION

MATERIALITY ASSESSMENT

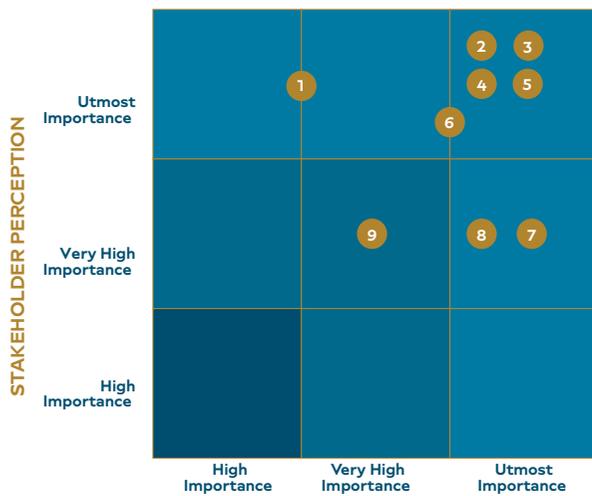
OUR MATERIAL ISSUES

Material issues are those matters that may impact the Group’s ability to achieve its strategy, remain commercially viable or environmentally and socially relevant. They may also substantively influence the assessment and decisions of our stakeholders for example our shareholders, customers, suppliers and staff.

A scale has been used to rate the importance of these material issues as well as the degree of stakeholder perception. We have tested these material issues against the Global Reporting Initiative (GRI) standard.

STAKEHOLDER PERCEPTION

- High Importance
- Very High Importance
- Utmost Importance



ICEA LION PERCEPTION

Shared Value	Operation Resilience	Treating Customer Fairly	Health & Safety	Profitability
<ul style="list-style-type: none"> Inclusivity Diversity Sustainable practices Local procurement Financial inclusion Non-discrimination 	<ul style="list-style-type: none"> Continuity & Availability of Services Accuracy of transactions Turn-around time Reliability Convenience Automation 	<ul style="list-style-type: none"> Culture Trust Innovation Agility Flexibility Brand Promise Data protection 	<ul style="list-style-type: none"> COVID 19 protection Mental health Fitness & Wellbeing Occupational Health & Safety Compliance 	<ul style="list-style-type: none"> Shareholder Value Sustainable Growth
Corporate Conduct	Digital Services	Our People	Risk Management	
<ul style="list-style-type: none"> Integrity Ethics Core Values Philosophy Governance Consistency Trust Stakeholder engagement Transparency Confidentiality Professionalism Brand 	<ul style="list-style-type: none"> Ease of transacting Engagement & Communication One stop financial services shop 	<ul style="list-style-type: none"> Retention Skills-matching Culture Succession Training Placement matching Remuneration Promotion Disability consideration Employee engagement Competence Rewards 	<ul style="list-style-type: none"> Resilience Succession strategy Prudence Compliance Diversification Audit results Credit Rating results Regulator inspection Standard Operating Procedures/Policies Monitoring Due diligence 	

1. HUMAN CAPITAL

The human capital is our most valuable and critical asset in the promotion of a high-performance culture driven by an innovative, competent and engaged team for seamless achievement of business objectives and sustainability. To this end, ICEA LION continues to invest in the development of our people and providing an environment that promotes the best employee experience to enable delivery of timely solutions to our customers and other stakeholders. Our focus is to ensure that our people feel connected with our purpose.

During the year 2022, the following people initiatives were carried out:

ENABLING CULTURAL TRANSFORMATION

The Group undertook a culture assessment survey to identify the existing culture and what needed to be addressed in order to create the desired culture.

The findings informed the need to address certain areas of our culture and in particular the development of new behaviours that needed to be embraced in order to make an impact in the industry.

A culture improvement plan was developed and the leadership is in the process of implementing the plan that aims at inculcating behaviours that lead to the desired culture.

Other initiatives that were implemented in the year in pursuit of creating a high-performance culture include:

- **Strategy Cascading Sessions:** In order to ensure staff clearly see the link between their jobs and the business strategy, line of sight sessions for all staff were held.
- **Balanced Scorecard (BSC) Quality Assurance:** A quality assurance process was designed and implemented to ensure balanced scorecards were aligned to desired strategic business outcomes. This process saw improved levels of collaboration, accountability and better alignment of individual scorecards and business outcomes.
- **Staff Reward and Recognition Program:** The Group launched a reward and recognition platform that recognizes talent to encourage going an extra mile attitude and to increase staff motivation. There is continued peer to peer performance affirmation and employee celebrations through various recognition initiatives.

We continued to implement the Annual Simba awards to recognize talent for excellence through the various nomination categories in the year.

- **Enhancing Accountability:** Accountability guidelines were developed to help in the creation of desirable work place practices and behaviors. Building the capacity of our staff on the guidelines was key to driving the desired culture.
- **Empowered Manager Program:** The desired shift to high performance saw the rollout of the Empowered Manager Program to build capacity of our teams in order for them to lead the change.
- **Agile Culture update:** As a Group we have invested in building an agile culture. The survey completed in January 2022 showed an overall improvement of 3.26 agility score. All the culture dimensions had improved scores based on the year 2020 baseline survey results. Focus group discussions were held on the survey results that provided insights on what was positive as well as the areas that needed improvement for better engagement. The areas have been prioritized for implementation in 2023.

ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

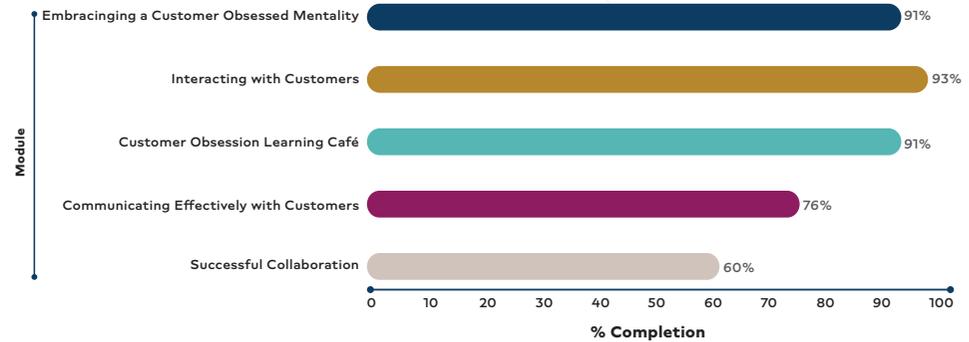
OUR VALUE CREATION

1. HUMAN CAPITAL

STAFF EMPOWERMENT

ICEA LION has continued to empower its employees to deliver results. During the year of review, the Group invested in up-skilling employees on customer obsession through targeted eLearning and class room engagements. The eLearning platform was utilised by 82% of the entire population. The impact was on average, a 2% improvement on customer satisfaction index.

Other areas given prominence in the eLearning platform were agility and collaboration. The targeted eLearning courses included:



Apart from the targeted capacity building for all staff, we had initiatives around other areas of development, using a blended learning approach which includes:



Online Learning
The Percipio platform drives 24x7 learning access, engaging staff in wide range of online content supporting personal growth, effective performance and leadership development.



Professional Certification
To improve technical efficiency, staff are encouraged to pursue their career development through full certification within their area of expertise.



Coaching
Drive a coaching culture to increase staff engagement and productivity, with a pool well certified in-house coaches and a 24 hour online coaching support system.



In-house Programs
Aligned to the comprehensive training needs carried out annually to improve staff knowledge, skills and behaviour as well as overall performance of the organization.



External Training
Sponsored for specialized professional training and workshops to address skill gaps necessary for performance.

One of the staff qualified as a Chartered Financial Analyst. The investment in the development of our employees acts as an essential enabler for business growth and sustainability.

During the year, the Group lost a number of developers key to accelerating the technology and transformation agenda. Outsourcing the skills on short contractual terms ensured successful delivery of the planned digital initiatives.

OUR VALUE CREATION

1. HUMAN CAPITAL

EMPLOYEE WELLNESS AND ENGAGEMENT

In line with our values, wellness support was provided to our people through comprehensive health and wellness programs. These included Fit possible programmes aimed at attaining optimal state of health, annual wellness checks, nutritional advice and medical assistance.

To enhance the wellness program, employees participated in the annual industry Sports Day organized by the Association of Kenya Insurance (AKI). ICEA LION emerged the overall winner in 2022.



Other aspects of employee wellness included health webinars, financial, investments and legal wellness clinics. All employees have access to a 24hour toll free counselling service for both employees and their immediate family members.

In an effort to raise the awareness of men health issues, our male employees had a special treat for Men only Game Night, a free shave through a mobile barbershop and additional health talks in the month of November 2022.



ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

OUR VALUE CREATION

1. HUMAN CAPITAL

Our employees who are football fans and their families had fun as they watched the 2022 World Cup Finals at ICEA LION Head office at the Riverside Park.



Employees also participated in various other projects to promote innovation and an entrepreneurial spirit by providing opportunities to learn from one another. Upon successful completion of the projects within the set timelines, team members are rewarded with between 10% and 20% of their gross salary for the project duration up to a maximum of 6 months. The projects are performed over and above an employee's normal work.

ENHANCEMENT OF STAFF BENEFITS

During the year, the Group implemented an enhanced medical benefits for staff and their families to ensure adequate cover. Mileage reimbursement costs for specific roles were revised to enable affected employees to meet the cost of fuel and vehicle maintenance.



Loss within the Year

During the year we lost one of our colleagues, Mr. Francis Musyoka Nzwili. Francis was the senior assistant manager claims, coast region. Our heartfelt condolences to the family and the entire ICEA

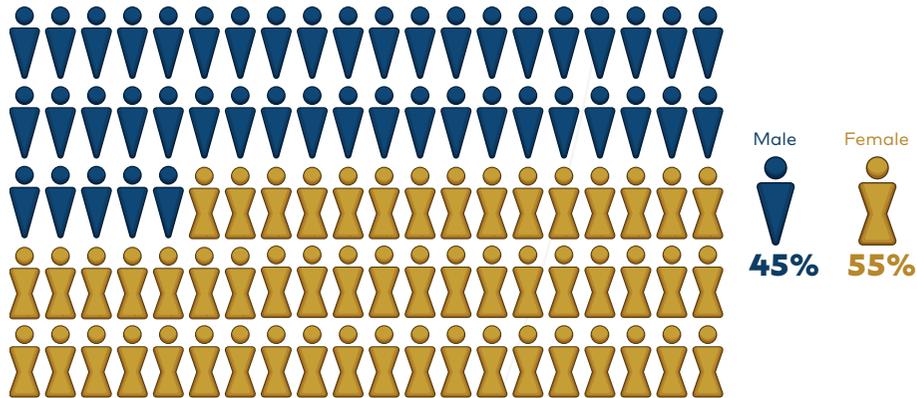
From the ICEA LION family, Fare Thee Well, Francis.

OUR VALUE CREATION

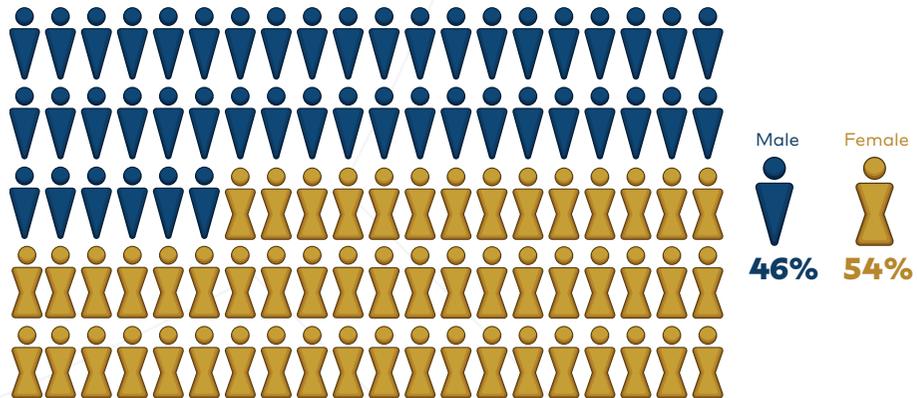
1. HUMAN CAPITAL

HUMAN RESOURCE DATA

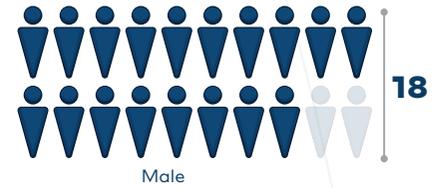
Gender Distribution 2021



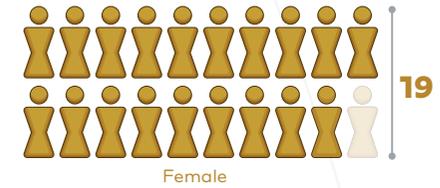
Gender Distribution 2022



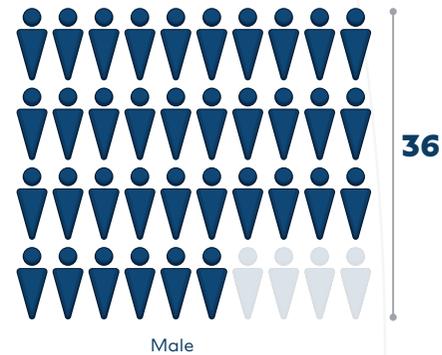
New Hires Male 2021



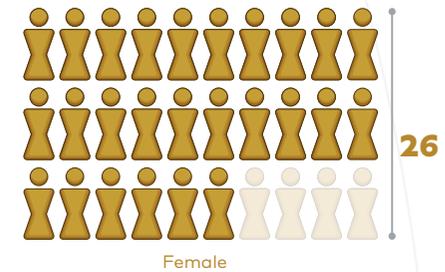
New Hires Female 2021



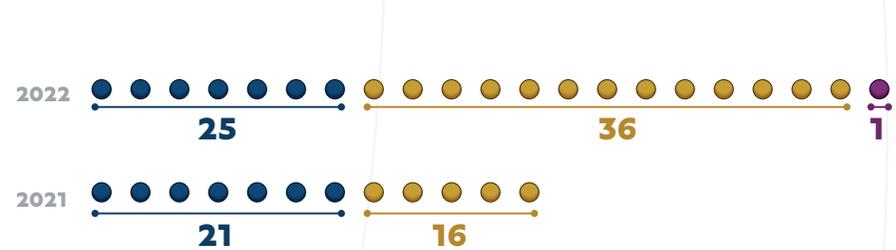
New Hires Male 2022



New Hires Female 2022



New Hires by Age



ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

OUR VALUE CREATION

1. HUMAN CAPITAL

HUMAN RESOURCE DATA



Staff Attrition Rate
 2021 **9.6%** 2022 **4.9%**



Dismissal
 2021 **01** 2022 **01**



Resignation
 2021 **27** 2022 **38**



Restructuring
 2021 **01** 2022 **01**



Retirement
 2021 **01** 2022 **01**



Death
 2021 **01** 2022 **01**



Retention Rate for Best Performing Staff
 2021 **99%** 2022 **99%**



Total Headcount Growth
 2021 **321** 2022 **346**

Total Headcount Percentage Growth
 2021 **3%** 2022 **8%**

Regional split of headcount



2021 **63%** 2022 **65%**



2021 **37%** 2022 **35%**



2021 **0%** 2022 **0%**



Headcount percentage by age group

Under 30

2021 **20%** 2022 **17%**

30 - 50

2021 **75%** 2022 **68%**

Over 50

2021 **5%** 2022 **15%**



Employees years of service

0 to 5 years

2021 **55%** 2022 **56%**

6 to 10 years

2021 **21%** 2022 **21%**

11 to 15 years

2021 **14%** 2022 **11%**

16 to 20 years

2021 **6%** 2022 **8%**

Over 20 years

2021 **4%** 2022 **4%**



Employee learning and development

Percentage classroom learning penetration rate
 2021 **100%** 2022 **100%**

Percentage e-learning penetration rate
 2021 **20%** 2022 **86%**

Learning costs per employee in Kshs.
 2021 **62,628** 2022 **31,054.34**



Wellness program
 2021 **325** 2022 **346**

Staff surveys
 2021 **4** 2022 **3**

Mortgages
 2021 **46** 2022 **46**

Staff benefits
 Car loans
 2021 **39** 2022 **32**

OUR VALUE CREATION

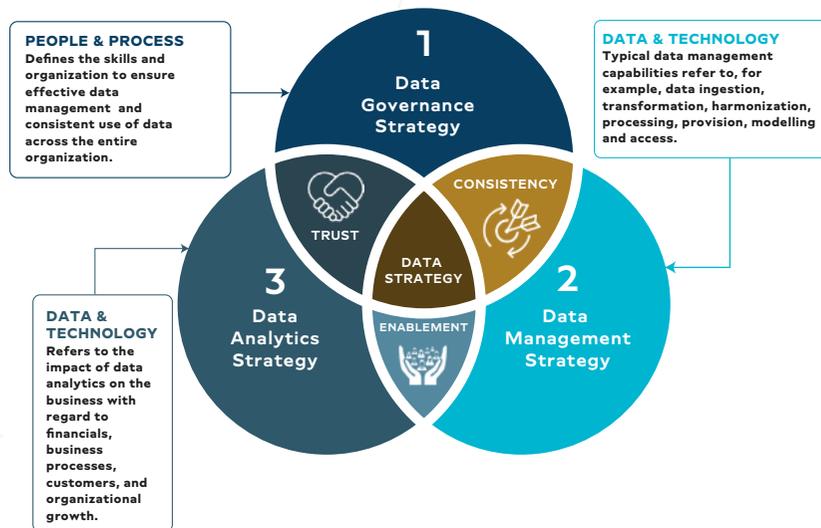
2. INTELLECTUAL CAPITAL

Our business continues to create value through various initiatives that enhance collective institutional knowledge and intellectual wealth. The Insurance Industry has evolved over the years with respect to digitalization coupled with a shift to customer obsession. As a business, we recognize that to be relevant in the future, we need to innovate and embrace:

- Data Analytics
- Customer experience
- Risk management
- Regulatory compliance
- Collaboration

DATA ANALYTICS

With the advent of new technologies, the business is working towards being proficient in using data analytics, artificial intelligence and machine learning to analyze risk and make informed decisions. In recognition of this, our business has developed a 3 Pillars Data Strategy to enable us optimize our data.

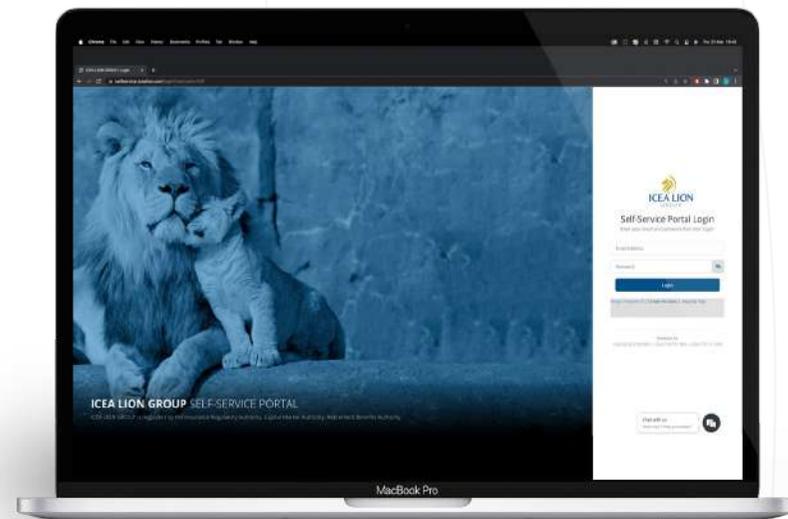


CUSTOMER EXPERIENCE

We continue to improve our processes towards offering seamless and personalized customer experience. This has necessitated a deep understanding of our customer needs and preferences, as well as the ability to leverage technology to deliver customized solutions. To help us achieve this, the business during the year has continued to improve on our end-to-end customer journeys. The achieved innovations during the year include:

(a) Digital Customer Self-Service Portal (www.selfservice.icealion.com)

Our existing clients can purchase insurance policies as well as view their policy statements from the comfort of their phone or computer using our Self-Service platforms.



ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

OUR VALUE CREATION

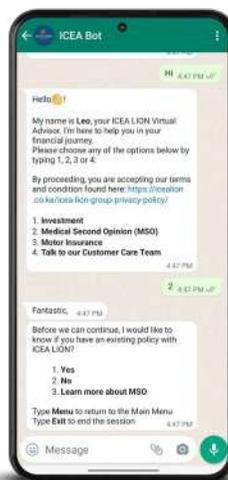
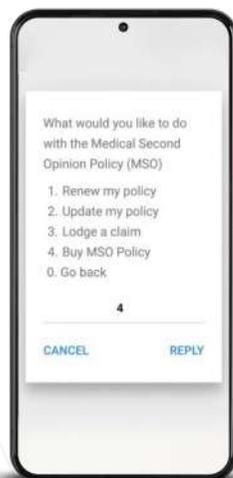
2. INTELLECTUAL CAPITAL

MEDICAL SECOND OPINION (MSO) COVER ENABLED ON WHATSAPP

Our Medical Second Opinion (MSO) is an insurance solution that gives our customers access to world class medical professionals to review their medical conditions while saving them money on travel outside the country to access these services. With this product, a customer gets the following benefits:

- Access to world-class medical professionals to review client's medical conditions
- Save money on foreign travel to access these services
- Easy enrolment and payment process
- Review of diagnosis and treatment plan by specialists from world leading medical centres
- Alternative treatment options

Our customers in Kenya and Uganda can now access and purchase the MSO insurance solution conveniently through our WhatsApp platform within 10 minutes. Our Leo Chatbot can also instantly respond to basic questions and enquiries about the product. The business is working on availing this service through the **USSD *793#**. Please see overleaf our MSO WhatsApp Chatbot and the USSD platform that is under development.

**BUY MSO VIA USSD (COMING SOON)****(b) Social Media**

Social Media is a powerful tool that allows ICEA LION to connect with our audience, build brand awareness and drive engagement. Through social media we showcase our commitment to transparency, accountability and stakeholder engagement. By sharing updates on the sustainability initiatives and stakeholder engagement efforts, we demonstrate our commitment to creating long-term value for all our stakeholders.

Social Media is an integral part of our customer obsession strategy to communicate with stakeholders and share information about our products, business operations, financial performance and sustainability initiatives. As champions of prosperity and sustainable futures for our people, we aim to be an inspiring and enabling institution that empowers customers to chase their futures while conquering today. On the next page is a snapshot of our social media engagement across various platforms.

OUR VALUE CREATION

2. INTELLECTUAL CAPITAL



RISK MANAGEMENT

The business has evolved in its management of risk in an increasingly complex and interconnected world and adopted the Dynamic Risk Assessment Approach as detailed on page 78. This has required a deep understanding of the interconnectedness between various risks and the ability to develop innovative risk management solutions.

During the year, in recognition of the need to provide environment-based insurance solutions, we have developed an **Environmental Impairment Liability insurance (EIL)** solution.

This covers the cost of restoring damage caused by environmental accidents, such as pollution of land, water, air and biodiversity damage. This solution also commonly referred to as **Pollution Risk Insurance** covers four key specific risks as set out below:

- Clean-up costs following a pollution incident
- Third Party Claims for Bodily Injury, Property Damage or Clean-up Costs
- Third Party Claims resulting from Transportation Activities
- Emergency Costs i.e. costs incurred by the insured in response to a pollution incident that presents an imminent and substantial danger to human health and the environment

The popularity of this product is growing steadily, further emphasizing the need in the market for solutions to address emerging environmental challenges.

REGULATORY COMPLIANCE

Our business has continued to keep abreast of the latest regulatory requirements and compliance standards. This requires a deep understanding of the regulatory landscape and the ability to navigate complex regulatory frameworks.

COLLABORATION

As a Group we continue to collaborate effectively with other stakeholders, including brokers, agents and customers. This has necessitated strong communication and interpersonal skills, as well as the ability to work in a team environment. To achieve this, the Company has developed a **Partners' Portal** that enables seamless sharing of information with our intermediaries.

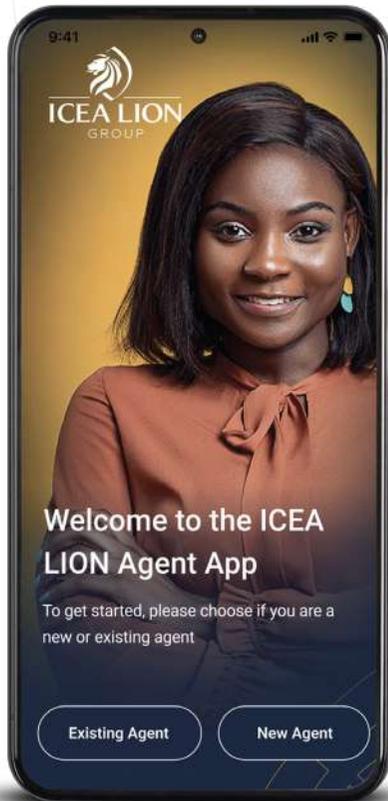
ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

OUR VALUE CREATION

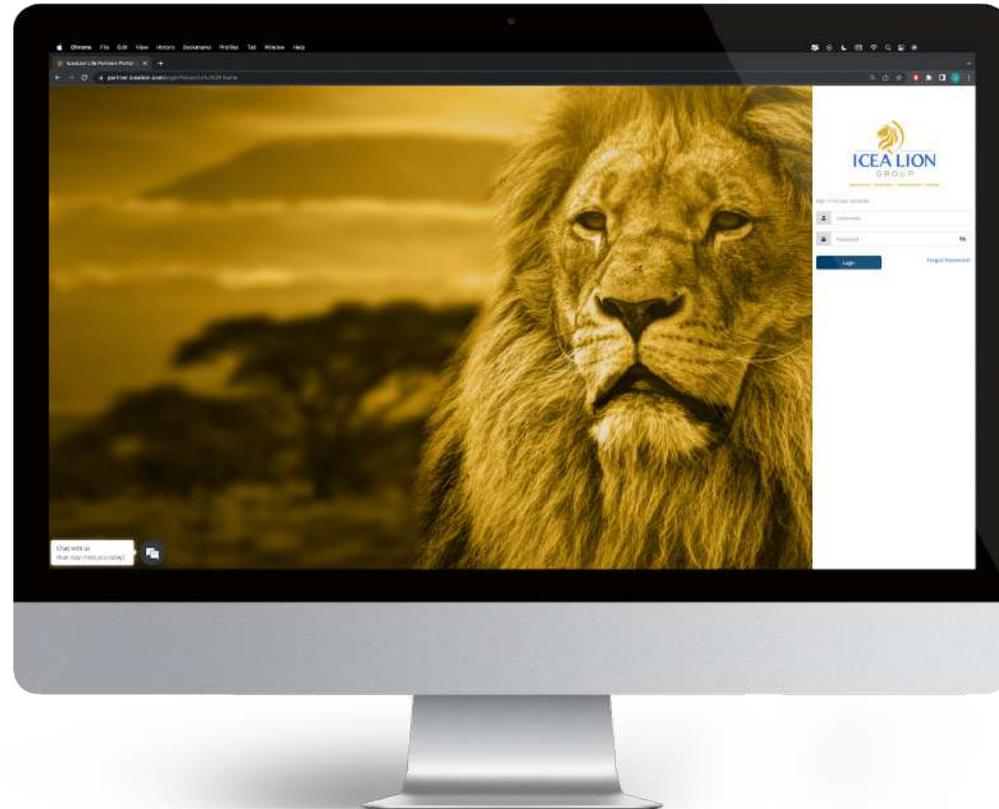
2. INTELLECTUAL CAPITAL

Our Financial Advisors (FAs) will no longer require physical proposal forms in the near future. Instead, they will be able to onboard new clients and issue cover through our new Agent Mobile Platform within minutes, eliminating the need for proposal forms.

Please see below our **Agent App** which is under development as well as our **Partners' portal** which is in use. Our Partners Portal enables our partners, brokers and intermediaries to efficiently do business with us.



Agent App



Partner Portal (www.partner.icealion.com)

3. SOCIAL & RELATIONSHIP CAPITAL

In 2022, we continued to build our Social and Relationship Capital through several initiatives involving both our staff and customers. Our staff are the front-line ambassadors of our brand and we have seen their passion and commitment in building the ICEA LION brand. This is largely through the engagements that they undertake both internally as well as with our partners and customers.

We highlight herein after some of the key engagements that went a long way towards building our Social and Relationship Capital and ultimately, our brand.

GOING ABOVE AND BEYOND ON CLIMATE FINANCE

Growth of the Nairobi Declaration on Sustainable Insurance

Together with the UNEP-FI, ICEA LION co-developed a statement of commitment for sustainable insurance linked to the United Nations Sustainable Development Goals (SDG). This commitment dubbed "The Nairobi Declaration on Sustainable Insurance" aims to promote collaboration among all like minded stakeholders to promote the goal of sustainable and inclusive development through our business practices. Starting with 8 signatories in April 2021 when the declaration was launched, there are currently more than 90 signatories to the Declaration from across Africa. The growth of this Declaration has been that of a joint effort between ourselves and other Founding signatories i.e. FSD Africa, Namib-Re and African Risk Capacity who have all worked to raise awareness and drive more membership to the Declaration. The Declaration is now funded and resourced by FSD Africa.



For more information on the Nairobi Declaration, visit: www.sustainableinsurancedeclaration.org

Launch of the Africa Climate Risk Facility

We are glad to be part of the global financial institutions that are championing sustainable ways to fight climate change. At COP 27, we made a commitment as signatories to the Declaration to underwrite a total capacity of USD 14 billion of insurance cover for climate risks by 2030. Through this facility, we are rallying our peers from across Africa to cumulatively protect 1.4 billion people against floods, droughts and tropical cyclones over the next 7 years. This is a testament to our quest to the long term sustainability and resilience of our countries.

This was announced at an event that ICEA LION, FSD Africa, Namib-Re and African Risk Capacity, co-hosted together with the UN High Level Climate Champions on Finance Day at COP 27. In this event, we announced the creation of the Africa Climate Risk Facility (WW), a multi-donor Trust Fund that will be available for all NDSI signatories for purposes of premium subsidies by sovereigns and sub-sovereigns, capacity building and support for product development for ESG and Climate Change oriented products. We are part of the team playing a leading role in the setting up of this facility. To this end, the team is currently mobilizing funds for this facility to ensure that it can provide the pool of premiums from which NDSI signatories can all participate.

ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

OUR VALUE CREATION

3. SOCIAL & RELATIONSHIP CAPITAL



3. SOCIAL & RELATIONSHIP CAPITAL



On Resilience day at COP27, we participated in a panel discussion alongside The Global Energy Alliance for People and Planet and the UN High Level Climate Champion. The session's theme was "Opportunity to Accelerate System Transformation for Resilience" with the purpose being to showcase the implementation agenda and cast a spotlight on financing resilience. We specifically covered the role that the Africa Climate Risk Facility will play in enabling economic resilience in Africa.



Participation at the World Economic Forum

Most recently and in recognition of our leadership in this space, ICEA LION was invited by the Permanent Mission of Switzerland in Geneva to speak at the House of Switzerland on Geneva Day in Davos, Switzerland. This high level event was graced by two Heads of State -the President of the Swiss Confederation H. E Mr. Alain Berset and the President of Ecuador, H. E Mr. Guillermo Lasso Mendoza.

We participated in a session titled "Time for sustainable finance to accelerate the decarbonization of the economy," where we highlighted our sustainability journey and the progress we have made on sustainable finance.

ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

OUR VALUE CREATION

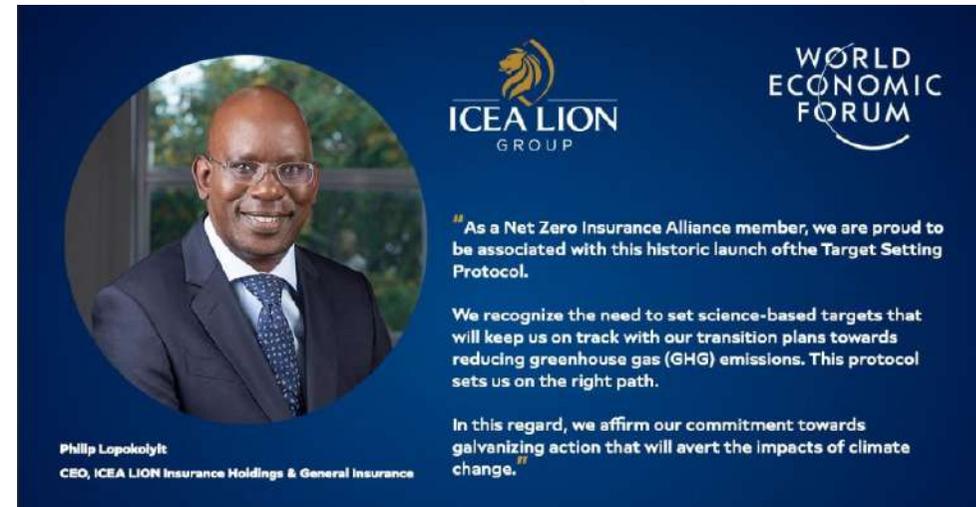
3. SOCIAL & RELATIONSHIP CAPITAL



GOING ABOVE AND BEYOND IN THOUGHT LEADERSHIP ENGAGEMENT

Participation in the UNEP PSI's Target Setting Protocol

As the only Africa participant to the NZIA, we played a role in the development of the Target Setting Protocol in a project coordinated by the UNEP PSI. This is in recognition of our need to set science-based targets that will keep us on track with our transition plans towards reducing green-house gas emissions. This Protocol was released at the World Economic Forum in Davos, Switzerland.

**Participation in Partnership for Carbon Accounting Financials (PCAF)**

In September 2019, the Partnership for Carbon Accounting Financials (PCAF) was launched globally to harmonise greenhouse gas (GHG) accounting methods and to enable financial institutions to consistently measure and disclose the GHG emissions financed by their loans and investments (so-called financed emissions). In 2020, the first version of The Global GHG Accounting & Reporting Standard for the Financial Industry (the "Financed Emissions Standard") was launched. As an industry-led partnership, PCAF is governed by a Steering Committee formed by ABN AMRO, Amalgamated Bank, ASN Bank, the Global Alliance for Banking on Values, Morgan Stanley, NMB Bank, Triodos Bank and a representative from the United Nations (UN)-convened Net-Zero Asset Owner Alliance.

OUR VALUE CREATION

3. SOCIAL & RELATIONSHIP CAPITAL

At the time of publishing this document, more than 329 financial institutions, including banks, investors, asset managers, re/insurers, participate in PCAF. A new PCAF working group was initiated in October 2021 to co-create a separate global GHG accounting & reporting standard for emissions associated with re/insurance underwriting portfolios (i.e. Insurance-Associated Emissions Standard).

We are part of the 16 members of the PCAF Insurance-Associated Emissions Working Group as depicted below.



ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

OUR VALUE CREATION

3. SOCIAL & RELATIONSHIP CAPITAL

Participation in Life and Health ESG Guide

We were one of 12 leading insurers from across the globe and UNEP who developed the first ever ESG Guide for Life and Health. This guide:

- Provides recommended guidance to insurance industry participants in developing approaches to evaluate the potential impact of ESG risks on underwriting risks in life & health insurance business from both individual and group business perspectives
- Highlights the potential materiality of certain ESG risks on underwriting risks in the life & health insurance business and provide examples for consideration to mitigate such risks
- Addresses growing concerns by key stakeholders (e.g. NGOs, investors, governments, regulators) on ESG risks and articulate the peculiarities of the insurance business
- Demonstrates the valuable role the insurance industry plays in the global economy and society and strengthen the industry's contribution to sustainable development

**Participation in TNFD Africa Pilot Group**

We have also been active members of the Taskforce on Nature Related Financial Disclosures (TNFD) insurer pilot group, where we were one of the African voices piloting the beta-version of the TNFD framework. The TNFD was established in response to the growing appreciation that finance is a critical part of the solution and the beta TNFD framework seeks to shift financial flows to nature-positive outcomes.

We are indebted to all the individuals and organisations worldwide who contributed invaluable insights to the development of this pioneering guide through a global survey, a public consultation, and various meetings.

Project team co-leads**UN Environment Programme**

- **Butch Bacani**
Programme Leader, UNEP's Principles for Sustainable Insurance Initiative
- **Diana Diaz**
Programme Supervisor, UNEP's Principles for Sustainable Insurance Initiative

HSBC Life

- **Edward Moncreiffe**
CEO, HSBC Insurance (Asia) & HSBC Life (International)
- **Claire Mackenzie**
Head of Sustainability, HSBC Global Insurance & Partnerships
- **Teresa Fung**
Senior Sustainability Implementation Manager, HSBC Global Insurance & Partnerships

Project team members

- **Wiebe Koek** (Achnmea)
- **Amita Chaudhury**, Willfred Luk, Adytya Reuben Halder (AIA)
- **Chad Park** (Co-operators)
- **Anne Schielke** (ERGO)
- **Asman Mugambi Ibrahim**, Kennedy Odenyo (ICEA LION Life)
- **Sebastian Soika** (Munich Re)
- **Angélique Bayot** (SCOR)
- **Tomas Carmona**, **Vinicius Cataldi** (SulAmérica)
- **Maira Gill**, **Mark Hardy** (TD Insurance)
- **Carmen Gimeno**, **Jordi Balcells**, **Andrea Davila Brindley** (VidaCaixa)
- **Stefan Kröpfi** (Zurich Insurance Group)

Managing environmental, social and governance risks in life & health insurance business
Acknowledgements

5

The Africa pilot's objective is to build knowledge, awareness and capacity on nature in financial institutions as well as capture Africa-specific feedback which will ensure the framework is fit-for-purpose for African financial institutions. We have been part of this 'African Voice' pilot and are leading the way globally on engaging with and testing the TNFD framework.

OUR VALUE CREATION

3. SOCIAL & RELATIONSHIP CAPITAL

Participation in the Africa Natural Capital Alliance (ANCA)

ANCA is an African-led collaborative forum to enable nature-positive outcomes. Through ANCA, we participated in three events during the year where we persuaded our peers to tackle the nature agenda.

Participation in the Nature Positive Taskforce

We have been active members of the Nature Positive Task Force which is developing thought leadership and guidance notes on how insurers can support countries' Nature and Biodiversity plans in light of the recently released Global Biodiversity Framework at COP 15.

Rallying Our West African Colleagues

We participated in a high level event of the Nigerian Insurance Industry at the College of Insurance and Financial Management annual conference of Insurance Directors and Executives in collaboration with Nigerian Regulator, the National Insurance Commission (NAICOM). The theme of the event was Transforming the Insurance Industry Through ESG: Director Roles where we were privileged to speak on the topic 'ESG Integration in the African Insurance Industry: Lessons to be Learnt'. We challenged our West African colleagues to embrace ESG and encouraged them to become signatories to the Nairobi Declaration on Sustainable Insurance. This rallying call was captured by a communique that was sent out to the Nigerian Insurance Industry as well as the Nigerian media. In the coming year, we plan on an aggressive recruitment drive to the Declaration from the Nigerian and North African market. We recognize that more diverse voices make the African voice stronger and we can more effectively engage our peers, regulators and policy makers to pursue sustainable business practices.

20 INSURANCE DIRECTORS' 22 CONFERENCE

TRANSFORMING THE INSURANCE INDUSTRY THROUGH ESG PRINCIPLES: DIRECTORS' ROLES

9th Dec. 2022 // 10:00am-3:00pm
Radisson Blu Hotel, Ikeja, Lagos.

Physical: **N200,000**
Virtual: **N180,000**

Registration is Online: <https://bit.ly/3g6pLjI>

SUNDAY THOMAS
Commissioner For Insurance
NAICOM

SPEAKERS

- PHILIP LOPODIYIT**
Group CEO
ICEA Lion Group
- THOMAS WIECHERS**
Assistant Director, Risk
PSD Africa
- CHIZOMA OHOLI, FCI**
Deputy Managing Director,
West South, Access Bank Plc
- EDWIN IGBITI, ACIL, FIM**
President/Chairman of Council,
Chartered Insurance Institute of Nigeria
- YETUNDE ILORI**
CHAIRMAN, College of Insurance
and Financial Management
- YESIDE OYETAYO**
DIRECTOR, College of Insurance
and Financial Management

RSVP: 07056593411, 07065554554 | icd2021@cifmng.com | www.cifmng.com

Proudly Organized By:

OUR VALUE CREATION

3. SOCIAL & RELATIONSHIP CAPITAL

ABOVE & BEYOND WITH OUR ENGAGEMENTS

CUSTOMER SERVICE WEEK.

The theme for Customer Service Week was 'Celebrate Service' and we took the opportunity to celebrate our customers at all our customer touchpoints.



Dear Team Simba

Customer Service Week is here again! In line with our commitment to be *Customer Obsessed* and also aligned with this year's theme; *Sustaining Customer Inclusion*, we acknowledge the very crucial role YOU have played in delivering on our promises to our customers and stakeholders. Thank you for soldiering on and continually demonstrating that true SIMBA SPIRIT even when the going gets tough! *Keep Roaring!* 🦁

We have activities lined up across East Africa this week as communicated by our colleagues from KE, UG and TZ! The Teams from across the region will be sharing their moments throughout the week for us to have a truly East Africa Customer Service Week.

Team KE, Capture The Moment!
Keep your eyes out for the photobooth at the Head Office (ICEA LION Centre) and the 360 video booth at the CBD Brand (JKUAT Towers) on *Monday, 3rd October* between 12 p.m. and 3 p.m. Share them with your community and tag us on our Social Media Pages. #ICEALIONCXXWeek2022.

They say a launch without a cake is a meeting... not on our watch! We kick-start the week with cake-cutting across all branches.

Team TZ, Lainisha Tumbo Yako!
Ndugu zetu-ni! (We know you are rolling your eyes!) Hakikisha kwamba tumbo yako itakuwa tayari kwa kiamsha kinywa!

Team UG, Party After Party!
Get ready for a chilled party to recognize and reward CXX champions. Dress Code: East African Flag Colors, Life UG –Use TZ Colours | Gen UG –Use KE Colours | ILAM UG Use UG Colours

We look forward to you sharing all your week's activities with us all!

#HappyCustomerServiceWeek2022 | #ICEALIONCXXWeek2022 | #SustainingCustomerInclusion

We're Better Together!
Warmest regards,
ICEA LION East Africa CXX Team

WE'RE BETTER TOGETHER INSURANCE • PENSIONS • INVESTMENTS • TRUSTS

MOMENTS CAPTURED DURING OUR CUSTOMER SERVICE WEEK

Our clients and colleagues had a great time! We value your patronage and are looking forward to serving you today and beyond.



ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

OUR VALUE CREATION

3. SOCIAL & RELATIONSHIP CAPITAL

END OF YEAR CHRISTMAS PARTY

The African Themed party was a great opportunity to bring staff together and also appreciate key staff for exemplary performance.



OUR VALUE CREATION

3. SOCIAL & RELATIONSHIP CAPITAL

AKI SPORTS DAY

ICEA LION team delivered a fantastic performance at the AKI Sports Day, winning 1st prize and bringing several trophies home.



ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

OUR VALUE CREATION

3. SOCIAL & RELATIONSHIP CAPITAL

STRATEGY CASCADE

Strategy Cascade Sessions were held across the company in order to ensure that staff clearly see the link between their roles and the business strategy. Here are moments from the Life Assurance Strategy Sessions held at Carnivore Grounds.



CORPORATE SOCIAL INVESTMENT

During the year we engaged in several activities as part of our corporate social engagements. These include:

LEWA MARATHON.

'ICEA LION was the event's Sustainability Sponsor, partly underwriting the cost of the event and purchasing 200 tree seedlings for Lewa from the Ngare Ndare Forest Trust.'



TREE PLANTING.

ICEA LION team joined AKI Kenya tree planting exercise at Ngong Hills. We are committed to playing our part in counteracting the negative effects of climate change.'



Please refer to pages 230-236 on our ICEA LION Group corporate social responsibility support for the period January 2013 to 31 December 2022.

3. SOCIAL & RELATIONSHIP CAPITAL

AKI AWARDS

The ICEA LION Life Assurance Company delivered a phenomenal performance at The AKI Awards 2022. ICEA LION had a total of 174 qualifiers from the previous year's 84. ICEA LION Life Assurance emerged 2nd and 3rd position in the Agent of the Year category which is the top award in the event. In addition, we bagged the 2nd runner up Company award for the highest number of Life Policies sold in 2022. ICEA LION Life Assurance top agent, James Nyarieko, won an award for the highest number of Life Policies sold in 2022.



ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

OUR VALUE CREATION

3. SOCIAL & RELATIONSHIP CAPITAL



1st Runner-up, Company of the Year Award 2022 | 2nd Runner-up, Company Award for the Highest Number of Life Policies 2022 | Position 2, Agent of the Year Award 2022 | Position 3, Agent of the Year Award 2022 | Agent with the highest number of policies Award

3. SOCIAL & RELATIONSHIP CAPITAL

CORPORATE GOVERNANCE

We have a reputation for honesty and integrity in our management practices. This is indeed encapsulated in one of our core values: **"We Champion Integrity."** We have developed: a robust corporate governance framework anchored on global best practice governance systems. These include the U.K. Corporate Governance Code, the Organization for Economic Co-operation and Development (OECD) Principles on Corporate Governance and The King IV Report. We have also benchmarked ourselves against the locally adapted Code of Corporate Governance for the Private Sector in Kenya. The standards for conduct established by the Company's Code of Business Conduct and Ethics serve to implement these guidelines and principles which are mandatory for all employees. The Code of Conduct and other internal guidelines adopted on its basis provide all employees with clear guidance on conduct that is in accordance with the values of the Company. They provide employees with practical guidelines for making their decisions and avoiding potential conflicts of interest. These guidelines also help employees recognize when they are approaching a critical limit, such as the acceptance of gifts or invitations from business partners. We believe good ethics are paramount and that organisations should aim for a strong ethical culture that is self-policing.

ANTI-BRIBERY AND CORRUPTION

Our commitment to fight all forms of corrupt activities is covered in our Anti-Bribery Policy. Channels have been set up, including an independently managed whistleblowing system which helps employees and other stakeholders report on fraud, corruption and unethical activities.

SUPPLIERS

We have a formal supplier selection process for all products and services procured that is reviewed every three years. All new suppliers are expected to comply with our Anti-bribery Policy, a copy of which is provided to them when they come on board. We have adopted a centralized procurement service which aims to bring with it enhanced efficiencies with regards to the procurement process. This service is overseen by a Procurement Committee.

GOVERNMENT AND REGULATORS

Recognizing that the government is a key stakeholder, we ensure that we are in full compliance with all applicable laws and regulations. The task of the compliance team includes advising the business units on laws, provisions and other regulations, the creation, implementation and monitoring of compliance with internal guidelines and standards as well as regular training of employees on applicable rules.

DATA PROTECTION

Data is at the core of what we do. We recognize that it is our duty to protect corporate and personal information in all our operations. In light of the new Data Protection Act, 2019, we have put in place mechanisms for ensuring full compliance with this Act. We have a Data Protection Policy that is reviewed and approved by the Board. This policy sets out our commitment to the security, information risk management, confidentiality and quality of information. We have made the requisite disclosures on Data Privacy to our clients through our website, appointed a Data Protection Officer and are in the process of realigning our business and client engagement processes to fully comply with the requirements.

OUR VALUE CREATION

4. NATURAL CAPITAL

Climate change, nature and bio-diversity are inextricably linked. It is evident, even from the effects seen in our country, that nature-related risk is already impacting economies and societies. Nature risks for several real economic sectors are very material and comparable to climate-related risks and particularly for financial institutions. Global and local efforts to respond to the nature crisis have gained momentum and already incorporated in regulatory and policy agendas. As members of the UNEP PSI, we have been part of the Nature Positive Taskforce which is developing thought leadership and guidance notes on how insurers can support countries' Nature and Biodiversity plans in light of the recently released Global Biodiversity Framework at COP 15.

We have also been active members to the Taskforce on Nature Related Financial Disclosures (TNFD) insurer pilot group, where we were one of the African voices piloting the beta-version of the TNFD framework. The TNFD was established in response to the growing appreciation that finance is a critical part of the solution.

The beta TNFD framework seeks to shift financial flows to nature-positive outcomes. The Africa pilot's objectives is to build knowledge, awareness and capacity on nature in financial institutions as well as capture Africa specific feedback which will ensure the framework is fit-for-purpose for African financial institutions. We have been part of this '**African Voice**' pilot leading the way globally on engaging with and testing the TNFD framework.

We also joined the African Natural Capital Alliance (ANCA), an African-led collaborative forum to enable nature-positive outcomes. Through ANCA, we have spoken at a number of events as we persuade our peers to tackle the nature agenda.

We will in the coming year launch some nature-specific insurance products as part of our commitment to addressing these current challenges.

OUR VALUE CREATION

4. NATURAL CAPITAL

In recognition of our leadership, we have been involved in various high level engagements specific to nature including speaking at ANCA events. We are currently a leading Africa voice in the carbon markets discussion within the insurance sector. We have participated in the USAID Kenya Carbon Markets event held in Nairobi. We have also participated in the Kenya Carbon Removal Roadmap workshop co-hosted by the Government of Kenya and the Thunderbird School of Government at the Arizona State University.

African Carbon Markets is predicted to be the next economic promise and financial markets frontier not just for our country, Kenya but also for East Africa and the rest of the continent.

OUR CIRCULAR ECONOMY STRATEGY THROUGH SUSTAINABLE WASTE MANAGEMENT

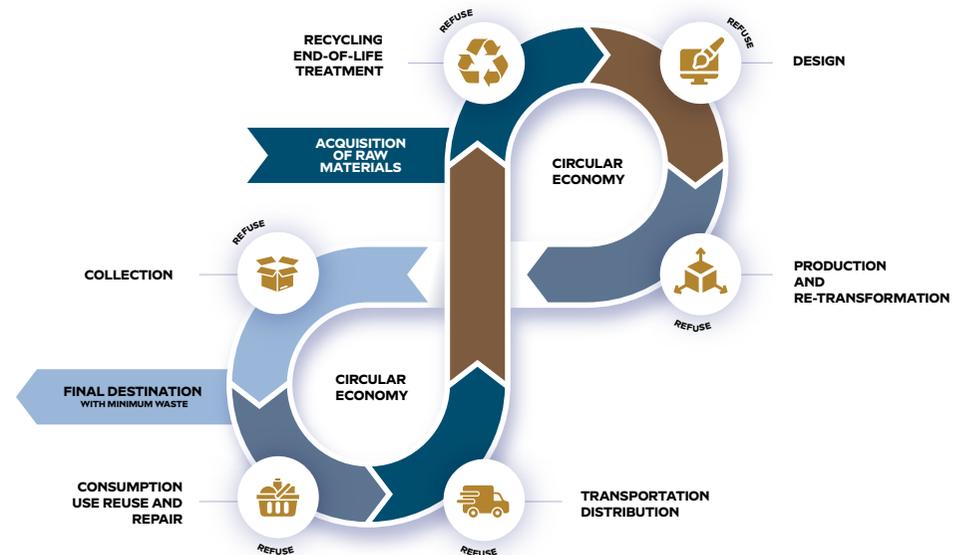
Underserved communities across this country have been overburdened with the negative environmental and health impacts caused by a non-circular economy. Many landfills and manufacturing and processing facilities are located in close proximity to low-income communities. How we extract, use and dispose our resources can disproportionately affect already vulnerable communities. In our action to address the climate crisis, material recovery has an important role to play.

A circular economy keeps materials, products and services in circulation for as long as possible.

It reduces material use, redesigns materials, products and services to be less resource intensive and recaptures "waste" as a resource to manufacture new materials and products.

The circular economy gives us the tools to tackle climate change and biodiversity loss together, while addressing important social needs. It gives us the power to grow prosperity, jobs and resilience while cutting greenhouse gas emissions, waste and pollution. Circularity, when designed in a thoughtful and inclusive manner, has the potential to protect the environment, improve economies and elevate social justice. Our work on circularity has been pegged on the new waste management process that we have adopted.

We have formulated a partnership with the **Taka Taka Ni Mali (TTNM)** Foundation, a non-profit organisation, whose work is to assist women, youth and disabled persons in improving their livelihoods through a waste management ecosystem.



ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

OUR VALUE CREATION

4. NATURAL CAPITAL

TTNM has restructured our premises waste ecosystem by deploying waste segregation areas within our offices and collecting the waste for recycling. Papers are recycled at **Chandaria Paper Industries** into products such as books, while the plastic is recycled at **Mr. Green** and **Vintz Plastic Ltd.** into products such as benches, poles and tables. TTNM then provides us with data via their digital platform to enable us trace how our waste is recycled and/or disposed off. Included in this project are capacity building sessions for all staff on the importance of embracing circularity through sorting, separating and recycling of waste where possible.



OUR ENVIRONMENTAL MANAGEMENT POLICY

The following initiatives highlight our commitment towards environmental sustainability:

- We have identified and comply with all environmental legislation, standards and codes of practice, which are relevant to our business.
- We continue to improve our environmental performance through effective measurement, monitoring, communication and adoption of best techniques available to our tenants, suppliers and other stakeholders
- We influence our stakeholders to minimise, wherever possible, the use of natural resources (energy, fuel and water) and raw materials such as paper and other consumables. We have digitised many of our internal processes in a bid to reduce usage of paper as well as enhance efficiency of operations
- We identify and manage instances of soil, groundwater or surface water contamination resulting from our operations
- We continue to improve our sanitation standards by ensuring there is adequacy, cleanliness and safety
- We conduct energy audits and implement the recommendations given for efficient use of energy on site

Additionally, we do not knowingly:

- Do business with companies whose activities involve industrial activity where the specified use of proceeds would significantly convert or degrade a critical habitat
- Carry out business with companies whose activities do not adhere to local laws, regulations and standards on pollution prevention
- Do business with companies that contravene international environmental agreements that have been enacted into the law

OUR VALUE CREATION

4. NATURAL CAPITAL

RESPONSIBLE CONSUMPTION

We continuously work to reduce the carbon footprint of our activities. The business continues to manage the above activities and this is evidenced by the level of costs incurred on various parameters as highlighted below.



OUR VALUE CREATION

5. MANUFACTURED CAPITAL

The Group's manufactured capital represents our physical infrastructure which includes the traditional brick and mortar customer contact points, investment property, vehicles, IT equipment and furniture as well as our digital infrastructure.

The efficient use of manufactured capital enables us to be flexible and responsive to customer needs, resulting in the effective delivery of products and services to customers. Our investment properties provide the long-term investment returns that would enable us keep our promises to all stakeholders.

Manufactured capital, particularly our digital infrastructure plays a vital role in reducing resource use, allowing human capital to be directed towards strategic, creative and value generating activities. Having identified the crucial role played by manufactured capital in driving customer accessibility, satisfaction and process efficiency, we place great strategic importance on optimizing and leveraging on our physical and digital infrastructure to drive stakeholder value.

Our manufactured capital includes ICEA LION's geographical footprint covering the head office, subsidiaries and branches as shown on page 16 of this report.

Our branch network also acts as a distribution network reaching devolved units within the counties. For all our properties, we have employed best practice processes in terms of health, safety and environmental management. The following is a listing of the prime properties we own:

- Riverside Park, Residential Apartments
- Riverside Park, ICEA LION Centre East Wing (hosts our Head Office) and West Wing (hosts our Tenants)
- Clanson Court
- St. Austin's Gardens



Riverside Park



ICEA LION Centre



Clanson Court



St. Austin's Gardens

OUR VALUE CREATION

5. MANUFACTURED CAPITAL

New branches

During the year, the business expanded its regional footprint through the setting up of the following branches: Cardinal Otunga in Nairobi, Kakamega, Kericho, Nanyuki and Kisii. In early 2023 the Group moved the Mombasa branch from the Standard Chartered building to Acacia Center. Please refer to the section on **Regional Footprint** on page 16 of our report for the addresses of these new branches.



Nanyuki Branch, 1st Floor, Cedarmall, Nyanyuki



Kakamega Branch, 1st Floor, Megamall, Kakamega



Mombasa Branch, Mezzanine 2, Acacia Centre

OUR DIGITAL PLATFORMS AND OPERATING PHILOSOPHY

A key element of our manufactured capital is the ICT system infrastructure which includes servers, core systems, utilities, IP telephony and security systems. This is governed by a well-structured ICT governance model.

We have invested heavily in ICT infrastructure over the past few years, as an essential component in building efficiencies within our business model.

The operational philosophy that drives the Group's digital agenda accelerates the flow of knowledge and information within the organisation and to parties outside the organisation –external suppliers and distribution channels. Special focus has been given to our digital channels such as mobile application and portals including the Partners' and Administrators' Portals that were launched during the year.

Apart from providing ICT infrastructure, software protection through cyber security resilience programs are incredibly important. Having centred on digital transformation projects in the recent past, our focus in 2022 and beyond is the utilisation and optimisation of the Group's systems. This is in a bid to enhance customer experience whilst growing our bottom line and digital market share.

Some of the salient initiatives in this regard include:

- Enhancement of our customer self-service portals to incorporate e-commerce capabilities as well as roll out of partners' portals for our intermediaries and Deposit Administration partners
- Realization of value on the mobile application through increased use by our agents
- Implementation of a USSD channel for customer connectivity

ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

OUR VALUE CREATION

5. MANUFACTURED CAPITAL

- Implementation of core system improvements arising from process optimization and resulting in shorter customer service turnaround timelines
- Embedding data analytics in product improvement and development through machine learning and predictive algorithms
- Realignment of our processes to comply with the new Data Protection Act 2019



ROBUST INFRASTRUCTURE



CRM SOLUTION ZOHO



SOCIAL MEDIA



LIVE CHAT



WEBSITE



CONTACT CENTRE



DATA SECURITY



CYBER SECURITY



ELECTRONIC DATA MANAGEMENT



BUSINESS INTELLIGENCE PORTALS



ROBUST FINANCIAL SYSTEMS



ANALYTICS CAPABILITIES



GOVERNANCE RISK & CONTROL MODULE



UNIFIED THREAT MANAGEMENT SOLUTIONS



MOBILE PLATFORMS



HR MODULE ZOHO PEOPLE



INTRANET



CLOUD BASED SOLUTION



DATA CENTRE



MOTOR INSURANCE PORTAL



SHARED ECONOMY MODEL



BOARDVANTAGE

6. FINANCIAL CAPITAL

CREATING REGIONAL VALUE THROUGH OUR FINANCIAL CAPITAL

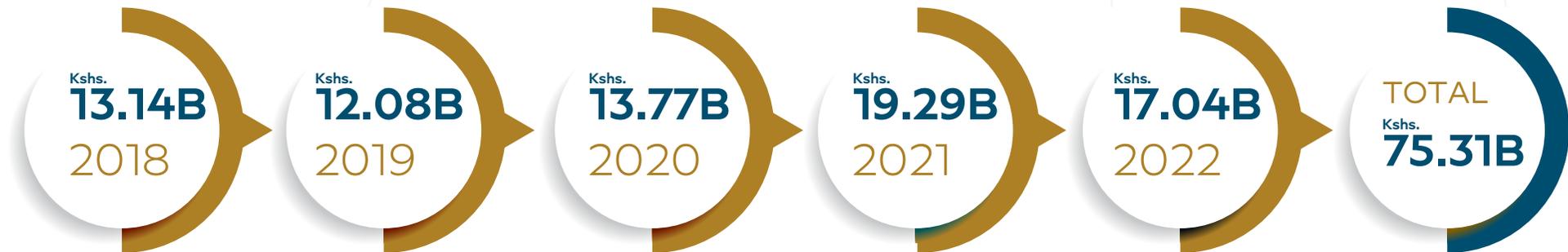
ICEA LION Life Group’s contribution to regional economic sustainability over the past five years in terms of payments and transfers to key stakeholders has exceeded Kshs 75 billion as shown on the chart below.

Supporting qualified local suppliers when procuring any goods and services is our first choice. In 2021 and 2022, 99% of our purchases was spent on local suppliers. Our supply chain strategy is to engage with our suppliers and commit to our procurement, sustainability and environmental charters as we embed the principles of sustainable insurance across the entire value chain.

We believe that together we can deliver economic solutions to support both our business as well as to ensure the continued socio-economic growth of Kenya.

VALUE DISTRIBUTION TO KEY STAKEHOLDERS

Our key stakeholders include customers, shareholders, employees sales agents and the government.



ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

OUR VALUE CREATION

6. FINANCIAL CAPITAL

VALUE ADDED STATEMENT

GROUP

	2022	2021	2020	2019	2018
	Kshs Million				
Gross written premiums & interest income	21,190	22,111	16,645	17,658	13,585
Less; Insurance ceded and costs of other services	(2,325)	(1,674)	(1,673)	(1,698)	(1,496)
Wealth created	18,865	20,437	14,972	15,960	12,089
Distribution					
Benefits & interest payment to policy holders	13,095	14,209	10,574	9,329	10,782
Dividends to Shareholders	700	1,826	435	250	200
Benefits to Sales Agents	1,659	1,269	1,155	989	830
Taxes paid to Government	493	1,062	541	448	412
Employees - salaries, wages and other benefits	1,090	927	1,060	1063	915
Retention to support future business growth					
Depreciation Amortisation	179	180	252	156	75
Retained Earnings	2,333	2,834	2,076	3,233	(446)
Total distribution	18,865	20,437	14,972	15,960	12,088

6. FINANCIAL CAPITAL

VALUE ADDED STATEMENT (Continued)

COMPANY

	2022	2021	2020	2019	2018
	Kshs Million				
Gross written premiums & interest income	17,362	19,185	13,742	15,241	11,473
Less; Insurance ceded and costs of other services	(1,200)	(832)	(873)	(858)	(805)
Wealth created	16,162	18,353	12,869	14,383	10,668
Distribution					
Benefits & interest payment to policy holders	11,428	13,223	9,807	8,692	10,101
Dividends to Shareholders	700	1,826	435	250	200
Benefits to Sales Agents	1,220	935	857	744	614
Taxes paid to Government	341	935	250	227	185
Employees - salaries, wages and other benefits	729	636	577	621	519
Retention to support future business growth					
Depreciation Amortisation	112	118	111	101	53
Retained Earnings	2,333	2,505	1,582	2,962	(511)
Total distribution	16,162	18,353	12,869	14,383	10,667

2022 AUDITED FINANCIAL STATEMENTS AND RELATED NOTES - 06

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138	COMPANY STATEMENT OF COMPREHENSIVE INCOME
139	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
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ICEA LION

INSURANCE • PENSIONS • INVESTMENTS • TRUSTS

REPORT OF THE DIRECTORS

The directors have the pleasure of presenting their report together with the audited financial statements of ICEA LION Life Assurance Company Limited (the “Company”) and its subsidiaries (together the “Group”) for the year ended 31 December 2022.

BUSINESS REVIEW

The principal activities of the Group are the transaction of life insurance business and pension schemes administration in Kenya. The Group is also involved in the transaction of general, life and pension scheme administration and asset management businesses in Uganda. The Group and Company’s 5 year financial highlights including ratios are summarised on pages 33 to 37.

The Group’s activities expose it to a variety of financial risks, including underwriting risk, credit risk, the effects of changes in debt and equity market prices, and interest rates. The Group’s overall risk management programme focuses on the identification and management of risks and the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. These policies include the use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients and defined criteria for the approval of intermediaries and reinsurers. Investment policies are in place, which help manage liquidity and seek to maximise return within an acceptable level of interest rate risk. Further, the internal audit and risk and compliance functions help to ensure that these policies are adhered too. The group’s risk management objectives and policies are detailed out in Note 4 and on pages 76 to 88.

RESULTS

	Long-term business Kshs’ 000	Short-term business Kshs’ 000	2022 Total Kshs’ 000	2021 Total Kshs’ 000
Profit before income tax	2,653,725	431,680	3,085,405	3,894,252
Income tax expense	(431,445)	(61,895)	(493,340)	(1,061,520)
Profit for the year	2,222,280	369,785	2,592,065	2,832,732

DIVIDENDS

Net profit for the year of Kshs 2,592,065,000 (2021: Profit of Kshs 2,832,732,000) has been added to retained earnings. The directors recommend a final dividend of Kshs 14.93 per share amounting to Kshs 840 million (2021: Kshs 12.44 per share amounting to Kshs 700 million).

DIRECTORS

The directors who held office during the year and to the date of this report are as set out on page 23.

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

The directors confirm that with respect to each director at the time of approval of this report:

- there was, as far as each director is aware, no relevant audit information of which the company's auditor is unaware; and
- each director had taken all steps that ought to have been taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

TERMS OF APPOINTMENT OF AUDITORS

The Company auditor, KPMG Kenya, continues in office by virtue of section 719 of the Kenyan Companies Act, 2015.

The directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the shareholders.

PROFESSIONAL INDEMNITY COVER

This is provided in line with best market practice to provide protection for the non-executive directors in undertaking their duties in such capacity.

APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue at a meeting of the Directors held on 17 March 2023.

By Order of the Board



SECRETARY

17 March 2023
Nairobi

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and presentation of the financial statements of ICEA LION Life Assurance Company Limited (the "Group and Company") set out on pages 137 to 223 which comprise the consolidated and company statements of financial position as at 31 December 2022, and the consolidated and company statements of comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

The Directors' responsibilities include determining that the basis of accounting described in Note 2 as an acceptable basis for preparing and presenting the financial statements in the circumstances, preparation and presentation of financial statements in accordance with IFRS standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Kenyan Companies Act, 2015, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Under the Kenyan Companies Act, 2015, the Directors are required to prepare financial statements for each financial period which give a true and fair view of the financial position of the Group and Company as at the end of the financial period and of the profit or loss of the Group and Company for that period. It also requires the Directors to ensure the Group and Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group and Company and its profit or loss.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRS Standards and in the manner required by the Kenyan Companies Act, 2015. The Directors are of the opinion that the financial statements give a true and fair view of the financial position of the Group and Company and of its profit or loss.

The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Directors have made an assessment of the Group and Company's ability to continue as a going concern and have no reason to believe the Group and Company will not be a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements, as indicated above, were approved and authorised for issue by the Board of Directors on 17 March 2023.



Chairman



Director

Date 17 March 2023

REPORT OF THE PARENT COMPANY CONSULTING ACTUARY

I have conducted an actuarial valuation of the long term business of ICEA LION Life Assurance Company Limited and ICEA LION Life Assurance Company (Uganda) Limited as at 31 December 2022.

The valuations were conducted in accordance with generally accepted actuarial principles and the requirements of the Kenyan and Ugandan Insurance Acts. Those principles require prudent provision for future outgo under contracts, generally based upon the assumptions that current conditions will continue. Provision is therefore not made for all possible contingencies.

In completing the actuarial valuations, I have relied upon the audited financial statements of the company.

In my opinion, the long term business of the company were financially sound and the actuarial value of the liabilities in respect of all classes of long term insurance business did not exceed the amount of funds of the long term business at 31 December 2022.



James I. O. Olubayi - Fellow of the Institute of Actuaries

Date 17 March 2023



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 Nairobi, Kenya

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICEA LION LIFE ASSURANCE COMPANY LIMITED

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of ICEA LION Life Assurance Company Limited (the "Group and Company") as set out on pages 137 to 223 which comprise the consolidated and company statements of financial position as at 31 December 2022, and the consolidated and company statements of comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of ICEA LION Life Assurance Company Limited as at 31 December 2022, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Kenyan Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG Kenya, a registered partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee

Partners

AM Mbai
 BM Ndung'u
 BO Amukah
 JI Kariuki
 JM Gathecha
 JM Ndunyu

MM Gachuhi
 PI Kinuthia
 S Obock
 W Genga



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICEA LION LIFE ASSURANCE COMPANY LIMITED (Continued)

Report on the audit of the consolidated and separate financial statements (Continued)

Key audit matters (Continued)

Insurance contract liabilities and payables under deposit administration contracts in the consolidated and separate financial statements

See Note 2(d), 3, 31 and 33 to the financial statements

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED
<p>Insurance contract liabilities and payables under deposit administration contracts constitute about 95.5% and 96.2% of the Group's and Company's total liabilities respectively. This is an area that involves significant judgement over uncertain future outcomes, mainly the ultimate total settlement value of policyholder liabilities. Economic and non-economic assumptions, such as projection of investment returns, determination of the discount rate to present value future cash flows, estimation of mortality and persistency, forecast of expenses and expense inflation and rates of withdrawals based on historical experience are used to estimate the insurance contract liabilities. The liabilities have been determined using the Gross Premium Valuation (GPV) method and Insurance Regulatory Authority (IRA) guidelines.</p> <p>The assumptions to be made have high estimation uncertainty and changes in the estimates may lead to material impact on the valuation of the liabilities.</p> <p>The valuation also depends on accurate historical premiums, claims and expenses data from the information systems. If the data used is not complete and accurate then material impacts on valuation of policyholder liabilities may also arise.</p> <p>As a result of the significant judgement and assumptions above, we determined insurance contract liabilities to be a key audit matter.</p>	<p>Our audit procedures in this area included:</p> <ul style="list-style-type: none"> — Using our internal actuarial specialists to assist us in assessing the appropriateness of the methodology and comparing the assumptions used to determine insurance contract liabilities, by validating the reasonableness of the economic assumptions such as determination of discount rates and forecasting inflation to market observable data and non-economic assumptions such as mortality and withdrawals against the Group and Company's historical experience, current trends and our own industry knowledge; — Obtaining an understanding of the processes, systems and applications used in determination of insurance contract liabilities. This included assessing the design and operating effectiveness of controls over the overall Group and Company's reserving process and actuarial valuations; — Evaluating the reasonableness of management's liability adequacy testing by comparing the actual vs expected analysis of surplus for any shortfalls or surpluses. — Re-performing reconciliations between the historical premiums, claims and expenses data recorded in the financial systems and the data used in the actuarial reserving calculations including selecting a sample of the data and comparing to the policy documents to ensure its complete and accurate; and — Evaluating the adequacy of the Group and Company's disclosures in relation to key assumptions, judgements and sensitivities used in the calculation of insurance contract liabilities.

Other Information

The directors are responsible for the other information. The other information comprise the information included in the *ICEA LION Life Assurance 2022 Integrated Report* but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, other than that prescribed by the Kenyan Companies Act, 2015 as set out below.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICEA LION LIFE ASSURANCE COMPANY LIMITED (Continued)

Report on the audit of the consolidated and separate financial statements (Continued)

Directors' responsibilities for the consolidated and separate financial statements

The directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS Standards and in the manner required by the Kenyan Companies Act, 2015 and for such internal control, as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group's and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICEA LION LIFE ASSURANCE COMPANY LIMITED (Continued)

Report on the audit of the consolidated and separate financial statements (Continued)

Auditor's responsibilities for the audit of the consolidated and separate financial statements (Continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Kenyan Companies Act, 2015, we report to you based on our audit, that in our opinion, the information given in the report of the directors on pages 129 and 130 is consistent with the consolidated and separate financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Dr. Alexander Mbai – Practicing Certificate No. 2172.



For and behalf of:

KPMG Kenya
Certified Public Accountants
PO Box 40612 – 00100
Nairobi, Kenya

Date: 30 March 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022



	Notes	Long term business 2022 Kshs '000	Short term business 2022 Kshs '000	Total 2022 Kshs '000	Long term business 2021 Kshs '000	Short term business 2021 Kshs '000	Total 2021 Kshs '000
Gross earned premiums	5	8,944,525	1,042,458	9,986,983	8,133,687	897,392	9,031,079
Less: reinsurance premiums ceded		(568,843)	(623,174)	(1,192,017)	(441,477)	(515,549)	(957,026)
Net earned premiums		8,375,682	419,284	8,794,966	7,692,210	381,843	8,074,053
Investment income	6	10,497,013	286,252	10,783,265	12,593,500	142,887	12,736,387
Commissions and fee income earned		151,694	221,924	373,618	114,293	169,747	284,040
Other operating income	7	78,999	451	79,450	46,896	5,095	51,991
Allowance for expected credit losses		(31,744)	(8,273)	(40,017)	(19,940)	22,448	2,508
Foreign exchange gain		(3,423)	10,607	7,184	897	3,634	4,531
Total investment and other income		10,692,539	510,961	11,203,500	12,735,646	343,811	13,079,457
Claims and policy holder benefits		13,039,394	492,218	13,531,612	14,279,002	308,621	14,587,623
Less: amounts recoverable from reinsurers		(194,648)	(241,925)	(436,573)	(217,439)	(160,889)	(378,328)
Net claims incurred	8	12,844,746	250,293	13,095,039	14,061,563	147,732	14,209,295
Commissions payable		1,478,278	180,315	1,658,593	1,120,167	148,764	1,268,931
Other operating expenses	9(a)	2,010,707	307,112	2,317,819	1,507,453	248,235	1,755,688
Finance costs	9(b)	80,765	2,899	83,664	64,122	3,687	67,809
Total expenses		3,569,750	490,326	4,060,076	2,691,742	400,686	3,092,428
Results of operating activities		2,653,725	189,626	2,843,351	3,674,551	177,236	3,851,787
Share of profit of associate, net of tax	20	-	242,054	242,054	-	42,465	42,465
Profit before income tax		2,653,725	431,680	3,085,405	3,674,551	219,701	3,894,252
Income tax expense	10	(431,445)	(61,895)	(493,340)	(1,036,905)	(24,615)	(1,061,520)
Profit for the year attributable to owners of the company		2,222,280	369,785	2,592,065	2,637,646	195,086	2,832,732
Other comprehensive income, net of tax: Items that may subsequently be reclassified to profit or loss							
Exchange differences in translating foreign operations		27,911	(6,237)	21,674	10,360	6,376	16,736
Other comprehensive income; net of tax		-	-	-	10,360	6,376	16,736
Total comprehensive income for the year attributable to owners of the company		2,250,191	363,548	2,613,739	2,648,006	201,462	2,849,468
Profit attributable to:							
Owners of the parent		2,222,280	365,019	2,587,299	2,637,646	192,589	2,830,235
Non-controlling interest		-	4,766	4,766	-	2,497	2,497
Total comprehensive income attributable to:		2,222,280	369,785	2,592,065	2,637,646	195,086	2,832,732
Owners of the parent		2,250,191	359,028	2,609,219	2,648,006	198,965	2,846,971
Non-controlling interest		-	4,520	4,520	-	2,497	2,497
Earnings per share (Basic and Diluted) - Kshs	11(a)			46.08			50.32

The notes on pages 144 to 223 are an integral part of the financial statements

COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	Long term business 2022 Kshs '000	Short term business 2022 Kshs '000	Total 2022 Kshs '000	Long term business 2021 Kshs '000	Short term business 2021 Kshs '000	Total 2021 Kshs '000
Gross earned premiums	5	7,371,507	-	7,371,507	7,055,718	-	7,055,718
Less: reinsurance premiums ceded		(355,286)	-	(355,286)	(306,447)	-	(306,447)
Net earned premiums		7,016,221	-	7,016,221	6,749,271	-	6,749,271
Investment income	6	9,718,460	145,167	9,863,627	11,988,016	28,396	12,016,412
Commissions earned		96,213	-	96,213	88,068	-	88,068
Other operating income	7	53,566	(541)	53,025	44,445	2,641	47,086
Allowance for expected credit losses		(19,145)	(3,354)	(22,499)	(19,940)	(2,323)	(22,263)
Total investment and other income		9,849,094	141,272	9,990,366	12,100,589	28,714	12,129,303
Claims and policy holder benefits payable		11,570,914	-	11,570,914	13,293,224	-	13,293,224
Less: amounts recoverable from reinsurers		(142,994)	-	(142,994)	(70,079)	-	(70,079)
Net claims payable	8	11,427,920	-	11,427,920	13,223,145	-	13,223,145
Commissions payable		1,220,117	-	1,220,117	935,109	-	935,109
Operating and other expenses	9(a)	1,621,309	58	1,621,367	1,216,037	60	1,216,097
Finance costs	9(b)	63,614	-	63,614	64,122	-	64,122
Total expenses		2,905,040	58	2,905,098	2,215,268	60	2,215,328
Profit before income tax		2,532,355	141,214	2,673,569	3,411,447	28,654	3,440,101
Income tax (expense) / credit	10	(310,929)	(29,788)	(340,717)	(936,456)	1,164	(935,292)
Profit for the year		2,221,426	111,426	2,332,852	2,474,991	29,818	2,504,809
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income for the year		2,221,426	111,426	2,332,852	2,474,991	29,818	2,504,809
Earnings per share (Basic and Diluted) - Kshs	11(a)			41.47			44.53

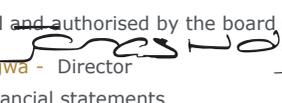
The notes on pages 144 to 223 are an integral part of the financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

ASSETS	Notes	Long term business 2022 Kshs '000	Short term business 2022 Kshs '000	Total 2022 Kshs '000	Long term business 2021 Kshs '000	Short term business 2021 Kshs '000	Total 2021 Kshs '000
Investment properties	17	8,170,000	1,255,000	9,425,000	8,795,000	1,168,000	9,963,000
Motor vehicle and equipment	14	175,912	14,107	190,019	107,930	18,595	126,525
Intangible assets	15	7,035	7,392	14,427	7,869	5,180	13,049
Right-of-use assets	16	436,949	17,806	454,755	426,826	30,317	457,143
Investment in associate	20	-	1,882,856	1,882,856	-	1,671,710	1,671,710
Deferred income tax	35	46,309	51,533	97,842	46,309	51,310	97,619
Mortgage loans	22(a)	656,159	-	656,159	651,482	-	651,482
Policy loans	22(b)	1,004,042	-	1,004,042	864,831	-	864,831
Government securities:							
- at amortised cost	27	81,027,679	946,701	81,974,380	69,700,524	806,758	70,507,282
- held at fair value through profit or loss	27	30,769,781	71,142	30,840,923	27,003,765	104,548	27,108,313
Corporate bonds at amortised cost	26	229,983	-	229,983	229,908	-	229,908
Kenya motor pool balances	21	-	24,158	24,158	-	24,738	24,738
Equity securities:							
- at fair value through profit or loss	18	8,017,497	11,933	8,029,430	9,514,758	13,119	9,527,877
Statutory deposits		56,064	67,642	123,706	42,148	59,022	101,170
Deferred acquisition costs	23	-	72,544	72,544	-	55,573	55,573
Receivables arising out of reinsurance arrangements		-	124,884	124,884	9,469	121,234	130,703
Receivables arising out of direct insurance arrangements		-	20,203	20,203	-	18,483	18,483
Reinsurers' share of insurance contracts liabilities	24	94,651	715,252	809,903	159,723	362,849	522,572
Current income tax	10(b)	43,593	51,255	94,848	40,168	143,463	183,631
Other receivables	25	835,421	94,733	930,154	785,330	86,555	871,885
Due from long term business		(728,853)	728,853	-	(588,853)	588,853	-
Deposits with financial institutions	28	6,068,824	876,180	6,945,004	3,523,419	706,859	4,230,278
REIT investment		255,910	-	255,910	150,000	-	150,000
Cash and bank balances		160,474	49,669	210,143	512,289	40,464	552,753
Total Assets		137,327,430	7,083,843	144,411,273	121,982,895	6,077,630	128,060,525
EQUITY AND LIABILITIES							
Equity							
Ordinary shares	29	150,000	975,000	1,125,000	150,000	975,000	1,125,000
Share Premium	11(b)	-	1,125,000	1,125,000	-	1,125,000	1,125,000
Statutory reserve	12	13,200,211	594,254	13,794,465	11,818,787	593,398	12,412,185
Translation reserve	12	(23,977)	(291,267)	(315,244)	(51,888)	(285,276)	(337,164)
Revaluation reserve		-	(4,786)	(4,786)	-	(4,786)	(4,786)
Retained earnings		499,782	1,783,059	2,282,841	495,108	1,422,714	1,917,822
Proposed dividends		-	840,000	840,000	-	700,000	700,000
Non-controlling interest		-	12,117	12,117	-	7,597	7,597
Total Equity		13,826,016	5,033,377	18,859,393	12,412,007	4,533,647	16,945,654
LIABILITIES							
Current income tax	10(b)	50,511	-	50,511	248,261	-	248,261
Unearned premiums	30	-	492,700	492,700	-	176,200	176,200
Lease liabilities	38	664,603	20,686	685,289	676,349	32,613	708,962
Other payables	34	1,079,168	453,937	1,533,105	902,924	375,344	1,278,268
Payables arising from reinsurance arrangements		100,020	92,011	192,031	19,619	135,956	155,575
Payables arising from direct insurance arrangements		-	51,187	51,187	-	51,187	51,187
Payable under deposit administration contracts	33(a)	86,917,979	-	86,917,979	75,519,507	-	75,519,507
Payables under unit linked policies	33(b)	170,901	-	170,901	198,734	-	198,734
Insurance contract liabilities	31	32,231,036	705,427	32,936,463	29,669,226	543,480	30,212,706
Deferred income tax	35	2,287,196	234,518	2,521,714	2,336,268	229,203	2,565,471
Total Liabilities		123,501,414	2,050,466	125,551,880	109,570,888	1,543,983	111,114,871
Total Equity and Liabilities		137,327,430	7,083,843	144,411,273	121,982,895	6,077,630	128,060,525

The financial statements on pages 137 to 223 were approved and authorised by the board of directors on 17 March 2023 and were signed on its behalf by:

Joseph Wangai - Chairman  J P M Ndegwa - Director 

G G Nyakundi - Principal officer 

The notes on pages 144 to 223 are an integral part of the financial statements

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	Long term business 2022 Kshs '000	Short term business 2022 Kshs '000	Total 2022 Kshs '000	Long term business 2021 Kshs '000	Short term business 2021 Kshs '000	Total 2021 Kshs '000
Investment properties	17	8,170,000	1,255,000	9,425,000	8,795,000	1,168,000	9,963,000
Motor vehicle and equipment	14	139,125	-	139,125	75,491	-	75,491
Intangible assets	15	2,994	-	2,994	3,069	-	3,069
Right-of-use assets	16	319,660	-	319,660	288,589	-	288,589
Investment in subsidiaries	19	9,823	680,443	690,266	9,823	680,443	690,266
Investment in associate	20	-	553,922	553,922	-	553,922	553,922
Subordinated Loan		-	129,033	129,033	-	129,033	129,033
Mortgage loans	22(a)	656,159	-	656,159	651,482	-	651,482
Policy loans	22(b)	784,576	-	784,576	678,774	-	678,774
Government securities at amortised cost	27	75,127,186	4,656	75,131,842	65,400,891	37,328	65,438,219
Government securities held at FVTPL	27	30,769,781	71,142	30,840,923	27,003,765	104,548	27,108,313
Corporate bonds at amortised cost	26	229,983	-	229,983	229,908	-	229,908
Kenya motor pool balances	21	-	24,158	24,158	-	24,738	24,738
Equity investments at fair value through profit or loss	18	7,844,244	-	7,844,244	9,345,877	-	9,345,877
Receivables arising out of reinsurance arrangements		-	-	-	9,469	-	9,469
Reinsurers' share of insurance liabilities	24	20,276	-	20,276	64,834	-	64,834
Other receivables	25	731,869	43,204	775,073	702,989	43,103	746,092
Current income tax	10(b)	-	38,974	38,974	-	131,894	131,894
Deferred income tax	35	46,309	50,982	97,291	46,309	50,982	97,291
Due from long term business		(728,853)	728,853	-	(588,853)	588,853	-
Deposits with financial institutions	28	5,111,609	756,068	5,867,677	2,905,343	555,759	3,461,102
REIT investment		255,910	-	255,910	150,000	-	150,000
Cash and bank balances		61,214	2,711	63,925	438,875	2,379	441,254
Total Assets		129,551,865	4,339,146	133,891,011	116,211,635	4,070,982	120,282,617
EQUITY AND LIABILITIES							
Equity							
Ordinary shares	29	150,000	975,000	1,125,000	150,000	975,000	1,125,000
Share Premium	11(b)	-	1,125,000	1,125,000	-	1,125,000	1,125,000
Statutory reserve	12	13,116,588	-	13,116,588	11,735,162	-	11,735,162
Retained earnings		-	833,256	833,256	-	721,830	721,830
Proposed dividends		-	840,000	840,000	-	700,000	700,000
Total Equity		13,266,588	3,773,256	17,039,844	11,885,162	3,521,830	15,406,992
LIABILITIES							
Current income tax	10(b)	50,511	-	50,511	248,262	-	248,262
Lease liabilities	38	513,461	-	513,461	506,781	-	506,781
Other payables	34	810,096	276,204	1,086,300	662,158	264,781	926,939
Payables arising from reinsurance arrangements		18,500	3,981	22,481	-	3,981	3,981
Payables arising from direct insurance arrangements		-	51,187	51,187	-	51,187	51,187
Payable under deposit administration contracts	33(a)	83,073,245	-	83,073,245	72,876,041	-	72,876,041
Payables under unit linked policies	33(b)	170,901	-	170,901	198,734	-	198,734
Insurance contract liabilities	31	29,361,367	-	29,361,367	27,498,229	-	27,498,229
Deferred income tax	35	2,287,196	234,518	2,521,714	2,336,268	229,203	2,565,471
Total Liabilities		116,285,277	565,890	116,851,167	104,326,473	549,152	104,875,625
Total Equity and Liabilities		129,551,865	4,339,146	133,891,011	116,211,635	4,070,982	120,282,617

The financial statements on pages 137 to 223 were approved and authorised by the board of directors on 17 March 2023 and were signed on its behalf by:

Joseph Wangai - Chairman

J P M Ndegwa - Director

G G Nyakundi - Principal officer

The notes on pages 144 to 213 are an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2022

	Share capital	Share Premium	Statutory reserve	Revaluation reserve	Translation reserve	Retained earnings	Proposed dividends	Non-controlling Interest	Total
Notes	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs'000	Kshs '000
2021									
Balance as at 1 January 2021	450,000	-	10,474,537	(4,786)	(353,900)	4,319,729	435,000	5,100	15,325,680
Profit for the year	-	-	2,637,648	-	-	192,589	-	2,497	2,832,734
Other comprehensive income for the year	-	-	-	-	16,736	-	-	-	16,736
Loss on deconsolidation	19b	-	-	-	-	(768,246)	-	-	(768,246)
Transfer from statutory reserve	-	-	(700,000)	-	-	700,000	-	-	-
Transaction with owners:	-	-	-	-	-	-	-	-	-
New issued and paid for shares - 33,750,000	675,000	1,125,000	-	-	-	-	-	-	1,800,000
Final dividend paid for 2020	13	-	-	-	-	-	(435,000)	-	(435,000)
Special dividend paid	13	-	-	-	-	(1,826,250)	-	-	(1,826,250)
Dividend proposed 2021	-	-	-	-	-	(700,000)	700,000	-	-
Balance as at 31 December 2021	1,125,000	1,125,000	12,412,185	(4,786)	(337,164)	1,917,822	700,000	7,597	16,945,654
2022									
At start of year	1,125,000	1,125,000	12,412,185	(4,786)	(337,164)	1,917,822	700,000	7,597	16,945,654
Profit for the year	-	-	2,222,280	-	-	365,019	-	4,766	2,592,065
Other comprehensive income for the year	-	-	-	-	21,920	-	-	(246)	21,674
Transfer from statutory reserve	12	-	(840,000)	-	-	840,000	-	-	-
Transaction with owners:	-	-	-	-	-	-	-	-	-
Final dividend paid for 2021	13	-	-	-	-	-	(700,000)	-	(700,000)
Proposed dividend 2022	-	-	-	-	-	(840,000)	840,000	-	-
Balance as at 31 December 2022	1,125,000	1,125,000	13,794,465	(4,786)	(315,244)	2,282,841	840,000	12,117	18,859,393

The notes on pages 144 to 223 are an integral part of the financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY

As at 31 December 2022

	Notes	Share capital Kshs '000	Share Premium Kshs '000	Statutory reserve Kshs '000	Retained earnings Kshs '000	Proposed dividends Kshs '000	Total Kshs '000
2021							
		450,000	-	9,960,170	2,518,262	435,000	13,363,432
		-	-	2,474,992	29,818	-	2,504,810
	12	-	-	(700,000)	700,000	-	-
Transaction with owners:							
		675,000	1,125,000	-	-	-	1,800,000
	13	-	-	-	-	(435,000)	(435,000)
	13	-	-	-	(1,826,250)	-	(1,826,250)
		-	-	-	(700,000)	700,000	-
		1,125,000	1,125,000	11,735,162	721,830	700,000	15,406,992
2022							
		1,125,000	1,125,000	11,735,162	721,830	700,000	15,406,992
		-	-	2,221,426	111,426	-	2,332,852
	12	-	-	(840,000)	840,000	-	-
Transaction with owners:							
	13	-	-	-	-	(700,000)	(700,000)
		-	-	-	(840,000)	840,000	-
		1,125,000	1,125,000	13,116,588	833,256	840,000	17,039,844

The notes on pages 144 to 223 are an integral part of the financial statements

CONSOLIDATED & COMPANY STATEMENT OF CASHFLOWS

For the year ended 31 December 2022



CASH FLOWS FROM OPERATING ACTIVITIES	Note	GROUP		COMPANY	
		2022 Kshs `000	2021 Kshs `000	2022 Kshs `000	2021 Kshs `000
Cash generated from operations	36	6,639,947	5,896,936	5,002,071	4,990,238
Income tax paid	10(b)	(643,709)	(312,117)	(489,304)	(194,545)
Net cash generated from operating activities		5,996,238	5,584,819	4,512,767	4,795,693
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income		13,543,256	11,764,291	12,806,036	10,959,739
Purchase of motor vehicle and equipment	14	(135,357)	(41,046)	(115,155)	(35,721)
Fair value gains/(loss) on unit trusts		(2,326)	-	(2,326)	-
Gain on disposal of lease liabilities		(21,906)	-	(21,797)	-
Gain on disposal of quoted shares		4,468	-	4,468	-
Right of use asset	16	(108,236)	(10,177)	(107,221)	-
Purchase of intangible assets	15	(8,318)	(14,119)	(1,644)	(4,603)
Proceeds from disposal of subsidiary	19(b)	-	32,943	-	44,596
Proceeds from disposal of right of use asset	16	17,354	31,906	17,363	-
Proceeds from disposal of property and equipment	14	7,962	4,585	-	(3,226)
Additions to investment property	17	(69,283)	(14,640)	(69,283)	(14,639)
Purchase of quoted shares	18	(489,204)	(865,562)	(472,259)	(793,905)
Purchase of corporate bonds		-	(225,450)	-	(225,450)
Proceeds from disposal of government securities		10,509,289	4,883,571	8,978,897	1,944,884
Purchase of government securities		(27,005,678)	(20,932,370)	(23,701,811)	(16,814,503)
Purchase of REIT		(105,910)	(150,000)	(105,910)	(150,000)
Policy loans advanced	22(b)	(280,664)	(457,389)	(163,177)	(359,626)
Policy loans recovered	22(b)	219,217	289,390	148,367	225,197
Mortgage loans advanced	22(a)	(93,831)	(132,720)	(93,831)	(132,720)
Mortgage loans recovered	22(a)	125,459	85,610	125,461	85,610
Proceeds from/(placement of) deposits with financial institutions		(2,341,638)	(905,254)	(2,406,575)	(353,225)
Proceeds from disposal of quoted shares		67,231	122,706	67,231	149,498
Proceeds from disposal of Investment Properties		-	398,000	-	398,000
Redemption of corporate bonds		(75)	425,933	(75)	425,933
Dividend income on equity investments		566,597	321,400	552,193	315,222
Rental income		370,950	436,957	370,950	436,957
Purchase of statutory deposit		(22,536)	(12,473)	-	-
Net cash used in investing activities		(5,253,179)	(4,963,908)	(4,190,098)	(3,901,982)
CASH FLOWS FROM FINANCING ACTIVITIES					
2021 Final Dividends paid		(700,000)	(2,261,250)	(700,000)	(2,261,250)
Issued and paid for additional shares		-	1,800,000	-	1,800,000
Subordinated Loan		-	-	-	(54,839)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		43,059	159,661	(377,331)	377,622
Cash and cash equivalents at 1 January		1,405,810	1,229,414	572,083	194,461
Effect of translation of cash and cash equivalents and OCI	36(c)	(49,518)	16,736	-	-
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	36(b)	1,399,351	1,405,810	194,752	572,083

The notes on pages 144 to 223 are an integral part of the financial statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the Financial Statements

1. GENERAL INFORMATION

ICEA LION Life Assurance Company Limited is incorporated in Kenya under the Companies Act as a private limited liability company and is domiciled in Kenya. The address of its registered office is:-

ICEA LION Centre
Riverside Park, Chiromo Road Westlands
P.O Box 46143-00100
Nairobi

The Company acts as an insurance company and a holding company for insurance, investment management, schemes administration and trust services in Kenya and Uganda.

The Group comprises of six entities; ICEA LION Life Assurance Company Limited which is the parent company, Riverside Park Company (Kenya) Limited, ICEA LION General Insurance Company (Uganda) Limited, ICEA LION Life Assurance Company (Uganda) Limited and ICEA LION Asset Management Company (Uganda) Limited. The Group also has a 30.9% stake in East Africa Reinsurance Company Limited in Kenya, which is accounted for as an associate.

The Group is organised into two main divisions, Short term business and Long term business. Long term business relates to the underwriting of risks relating to death of an insured person, and includes contracts subject to the payment of premiums for a term dependent on the termination or continuance of the life of an insured person. The Group also issues a diversified portfolio of deposit administration contracts to provide its customers with asset management solutions for their savings and retirement needs. Short term business relates to all other categories of short term insurance business underwritten by the Group, analysed principally property, casualty and medical insurance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

(i) Statement of compliance

The consolidated financial statements of the Company and its subsidiary as well as the separate financial statements of the Company, together referred to as "the financial statements", have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and in the manner required by the Kenyan Companies Act, 2015. The financial statements comply with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards)

For the Kenyan Companies Act, 2015 reporting purposes the balance sheet is represented by the statement of financial position and the profit and loss account is represented by the statement of comprehensive income.

(ii) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following which are measured at fair value: -

- Financial instruments at fair value through profit or loss,
- Financial assets at fair value through other comprehensive income, and;
- Investment properties

(iii) Functional and presentation currency

The financial statements are presented in Kenya Shillings (Kshs), which is the functional currency of the parent company. Except as otherwise indicated, financial information presentation in Kenya shillings has been rounded to the nearest thousand (Kshs '000').

(iv) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

New and amended IFRS Standards

(i) New and amended standards adopted by the Group

The following standards and interpretations apply for the first time to the financial reporting period commencing 1 January 2022:

- (a) Covid-19- Related Rent Concessions – Amendments to IFRS 16
- (b) Onerous Contracts Cost of Fulfilling a Contract - Amendments to IAS 37
- (c) Annual Improvements to IFRS Standards 2018-2020
- (d) Property, Plant and Equipment: Proceeds before intended Use - Amendments to IAS 16
- (e) Reference to the Conceptual Framework - Amendments to IFRS 3

The amendments listed above did not have a material effect on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods. This is attributed to the fact that the Company is not a lessee and has no contracts subject to Interest Rate Benchmark Reform changes.

(ii) New standards and interpretations not yet adopted by the Group

A number of new standards are effective for annual periods beginning after 1 January 2023, and earlier adoption is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

New and amended IFRS Standards that are effective for the current year (Continued)

(ii) New standards and interpretations not yet adopted by the Group (Continued)

(a) IFRS 17 Insurance Contracts – effective 1 January 2023

The Group will apply IFRS 17 for the first time on 1 January 2023. The standard will bring significant changes to the accounting for insurance and reinsurance contracts and is expected to have a material impact on the Group's consolidated financial statements in the period of initial application.

Estimated impact of the adoption of IFRS 17

The initial application of IFRS 17 is currently being assessed and its impact in the Company's equity before tax at 1 January 2022. This impact will be primarily attributable to the effect of discounting of the insurance cash flows being offset by the risk adjustment and loss component. Discounting of insurance cash flows to reflect the time value of money will result in a reduction in insurance liabilities. However, this discounting effect will be offset by an increase in liability arising from risk adjustment and loss component.

The Company will restate comparative information on adoption of IFRS 17.

The assessment above is preliminary because not all of the transition work has been finalised. The actual impact of adopting IFRS 17 on 1 January 2023 and 2022 may change because:

- the new accounting policies, assumptions, judgments and estimation techniques employed are subject to change until the Company finalises its first financial statements that include the date of initial application.
- the Company has not finalised the testing and assessing the controls over its new IFRS 17 systems and changes to its governance framework;
- the Company is refining the new accounting processes and internal controls required for applying IFRS 17 ; and although user acceptance tests were carried out in 2022, the new systems and associated controls in place have not been operational for a more extended period to confirm sufficiency of the controls.

IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted.

i. Identifying contracts in the scope of IFRS 17

The standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with Discretionary participation features.

IFRS 17 seeks to include all possible future cash flows within the boundary of the contract. Where a valid insurance contract exists, the standard provides guidance which helps to define the beginning and end of the contract, setting the boundaries. A contract begins when it is recognised:

IFRS 17.25 An entity shall recognise a group of insurance contracts it issues from the earliest of the following:

- the beginning of the coverage period of the group of contracts
- the date when the first payment from a policyholder in the group becomes due; and
- for a group of onerous contracts, when the group becomes onerous.

Once a contract has been recognised, it is bounded by the end of the substantive obligation to provide the policyholder with services:

When identifying contracts in the scope of IFRS 17, in some cases the Group will have to assess whether a set or series of contracts needs to be treated as a single contract and whether embedded derivatives, investment components and goods and services components have to be separated and accounted for under another standard. For insurance and reinsurance contracts, the Group does not expect significant changes arising from the application of these requirements.

For investment contracts with DPF, under IFRS 4 the Group separately identifies and classifies part of the DPF as equity. Under IFRS 17, the Group will consider all of the discretionary benefits in the measurement of the liabilities. In addition, these contracts are currently subject to the disclosure requirements of IFRS 7 *Financial Instruments: Disclosures* and some of the presentation requirements of IAS 32 *Financial Instruments: Presentation*. On transition to IFRS 17, they will no longer be subject to those requirements because the presentation and disclosure requirements of IFRS 17 will apply to them.

ii. Level of aggregation

Under IFRS 17, insurance contracts and investment contracts with DPF are aggregated into groups for measurement purposes. Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together. Contracts in different product lines or issued by different Group entities are expected to be in different portfolios. Each portfolio is then divided into annual cohorts (i.e. by year of issue) and each annual cohort into three groups:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

This grouping is done at inception and is not re-performed at any later stage, apart from modifications to contracts that require the contract to be derecognized and recognized as a new contract.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

New and amended IFRS Standards that are effective for the current year (Continued)

(ii) New standards and interpretations not yet adopted by the Group (Continued)

(a) IFRS 17 Insurance Contracts – effective 1 January 2023

ii. Level of aggregation (Continued)

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts may be added.

The level of aggregation requirements of IFRS 17 limit the offsetting of gains on groups of profitable contracts, which are generally deferred as a Contractual Service Margin (CSM), against losses on groups of onerous contracts, which are recognised immediately. Compared with the level at which the liability adequacy test is performed under IFRS 4 (i.e. portfolio of contracts level), the level of aggregation under IFRS 17 is more granular and could result in more contracts being identified as onerous and losses on onerous contracts being recognised sooner.

The standard also allows the entity to further subdivide the abovementioned 3 minimum groups when deemed necessary

IFRS 17.21 *An entity is permitted to subdivide the groups described in paragraph 16. For example, an entity may choose to divide the portfolios into:*

- (a) *more groups that are not onerous at initial recognition—if the entity’s internal reporting provides information that distinguishes:*
 - (i) *different levels of profitability; or*
 - (ii) *different possibilities of contracts becoming onerous after initial recognition; and*
- (b) *more than one group of contracts that are onerous at initial recognition—if the entity’s internal reporting provides information at a more detailed level about the extent to which the contracts are onerous.*

The Group and Company **will not create additional profitability groups** over and above the required three groups.

iii. Contract boundaries

Under IFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group.

Compared with the current accounting, the Group expects that for certain contracts the IFRS 17 contract boundary requirements will change the scope of cash flows to be included in the measurement of existing recognised contracts, as opposed to future unrecognised contracts. The period covered by the premiums within the contract boundary is the 'coverage period', which is relevant when applying a number of requirements in IFRS 17

IFRS 17 sets out the boundary of an insurance contract as the period in which the entity can compel the policyholder to pay their premiums or in which the entity has a substantive obligation to provide the policyholder with services. This is further adjusted by a practical ability to reprice or terminate a contract at the insurer’s discretion.

Insurance contracts

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and investment services). A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

Reinsurance contracts

For reinsurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

The Group's Surplus treaties reinsurance contracts cover underlying contracts issued within the annual term on a risk-attaching basis and provide unilateral rights to both the Group and the reinsurer to terminate the attachment of new underlying contracts at any time by giving three months' notice to the other party. Currently, the measurement of these reinsurance contracts generally aligns with that of the underlying contracts and considers only underlying contracts already ceded at the measurement date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

New and amended IFRS Standards that are effective for the current year (Continued)

(ii) New standards and interpretations not yet adopted by the Group (Continued)

(a) IFRS 17 Insurance Contracts – effective 1 January 2023

iv. Measurement – Overview (Continued)

iv. Measurement – Overview

IFRS 17 introduces a measurement model based on the estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a Contractual Service Margin (CSM). For an explanation of how the Group will apply the measurement model. Contracts are subject to different requirements depending on whether they are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts that are substantially investment-related service contracts under which the Group promises an investment return based on underlying items; they are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

All insurance contracts and investment contracts with DPF in the Participating segment are expected to be classified as direct participating contracts. Shadow accounting will no longer be applied to these contracts. To avoid accounting mismatches between these contracts and their underlying items, the Group will:

- apply the risk mitigation option in IFRS 17, to the extent eligible, to recognise certain changes in these contracts in profit or loss and not to adjust the CSM for those changes when it uses derivatives, non-derivative financial instruments measured at FVTPL or reinsurance contracts to mitigate the financial risk from interest rate guarantees in traditional participating contracts and equity guarantees in variable annuity contracts; and
- take advantage of the consequential amendments introduced by IFRS 17 to other standards to measure owner-occupied properties and the Group's own financial liabilities that are underlying items as assets at FVTPL. Currently:
 - owner-occupied properties are measured at cost less accumulated depreciation less any impairment losses;

All other insurance contracts and all reinsurance contracts are expected to be classified as contracts without direct participation features.

Premium Allocation Approach (PAA)

The PAA is an optional simplified measurement model in IFRS 17 that is available for insurance and reinsurance contracts that meet the eligibility criteria. For an explanation of how the Group will apply the PAA..

The Group expects that it will apply the PAA to all contracts in the Non-life segment because the following criteria are expected to be met at inception:

- *Insurance contracts and loss-occurring reinsurance contracts:* The coverage period of each contract in the group is one year or less.
- *Risk-attaching reinsurance contracts:* The Group reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the accounting policies described above.

v. Measurement – Life contracts

Insurance contracts and investment contracts with DPF

On initial recognition, the Group will measure a group of contracts as the total of (a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the CSM. The fulfilment cash flows of a group of contracts do not reflect the Group's non-performance risk.

The Group's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario will be discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then the Group will use stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for variables such as interest rates and equity returns.

All cash flows will be discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity characteristics of the contracts. Cash flows that vary based on the returns on any underlying items will be adjusted for the effect of that variability using risk-neutral measurement techniques and discounted using the risk-free rates as adjusted for illiquidity. When the present value of future cash flows is estimated by stochastic modelling, the cash flows will be discounted at scenario-specific rates calibrated, on average, to be the risk-free rates as adjusted for illiquidity

The risk adjustment for non-financial risk for a group of contracts, determined separately from the other estimates, is the compensation that the Group would require for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

New and amended IFRS Standards that are effective for the current year (Continued)

(ii) New standards and interpretations not yet adopted by the Group (Continued)

(a) IFRS 17 Insurance Contracts – effective 1 January 2023

v. Measurement – Life contracts (Continued)

Insurance contracts and investment contracts with DPF (Continued)

The CSM of a group of contracts represents the unearned profit that the Group will recognise as it provides services under those contracts. On initial recognition of a group of contracts, the group is not onerous if the total of the following is a net inflow:

- (a) the fulfilment cash flows;
- (b) any cash flows arising at that date; and
- (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows; see below).

In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition. If the total is a net outflow, then the group is onerous and the net outflow is generally recognised as a loss in profit or loss; a loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

Subsequently, the carrying amount of a group of contracts at each reporting date is the sum of the Liability for Remaining Coverage and the Liability for Incurred Claims. The Liability for Remaining Coverage comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The Liability for Incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognized as follows.

Changes relating to future services Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)

Changes relating to current or past services Recognised in the insurance service result in profit or loss

Effects of the time value of money, financial risk and changes therein on estimated future cash flows Recognised as insurance finance income or expenses

The CSM is adjusted subsequently only for changes in fulfilment cash flows that relate to future services and other specified amounts and is recognised in profit or loss as services are provided. The CSM at each reporting date represents the profit in the group of contracts that has not yet been recognised in profit or loss because it relates to future service.

Reinsurance contracts

The Group will apply the same accounting policies to measure a group of reinsurance contracts, with the following modifications. The Group will measure the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in the insurance service result in profit or loss.

The risk adjustment for non-financial risk will represent the amount of risk being transferred by the Group to the reinsurer.

The CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured such that no income or expense arises on initial recognition, except that the Group will:

- recognise any net cost on purchasing reinsurance coverage immediately in profit or loss as an expense if it relates to insured events that occurred before the purchase of the group; and
- recognise income when it recognises a loss on initial recognition of onerous underlying contracts if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognised. A loss-recovery component is created, which determines the amounts that are subsequently disclosed as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid.

The CSM is adjusted subsequently only for specified amounts and is recognised in profit or loss as services are received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

New and amended IFRS Standards that are effective for the current year (Continued)

(ii) New standards and interpretations not yet adopted by the Group (Continued)

(a) IFRS 17 Insurance Contracts – effective 1 January 2023

v. Measurement – Life contracts (Continued)

Insurance acquisition cash flows

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Under IFRS 17, for Life contracts, insurance acquisition cash flows are allocated to groups of contracts using systematic and rational methods based on the total premiums for each group.

Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and tested for recoverability, whereas other insurance acquisition cash flows are included in the estimates of the present value of future cash flows as part of the measurement of the related insurance contracts. The Group expects that a majority of assets for insurance acquisition cash flows will relate to the renewals of term life and critical illness contracts. These assets will be presented in the same line item as the related portfolio of contracts and derecognised once the related group of contracts has been recognised.

IFRS 17 will require the Group to assess at each reporting date whether facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired.

If it is impaired, then the Group will:

- a. recognise an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and
- b. if the asset relates to future renewals, recognise an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under (a).

The Group will reverse any impairment losses in profit or loss and increase the carrying amount of the asset to the extent that the impairment conditions have improved.

Impact assessment

Under IFRS 17, all profits will be recognised in profit or loss over the lifetime of the contracts, and this will primarily be driven by the timing of the recognition in profit or loss of the CSM as services are provided and the risk adjustment for non-financial risk as the related risk expires. The Group expects that, even though the total profit recognised over the lifetime of the contracts will not change, it will emerge more slowly under IFRS 17. This is mainly because, for certain Life contracts, all profits are currently recognised in profit or loss on initial recognition of the contracts. The different timing of profit recognition will result in an increase in liabilities on adoption of IFRS 17 because a portion of profits previously recognised and accumulated in equity under IFRS 4 will be included in the measurement of the liabilities under IFRS 17.

The increase in the liabilities for Life contracts on transition to IFRS 17 can mainly be attributed to the following.

<i>Changes from IFRS 4</i>	<i>Impact on equity transition to IFRS 17</i>
Under IFRS 17, the Group will discount the future cash flows when measuring liabilities for incurred claims, unless they are expected to occur in one year or less from the date on which the claims are incurred. The Group does not currently discount such future cash flows.	<i>Increase</i>
IFRS 17 requires the fulfilment cash flows to include a risk adjustment for non- financial risk. This is not explicitly allowed for currently.	<i>Decrease</i>
The Group's accounting policy under IFRS 17 to amortise eligible insurance acquisition cash flows when they are incurred over the period of the contract is consistent with the current treatment	<i>Nil</i>
Under IFRS 17, the Group will be required to recognize the Loss Component which arises when the Present Value of Future Fulfillment Cash flows is less than the Liability for Remaining Coverage (LRC). Under IFRS 4, the Unearned Premium Reserve (UPR) and the Additional Unexpired Risk Reserve (AURR) would be used to cater for future fulfillment cash flows. The AURR and UPR is retrospective and is recognized over the life of the policy contract whereas the Loss component is Prospective.	<i>Decrease</i>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

New and amended IFRS Standards that are effective for the current year (Continued)

(ii) New standards and interpretations not yet adopted by the Group (Continued)

(a) IFRS 17 Insurance Contracts – effective 1 January 2023

vi. Measurement – Significant judgements & Estimates

Estimates of future cash flows

In estimating future cash flows, the Group will incorporate, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows will reflect the Group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Group will take into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts will not be taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows will be attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities will be allocated to groups of contracts using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics.

Discount rates

The Fulfilment Cash Flows ("FCF"), which are a component of the insurance liabilities, include an adjustment to reflect the time value of money and the financial risks related to the future cash flows. The group will use a discount rate that explicitly adjusts for time value of money, financial risks and liquidity characteristics of the insurance contract cash flows. No credit risk allowed for in the discount rate applied.

In order to compute the discount rate, the bottom-up approach, one of the methods prescribed in the IFRS 17 standard, will be used by the group to determine discount rates for all product groups, as risk free rates are readily available and the only further adjustment required will be the illiquidity premium.

IFRS 17 does not prescribe a method for deriving a risk free curve, therefore, the group will use the Government of Kenya yield curve. The group does not expect to have cash flows extending up to and beyond 23 years and therefore extrapolation of discount rates will not be applicable.

Once a liquid risk-free yield curve is in place, the group will adjust it with an illiquidity premium that will reflect the differences between the liquidity characteristics of the financial instrument, that underlie the rates observed in the market, and the liquidity characteristics of the insurance contracts.

In order to determine the illiquidity premium, the group will use covered bonds, where the bonds are covered with a collateral that is considered very safe. The illiquidity premium in this case is equal to the covered bond spread over the liquid risk-free rate.

The term structure of illiquidity premium could be, but is not necessarily, constant over time, with respect to its level or its shape. However, considering market data limitations the group will use a single illiquidity adjustment at all durations. Considering market data limitations and practicability, the group will, where applicable, use the same illiquidity premium adjustment in determining discount rates for all contracts.

One discount rate shall be applied across all portfolios unless facts and circumstances indicate that specific portfolios will have different liquidity characteristics.

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk will be determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion. They will be determined separately for the Life and Non-life contracts and allocated to groups of contracts based on an analysis of the risk profiles of the groups. They reflect the effects of the diversification benefits between Group entities, which will be determined using a correlation matrix technique.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

New and amended IFRS Standards that are effective for the current year (Continued)

(ii) New standards and interpretations not yet adopted by the Group (Continued)

(a) IFRS 17 Insurance Contracts – effective 1 January 2023

vi. Measurement – Significant judgements & Estimates (Continued)

Risk adjustments for non-financial risk (Continued)

The risk adjustments for non-financial risk will be determined using the following techniques.

- *Liabilities for incurred claims of Non-life contracts*: a confidence level technique.

To determine the risk adjustments for non-financial risk for reinsurance contracts, the Group will apply these techniques both gross and net of reinsurance and derive the amount of risk being transferred to the reinsurer as the difference between the two results.

Applying a cost of capital technique, the Group will determine the risk adjustment for non-financial risk by applying a cost of capital rate to the amount of capital required for each future reporting date and discounting the result using risk-free rates adjusted for illiquidity, consistently with the Group's current practice. The required capital will be determined by estimating the probability distribution of the present value of future cash flows from the contracts at each future reporting date and calculating the capital that the Group would require to meet its contractual obligations to pay claims and expenses arising over the duration of the contracts at a 99.5 percent confidence level. The cost of capital rate represents the additional reward that investors would require for exposure to the non-financial risk. The Group's weighted-average cost of capital rate is 4.5 percent at 1 January 2023 and 2022.

Contractual Service Margin

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year, by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units will be reviewed and updated at each reporting date.

The Group will determine the quantity of the benefits provided under each contract as follows.

Product	Coverage Units
Term Assurance	Sum Assured payable on death
Value Added Term premium	Sum Assured payable on death plus the return of payable on maturity
Mortgage Protection	Decreasing Sum Assured payable on death
Value Added Mortgage	Decreasing Sum Assured payable on death plus the return of premium payable on maturity
Child Endowment Assurance	Waiver of premium
Anticipated Endowment Assurance	Death benefit+ Partial benefit outgo
Endowment Assurance With-Profit	Death benefit
Immediate Life Annuities without guarantees	Annuity amount payable in each period For those with a death benefit the sum assured will be added to the amount above
Immediate Life Annuities without guarantees	Annuity amount payable in each period- Probability of survival within the guaranteed period will be assumed to be 100%
	For those with a death benefit the sum assured will be added to the amount above
Deferred Annuity with return of purchase price with interest during the deferred period	During the deferred period; Purchase price plus interest After the deferred period: Annuity amount payable in each period
Joint Life Annuities	Annuity amount payable in each period
Deposit Admin/ PRS/ IDF	Unit account value

For insurance contracts that provide both insurance coverage and investment services, the assessment of the quantity of benefits entails determining the relative weighting of the benefits provided to the policyholder by these services, determining how the benefits provided by each service change over the coverage period and aggregating those different benefits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

New and amended IFRS Standards that are effective for the current year (Continued)

(ii) New standards and interpretations not yet adopted by the Group (Continued)

(a) IFRS 17 Insurance Contracts – effective 1 January 2023

vii. Presentation and disclosure

IFRS 17 will significantly change how insurance contracts, reinsurance contracts and investment contracts with DPF are presented and disclosed in the Group's consolidated financial statements.

Under IFRS 17, portfolios of insurance contracts and investment contracts with DPF that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts will be presented on a net basis; therefore, balances such as insurance receivables and payables and policyholder loans will no longer be presented separately. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) will also be presented in the same line item as the related portfolios of contracts.

Under IFRS 17, amounts recognised in the statement of profit or loss and OCI are disaggregated into

- (a) an insurance service result, comprising insurance revenue and insurance service expenses; and
- (b) insurance finance income or expenses. Amounts from reinsurance contracts will be presented separately.

The separate presentation of underwriting and financial results under IFRS 17 and IFRS 9 will provide added transparency about the sources of profits and quality of earnings.

Insurance service result

For contracts not measured using the PAA, insurance revenue for each year represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows.

For contracts measured using the PAA, insurance revenue is recognised based on an allocation of expected premium receipts to each period of coverage, which is based on the expected timing of incurred insurance service expenses for certain property contracts and the passage of time for other contracts. The requirements in IFRS 17 to recognise insurance revenue over the coverage period will result in slower revenue recognition compared with the Group's current practice of recognising revenue when the related premiums are written.

Expenses that relate directly to the fulfilment of contracts will be recognised in profit or loss as insurance service expenses, generally when they are incurred. Expenses that do not relate directly to the fulfilment of contracts will be presented outside the insurance service result.

Investment components will not be included in insurance revenue and insurance service expenses under IFRS 17. As a result, the Group expects a significant reduction in the total amounts of revenue and expenses from contracts with investment components compared with those recognised under the current practice. The Group will identify the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. The Group has identified that its universal life, participating and non-participating whole-life contracts contain an investment component, determined as the surrender value specified in the contractual terms less any accrued fees.

Amounts recovered from reinsurers and reinsurance expenses will no longer be presented separately in profit or loss, because the Group will present them on a net basis as 'net expenses from reinsurance contracts' in the insurance service result, but information about these will be included in the disclosures.

The Group will choose not to disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk recognised in profit or loss will be included in the insurance service result.

Insurance finance income and expenses

Under IFRS 17, changes in the carrying amounts of groups of contracts arising from the effects of the time value of money, financial risk and changes therein are generally presented as insurance finance income or expenses. They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

New and amended IFRS Standards that are effective for the current year (Continued)

(ii) New standards and interpretations not yet adopted by the Group (Continued)

(a) IFRS 17 Insurance Contracts – effective 1 January 2023

vii. Presentation and disclosure

Insurance finance income and expenses (Continued)

For Life risk and Life savings contracts, the Group will choose to disaggregate insurance finance income or expenses between profit or loss and OCI. This is expected to reduce accounting mismatches in profit or loss, considering that many of the supporting financial assets will be debt investments measured at FVOCI under IFRS 9(i). The amount included in profit or loss will be determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The systematic allocation will be determined using the following rates:

- *Life risk contracts*: the discount rates determined on initial recognition of the group of contracts; and
- *Life savings contracts*: for insurance finance income or expenses arising from the estimates of future cash flows, a rate that allocates the remaining revised expected finance income or expenses over the remaining duration of the group of contracts at a constant rate (i.e. the effective yield); and for insurance finance income or expenses arising from the CSM, the discount rates determined on initial recognition of the group of contracts.

If the Group derecognises a contract without direct participation features as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated OCI for the contract will be reclassified to profit or loss as a reclassification adjustment.

For Participating and Non-life contracts, the Group will present insurance finance income or expenses in profit or loss, considering that the supporting assets will generally be measured at FVTPL.

Disclosure

IFRS 17 requires extensive new disclosures about amounts recognised in the financial statements, including detailed reconciliations of contracts, effects of newly recognised contracts and information on the expected CSM emergence pattern, as well as disclosures about significant judgements made when applying IFRS 17.

There will also be expanded disclosures about the nature and extent of risks from insurance contracts, reinsurance contracts and investment contracts with DPF.

Disclosures will generally be made at a more granular level than under IFRS 4, providing more transparent information for assessing the effects of contracts on the financial statements.

viii. Transition

Changes in accounting policies resulting from the adoption of IFRS 17 will be applied using a full retrospective approach to the extent practicable, except as described below. Under the full retrospective approach, at 1 January 2022 the Group will:

- identify, recognise and measure each group of insurance contracts, reinsurance contracts and investment contracts with DPF as if IFRS 17 had always been applied;
- identify, recognise and measure any assets for insurance acquisition cash flows as if IFRS 17 had always been applied, except that they will not be tested for recoverability before 1 January 2022;
- derecognise previously reported balances that would not have existed if IFRS 17 had always been applied (including some deferred acquisition costs, provisions for levies attributable to existing insurance contracts and customer-related intangible assets related to acquired insurance contracts);
- measure owner-occupied properties, own financial liabilities and own shares held that are underlying items of direct participating contracts at fair value (see (iv)); and
- recognise any resulting net difference in equity. The carrying amount of goodwill from previous business combinations will not be adjusted.

The Group will apply the following approaches to Life contracts on transition to IFRS 17

PORTFOLIO	PRE 2016 (Contract before 01/01/2016)	POST 2016 (Contract on / after 01/01/2016)
Individual Life	MRA	FRA
Group Life	Not Applicable	Not Applicable
Group Credit	Not Applicable	Not Applicable
Unit Linked	MRA	FRA
Annuity	MRA	FRA
Deposit Administration	MRA	FRA
Personal Retirement Scheme	MRA	FRA
Income Drawn Down Fund	MRA	FRA

KEY:

MRA - Modified Restrospective Approach

FRA - Full Restrospective Approach

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

New and amended IFRS Standards that are effective for the current year (Continued)

(ii) New standards and interpretations not yet adopted by the Group (Continued)

(a) IFRS 17 Insurance Contracts – effective 1 January 2023

viii. Transition (Continued)

The Group considers the full retrospective approach impracticable under any of the following circumstances.

- The effects of retrospective application are not determinable because the information required has not been collected (or has not been collected with sufficient granularity) or is unavailable because of system migrations, data retention requirements or other reasons. Such information includes for certain contracts:
 - expectations about a contract's profitability and risks of becoming onerous required for identifying groups of contracts;
 - information about historical cash flows (including insurance acquisition cash flows and other cash flows incurred before the recognition of the related contracts) and discount rates required for determining the estimates of cash flows on initial recognition and subsequent changes on a retrospective basis;
 - information required to allocate fixed and variable overheads to groups of contracts, because the Group's current accounting policies do not require such information; and
 - information about certain changes in assumptions and estimates, because they were not documented on an ongoing basis.

Insurance contracts, reinsurance contracts and investment contracts with DPF

- The full retrospective approach requires assumptions about what Group management's intentions would have been in previous periods or significant accounting estimates that cannot be made without the use of hindsight. Such assumptions and estimates include for certain contracts:
 - expectations at contract inception about policyholders' shares of the returns on underlying items required for identifying direct participating contracts;
 - assumptions about discount rates, because the Group was not subject to any accounting or regulatory framework that required insurance contracts to be measured on a present value basis before 2007; and
 - assumptions about the risk adjustment for non-financial risk, because the Group was not subject to any accounting or regulatory framework that required an explicit margin for non-financial risk before 2016.

Modified retrospective approach

The objective of the modified retrospective approach is to achieve the closest outcome to retrospective application possible using reasonable and supportable information available without undue cost or effort. The Group will apply each of the following modifications only to the extent that it does not have reasonable and supportable information to apply IFRS 17 retrospectively.

Assessments at inception or on initial recognition

Some groups of immediate fixed annuity contracts issued between 2011 and 2013 contain contracts issued more than one year apart. For these groups, the discount rates on initial recognition will be determined at 1 January 2022 instead of at the date of initial recognition.

Insurance acquisition cash flows

For the Life risk segment, the Group will apply the modified retrospective approach or the fair value approach to identify, recognise and measure certain assets for insurance acquisition cash flows at 1 January 2022.

It is impracticable to apply the full retrospective approach in these cases because:

- data has not been collected with sufficient granularity;
- information required to identify fixed and variable overheads as relating to acquisition activities and to allocate them to groups of contracts is not available; or
- original assumptions about the manner in which the Group would have expected insurance acquisition cash flows to be recovered, which are required to allocate them to renewals, cannot be made without the use of hindsight.

The Group will apply the full retrospective approach to all other assets for insurance acquisition cash flows on transition to IFRS 17.

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- a) **Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) effective 1 January 2023**
- b) **Definition of Accounting Estimates (Amendments to IAS 8) effective 1 January 2023**
- c) **Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) effective 1 January 2023**
- d) **Initial Application of IFRS 17 and IFRS 9 Comparative Information (Amendments to IFRS 17) ~ effective 1 January 2023**
- e) **Classification of Liabilities as Current or Non-current (Amendments to IAS 1) effective 1 January 2023**
- f) **Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) effective 1 January 2024**
- g) **Non-current Liabilities with Covenants (Amendments to IAS 1) effective 1 January 2024**
- h) **Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – this standard is Optional**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control over an entity, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previous recognised in other comprehensive income are reclassified to profit or loss.

Investment in subsidiaries in the company books are carried at cost less provisions for impairment.

Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights.

The Group's investment in its associate is accounted for using the equity method and is recognized initially at cost.

The cost of the investment includes transaction costs. Subsequent to initial recognition, the financial statement includes the Group's share of the profit or loss and other comprehensive income of equity accounted investee until the date in which significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of the investment including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company's investment in associate is accounted for at cost in its separate financial statements.

(c) The Kenya Motor pool

The Kenya Motor Insurance Pool balances represent the group's share of the surplus and net assets of the pool.

Results of the company's share of the two Kenya Motor Insurance Pools are accounted for in profit or loss in accordance with the Pool's accounting year which runs from October of the previous year to September of the current year. As a result, the Pool's results for the 4th quarter of the group's accounting year are accounted for in the subsequent year.

(d) Insurance and investment contracts – classification and measurement

Long-term insurance business

Includes insurance business of all or any of the following classes, namely, life assurance business, superannuation business and business incidental to any such class of business.

Life assurance business means the business of, or in relation to, the issuing of, or the undertaking of liability to pay money on death (not being death by accident or in specified sickness only) or on the happening of any contingency dependent on the termination or continuance of human life (either with or without provision for a benefit under a continuous disability insurance contract), and include a contract which is subject to the payment of premiums for term dependent on the termination or continuance of human life and any contract securing the grant of an annuity for a term dependent upon human life.

Superannuation business means life assurance business, being business of, or in relation to, the issuing of or the undertaking of liability under superannuation, group life and permanent health insurance policy.

Short term insurance business

This is insurance business of any class or classes that is not long term insurance business. Classes of general Insurance include Aviation insurance, Engineering insurance, Fire insurance – domestic risks, Fire insurance – industrial and commercial risks, Liability insurance, Marine insurance, Motor insurance – private vehicles, Motor insurance – commercial vehicles, Personal accident insurance, Theft insurance, Workmen's Compensation and Employer's Liability insurance and Miscellaneous insurance. Miscellaneous insurance refers to other classes of business not included under those listed above. Motor insurance business means the business of affecting and carrying out contracts of insurance against loss of, or damage to, or arising out of or in connection with the use of motor vehicles, inclusive of third party risks but exclusive of transit risks.

Personal Accident insurance business means the business of affecting and carrying out contracts of insurance against risks of the persons insured sustaining injury as the result of an accident or of an accident of a specified class or dying as the result of an accident or of an accident of a specified class or becoming incapacitated in consequence of disease or of disease of a specified class. It also includes business of effecting and carrying out contracts of insurance against risk of persons insured incurring medical expenses.

i) Classification

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that is at least 10% more than the benefits payable if the insured event did not occur. Investment contracts are those contracts that transfer financial risk with no significant insurance risk. A number of insurance and investment contracts contain discretionary participation features (DPF). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses.

ii) Recognition and Measurement

Premium Income

For long term insurance business, premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission.

For general insurance business, premium income is recognised on assumption of risks, and includes estimates of premiums due but not yet received, less an allowance for cancellations, and less unearned premiums. Unearned premiums represent the proportion of the premiums written in periods up to the accounting date that relates to the unexpired terms of policies in force at the financial reporting date, and is computed using the 1/24ths method. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

Claims

For long term insurance business, benefits are recorded as an expense when they are incurred. Claims arising on maturing policies are recognised when the claim becomes due for payment. Death claims are accounted for on notification. Surrenders are accounted for on payment. A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used (the valuation premiums). The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. A risk margin for adverse deviations is included in the assumptions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IFRS 9 Financial Instruments (Continued)

(d) Insurance and investment contracts – classification and measurement (Continued)

For permanent assurances including endowments, decreasing term, level term and annuities, the liabilities are determined using Gross Premium Valuation (GPV) method on a policy by policy basis in accordance with the Insurance Regulatory Authority (IRA) guidelines.

The Gross Premium Valuation reserves are then computed by deducting the present value of the future income from the present values of future outgo at the prescribed valuation rate of interest.

The liabilities are recalculated at each financial reporting date using the assumptions established at inception of the contracts.

For general insurance business, claims incurred comprise claims paid in the year and changes in the provision for outstanding claims. Claims paid represent all payments made during the year, whether arising from events during that or earlier years. Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the financial reporting date, but not settled at that date. Outstanding claims are computed on the basis of the best information available at the time the records for the year are closed, and include provisions for claims incurred but not reported ("IBNR").

Outstanding claims are not discounted.

Reinsurance contracts held

The Group assumes and cedes reinsurance in the normal course of business, with retention limits varying by line of business. Premiums on reinsurance attained are recognised as income in the same manner as they would be if the reinsurance were considered direct business. Ceded reinsurance arrangements do not relieve the group from its obligations to policyholders. Premiums ceded and claims reimbursed are presented on a gross basis in the consolidated statement of comprehensive income and statement of financial position as appropriate.

Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

The group also assumes reinsurance risk in the normal course of business for nonlife insurance contracts. Premiums and claims on reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party Receivables and payables related to insurance contracts and investment contracts

Receivables and payables related to insurance contracts and investment contracts are amounts due from / due to agents, brokers and insurance contract holders. Expected credit losses against receivables are recorded in accordance with IFRS 9 as set out in note 2k.

Salvage and subrogation reimbursements

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (i.e, salvage). The Group may also have the right to pursue third parties for payment of some or all costs (i.e, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

Deferred policy acquisition cost (DAC)

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalized as an intangible asset (DAC). All other costs are recognised as expenses when incurred. The DAC is subsequently amortized over the life of the contracts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Revenue recognition (non – insurance contracts)

Revenue comprises the fair value for services, net of value-added tax, after eliminating revenue within the Group. Revenue is recognised as follows:

(i) Rendering of services

Revenue arising from asset management and other related services offered by the Group are recognized in the accounting period in which the services are rendered. Fees consist primarily of investment management fees arising from services rendered in conjunction with the issue and management of investment contracts where the Group actively manages the consideration received from its customers to fund a return that is based on the investment profile that the customer selected on origination of the instrument. These services comprise the activity of trading financial assets in order to reproduce the contractual returns that the Group's customers expect to receive from their investments. Such activities generate revenue that is recognised by reference to the stage of completion of the contractual services. In all cases, these services comprise an indeterminate number of acts over the life of the individual contracts. For practical purposes, the Group recognizes these fees on a straight-line basis over the estimated life of the contract.

(ii) Investment Income

Rental income

Rental income is recognised as income in the period in which it is earned.

Dividend income

Dividend income from equity securities is recognised when the Group's right to receive payment has been established provided that it is probable that the economic benefits will flow to the fund and the amount of income can be measured reliably.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(f) Deposit administration contracts

The Group administers the funds of a number of retirement benefit schemes which are classified as investment contracts. The liabilities of the Group to the schemes have been treated as payables within the statement of financial position. Contributions are recognised directly as liabilities.

These liabilities are increased by credited interest and are decreased by administration fees and any withdrawals. These liabilities are the contract holders' account balances.

(g) Accrued leave benefits

Entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability in respect of annual leave accrued on the reporting period end.

(h) Motor vehicle and equipment

Motor vehicle and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated. Depreciation is calculated on motor vehicle and equipment on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life, on the following bases:

Motor vehicles	25%
Furniture fittings & equipment	12.5%
Computer equipment	33.3%

The residual values of items of motor vehicle and equipment and their estimated useful lives are reviewed at each reporting period end and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of motor vehicles and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

(i) Intangible assets

Intangible assets comprise of computer software costs which are stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated to write off the cost of computer software on a straight line basis over its estimated useful life of 3 years.

(j) Investment properties

Investment properties comprise land and buildings and parts of buildings held to earn rentals and/or for capital appreciation. They are carried at fair value, determined annually by external independent valuers. Fair value is based on open market basis determined using the highest and best use valuation model.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Investment properties (Continued)

Investment properties are not subject to depreciation. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss for the year.

k) Financial instruments

Financial assets

i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVTPL are recognised in other gains/ (losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This includes listed equity securities and quoted debt instruments on major exchanges (NSE, USE). The quoted market price used for financial assets held by the Group is the current bid price.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Financial instruments (Continued)

Equity instruments (Continued)

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group at the end of the reporting period during which the change occurred.

iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

IFRS 9 replaced the previous 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' ("ECL") model. The new impairment model applies to the following financial instruments that are not measured at FVTPL:

- Debt securities measured at amortised cost
- Receivables arising from direct insurance arrangements;
- Receivables arising from reinsurance arrangements;
- Corporate bonds;
- Deposits with financial institutions;
- Cash and bank balances;
- Kenya motor insurance pool;
- Mortgage loans
- Policy loans

No impairment loss is recognised on equity investments and financial assets measured at FVTPL.

The Group recognises loss allowance at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

The Group will recognise loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:

- Debt instruments that are determined to have low credit risk at the reporting date. The Group will consider a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade' and investments in Government securities; and
- Other financial instruments (other than trade receivables) for which credit risk has not increased significantly since initial recognition.

Loss allowances for premium receivables will always be measured at an amount equal to lifetime ECLs. The impairment requirements of IFRS 9 require management judgement, estimates and assumptions, particularly in the following areas, which are discussed in detail below:

- assessing whether the credit risk of an instrument has increased significantly since initial recognition; and
- Incorporating forward-looking information into the measurement of ECLs.

Measurement of expected credit losses

ECLs are a probability-weighted estimate of credit losses and will be measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive;
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Financial instruments (Continued)

iv) Impairment (Continued)

An asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset. The following are examples of such events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract - e.g. a default or past-due event;
- a lender having granted a concession to the borrower - for economic or contractual reasons relating to the borrower's financial difficulty - that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

Expected credit losses

Expected credit losses are computed as a product of the Probability of Default (PD), Loss Given Default (LGD) and the Exposure at Default (EAD).

ECL = PD x LGD x EAD

In applying the IFRS 9 impairment requirements, the Group follows the general approach.

The General Approach

Under the general approach, at each reporting date, the Group determines whether the financial asset is in one of three stages in order to determine both the amount of ECL to recognise as well as how interest income should be recognised.

- **Stage 1** - where credit risk has not increased significantly since initial recognition. For financial assets in stage 1, the Group will recognise 12 month ECL and recognise interest income on a gross basis – this means that interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.
- **Stage 2** - where credit risk has increased significantly since initial recognition. When a financial asset transfers to stage 2, the Group will recognise lifetime ECL but interest income will continue to be recognised on a gross basis.

- **Stage 3** - where the financial asset is credit impaired. This is effectively the point at which there has been an incurred loss event. For financial assets in stage 3, the Group will continue to recognise lifetime ECL but they will now recognise interest income on a net basis. As such, interest income will be calculated based on the gross carrying amount of the financial asset less ECL.

The Group will consider a financial asset to be in default when:

- the counterparty or borrower is unlikely to pay their credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the counterparty or borrower is more than 90 days past due on any material credit obligation to the Group. This will be consistent with the rebuttable criteria set out by IFRS 9 and existing practice of the Group; or

In assessing whether the counterparty or borrower is in default, the Group considers indicators that are:

Definition of default

- Qualitative: e.g. Breach of covenant and other indicators of financial distress;
- Quantitative: eg. Overdue status and non-payment of another obligation of the same issuer to the Group; and
- Based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Significant increase in credit risk (SIICR)

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience, expert credit assessment and forward-looking information.

The Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime probability of default (PD) as at the reporting date; with
- The remaining lifetime PD for this point in time that was estimated on initial recognition of the exposure.

The assessment of significant deterioration is key in establishing the point of switching between the requirement to measure an allowance based on 12-month expected credit losses and one that is based on lifetime expected credit losses.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Financial instruments (Continued)

iv) Impairment (Continued)

Expected credit losses (Continued)

- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month and lifetime ECL measurements.

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECL. It formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on advice from the Group risk committee and economic experts and consideration of a variety of external actual and forecast information. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, supranational organisations such as the Organisation for Economic Co-operation and Development and the International Monetary Fund, and selected private-sector and academic forecasters.

The base case represents a best estimate and is aligned with information used by the Group for other purposes, such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Group also periodically carries out stress-testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and ECL for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses

The predicted relationships between the key indicators and the default and loss rates on various portfolios of financial assets have been developed by analysing historical data over the past 3 to 5 years.

Measurement of ECL

The key inputs into the measurement of ECL are the term structures of the following variables:

- Probability of Default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

To determine lifetime and 12-month PDs, the Group uses the PD tables supplied by Standard & Poors based on the default history of obligors with the same credit rating. The Group adopts the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings (see (i)). The PDs are recalibrated based on current bond yields and CDS prices, and adjusted to reflect forward-looking information as described above. Changes in the rating for a counterparty or exposure lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, loan-to-value ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, which include:

- instrument type;
- credit risk grading;
- collateral type;
- date of initial recognition;
- remaining term to maturity; industry; and
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

When ECL are measured using parameters based on collective modelling, a significant input into the measurement of ECL is the external benchmark information that the Group uses to derive the default rates of its portfolios. This includes the PDs provided in the S&P default study and the LGDs provided in the Rating recovery studies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement of expected credit losses (Continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

Financial liabilities

Two measurement categories exist for financial liabilities; FVTPL and amortised cost. Financial liabilities that are held for trading are measured at FVTPL and all other financial liabilities are measured at amortised cost unless the fair value option is applied. IFRS 9, contains an option to designate a financial liability as measured at FVTPL when:-

- (i) Doing so significantly reduces or eliminates an accounting mismatch that would arise from measuring assets and liabilities or recognising gains or losses on different basis
- (ii) The liability is part of a group of financial liabilities that are managed and performance is evaluated on a fair value basis.

A financial liability that does not meet any of the above two criteria may still be designated as measured at FVTPL when it contains one or more embedded derivatives that sufficiently modify the cash flows of the liability and are not clearly closely related.

A financial liability is removed from the statement of financial position when and only when it is extinguished, i.e. when the obligation in the contract is either discharged or cancelled or it expires. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as extinguishment of the original financial liability and the recognition of a new financial liability.

A gain or loss from extinguishment of the original financial liability is recognised in profit or loss.

(l) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

(m) Translation of foreign currencies and operations

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The consolidated financial statements are presented in Kenya Shillings rounded to the nearest thousand ("Kshs"), which is the Group's presentation currency.

(ii) Transactions and balances

In preparing the financial statements of individual entities in the Group, transactions in foreign currencies during the year are recorded at rates ruling at the transaction dates. Assets and liabilities at the end of each reporting period which are expressed in foreign currencies are translated at rates ruling at that date. The resulting differences are dealt with in the statement of comprehensive income come in the year in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated to Kenya shillings using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and recognised in other comprehensive income and accumulated in equity under the Groups' currency translation reserve. Such differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

(n) Leases

(a) The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant increase in credit risk (SIICR) (Continued)

(n) Leases (Continued)

- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Motor vehicle and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(b) The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant increase in credit risk (SIICR) (Continued)

(o) Income tax expense

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the profit or loss except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

Current income tax

Current income tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Kenyan Income Tax Act.

Deferred income tax

Deferred income tax is provided in full on all temporary differences except those arising on the initial recognition of an asset or liability, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss.

Deferred income tax is determined using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Recognised and unrecognised deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognised amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on the same entity.

(p) Retirement contribution obligations

The Group operates a defined contribution scheme for its employees. The assets of the scheme are held in separate trustee administered funds, which are funded from contributions from both the Group and employees. The employees of the Group are also members of the statutory National Social Security Fund ("NSSF"). The Group's contributions to the defined contribution scheme and NSSF are charged to the profit or loss in the year to which they relate.

(q) Dividends

Dividends on ordinary shares are charged to retained earnings in the year in which they are paid. Dividend distributions to the Group's shareholders are recognised as a liability in the Group's financial statements in the year in which the dividends are approved by the shareholders.

(r) Share Capital

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Shares are classified as equity when there is no obligation to transfer cash or other assets.

3. CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In preparation of the annual financial statements, the Group makes use of estimates and assumptions that affect the reported amounts of its assets and liabilities.

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Actual results in the future could differ from these estimates, which may be material to the financial statements within the next financial period.

Judgements made by management that could have a significant effect on the amounts recognized in the financial statements include:

a) Short-term insurance contract liabilities

Gross claims reported, claims handling expenses liabilities and the liability for claims incurred but not reported (IBNR) are net of expected recoveries from salvage and subrogation. The Group uses chain-ladder techniques to estimate the ultimate cost of claims and the IBNR provision. Chain ladder techniques are used as they are an appropriate technique for mature classes of business that have a relatively stable development pattern. This involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident year that is not fully developed to produce an estimated ultimate claims cost for each accident year.

b) Long term insurance contract liabilities

The long term insurance contract liabilities have been calculated in accordance with the actuarial method and basis set out in the insurance valuation of technical provisions for life insurance business guidelines, 2017. The liabilities have been determined using the Gross Premium Valuation (GPV) method and Insurance Regulatory Authority (IRA) guidelines on a policy by policy basis. The best estimate liability has been increased in accordance with the prescribed loadings risk margins. The assumptions underlying the compulsory risk margins have purely been based on the regulatory guidelines. The key assumptions that have been used in determining the actuarial liabilities at year end include; mortality, longevity, expense inflation, investment return and withdrawals.

The most significant valuation assumptions are as summarized below;

- i) Annuities Mortality Assumption - The group used KE 2007-2010 as base table of standard mortality 60% KE-2007-2010 plus 40% a(55) for annuitant life.
- ii) Ordinary Life Mortality Assumption - The group used KE 2007-2010 as base table of standard mortality for ordinary life.
- iii) Withdrawals - The withdrawal rates used in the valuation were set as per the experience observed in the Company's data.
- iv) The discount rate assumptions used are based on unadjusted term dependent treasury bond gross redemption yields as at 31st December 2022 published in the Nairobi Securities Exchange (NSE).
- v) Expense and inflation - The level of renewal expenses were taken based on the current expense experience of the Company. The expense inflation has been assumed to be 5% for the year ended 31st December 2022

3. CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (Continued)

SENSITIVITY ANALYSIS

The effect of changes in mortality, longevity, expenses and withdrawals will have the following effect on the value of actuarial liabilities;

	% change	2022 Kshs'000	2021 Kshs'000
Mortality	+10	56,216	51,986
Longevity	+10	216,114	205,618
Expense inflation	+10	62,294	62,667
Withdrawals	+10	(24,962)	(28,409)
Mortality	-10	(55,309)	(51,189)
Longevity	-10	(202,062)	(192,029)
Expense inflation	-10	(60,208)	(60,459)
Withdrawals	-10	26,614	29,304

The above sensitivity analysis is on the Company actuarial liabilities. Since the Company actuarial liabilities account for over 90% of the group actuarial liabilities the subsidiaries liabilities will not materially change this sensitivity position.

The table below summarizes details of the risk margins applied in the actuarial valuation of long term insurance contract liabilities:

	Risk Margins Applied	
	31st December 2022	31st December 2021
Mortality	increase in mortality for 10% death assurances	increase in mortality for 10% death assurances
Longevity	decrease in mortality for 10% life assurances and annuities	decrease in mortality for 10% life assurances and annuities
Morbidity/disability	decrease in inception 10% rates & 5% decrease in recovery rates	decrease in inception 10% rates & 5% decrease in recovery rates

Lapses	increase or decrease in 25% lapse rates depending on which options gives rise to increase in liabilities	increase or decrease in 25% lapse rates depending on which options gives rise to increase in liabilities
Interest	decrease 10%	decrease 10%
Expenses	decrease 10%	decrease 10%
Expense inflation	increase of estimated 10% escalation rate	increase of estimated 10% escalation rate
Surrenders	increase or decrease in 10% surrender rates depending on which option gives rise to increase in liabilities	increase or decrease in 10% surrender rates depending on which option gives rise to increase in liabilities

Interest rate margins Sensitivity

The actual interest rate used is arrived at by multiplying the risk free term structure of the interest rates of government bonds by a risk margin factor (1-risk margin) which further reduces the valuation interest rate thus increasing the liabilities. The liabilities for 2022 have been valued using 10% (2021 10%) risk margins on interest rates as stipulated in the IRA regulations. The table below summarises the impact on the earnings of the group had the rate increased or decreased by 10%.

Interest rate risk margin	Multiplication factor	(Decrease)/increase in earnings
+10%	(1-10%)	million(1,943)
-10%	(1-10%)	million 2,259

c) Income Tax

The Group is subject to income taxes in various jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3. CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (Continued)

d) Valuation of Investment property

Estimates are made in determining valuations of investment properties. Fair value is based on valuation performed by an independent valuation expert. In performing the valuation the valuer uses discounted cash flow projections which incorporate assumptions around the continued demand for rental space, sustainability of growth in rent rates as well as makes reference to recent sales. The independent valuers also use the highest and best use principle in determining the value of Investment property. The change in these assumptions could result in a significant change in the carrying value of investment property. Management monitors the investment property market and economic conditions that may lead to significant change in fair value, and conducts a formal and independent property valuation at least once every three years and adjusts the recorded fair values accordingly for any significant change.

SENSITIVITY ANALYSIS

The effect of changes in gross annual rental and yield will have the following effect on the fair value of investment property;

	% change	2022 Kshs'000	2021 Kshs'000
Gross annual rental income	+10	693,445	752,761
Gross annual rental income	-10	567,364	615,895
Yield	+0.5	6.8%	7.0%
Yield	-0.5	5.8%	6.0%

e) Calculation of loss allowance

When measuring expected credit losses (ECL), the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default (PD) constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

If the ECL rates on the financial assets had been 5% higher (lower) as of 31 December 2022, the loss allowance would have been Kshs. 8,382,000 and Kshs.5,818,289 (2021: Kshs.6,216,049 and Kshs.4,623,229) for the group and the company respectively

f) Assessment as to whether the right-of-use assets is impaired

In estimating the recoverable amount of the right-of-use asset, the directors have made assumptions about the achievable market rates for similar properties with similar lease terms.

g) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of note 2). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK

The Group's activities expose it to a variety of financial and insurance risks. The Group's overall risk management programme focuses on the identification and management of risks and seeks to minimise potential adverse effects on its financial performance, by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients, and defined criteria for the approval of intermediaries and reinsurers. Investment policies are in place, which help manage liquidity, and seek to maximise return within an acceptable level of interest rate risk.

The disclosures below summarises the way the Group manages key risks:

4.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Long-term business

Long term insurance products expose required capital to risk if actual experience differs from that which is assumed. The Group is also exposed to persistency risk in respect of other policyholder solutions and insurance risk in respect to long term business.

The Group manages underwriting risk through Its product development process and underwriting policy to prevent anti - selection and ensure appropriate premium rates (loadings) for substandard risks.

The Group also ensures there is adequate reinsurance arrangements to limit exposure per individual and manage concentration of risks. Other measured the Group uses to manage its Insurance risk includes ensuring that there is in place a sound claims handling policy and adequate pricing and reserving philosophy. Quarterly full actuarial valuations and the Group's regular performance reporting process assist in the timely identification of experience variances.

The following policies and practices are used by the Group as part of its underwriting strategy to mitigate underwriting risk;

- i) All long-term insurance product additions and alterations are required to pass through the approval framework that forms part of the life insurance business' governance process.
- ii) The statutory actuaries approve the policy conditions and premium rates of new and revised products;
- iii) Applications for risk cover are reviewed by experienced underwriters and evaluated against established standards. Retention limits are applied to limit the exposure per individual life;
- iv) The experience of reinsurers is used where necessary for the rating of substandard risks
- v) The risk premiums for Group risk business and some of the in-force individual risk business can be adjusted within 12 months should claims experience deteriorate to the extent that such an adjustment is considered necessary.
- vi) Regular investigations into mortality and morbidity experience are conducted to ensure that corrective action is taken where necessary.

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK (Continued)

4.1 Insurance risk (Continued)

Short-term business

The frequency and severity of claims can be affected by several factors. The most significant are the increasing level of awards for the damage suffered as a result of road accidents and injuries to agricultural employees. Estimated inflation is also a significant factor due to the long period typically required to settle these cases.

The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Underwriting limits are in place to enforce appropriate risk selection criteria.

For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs (for example, subrogation).

The reinsurance arrangements include excess, surplus and catastrophe coverage. The effect of such reinsurance arrangements is that the Group should not suffer total net insurance losses of more than set limits per class of business in any one year.

The Group has specialised claims units dealing with the mitigation of risks surrounding known claims. This unit investigates all claims and adjusts them where necessary. The claims records are reviewed individually at least semi-annually and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

Sources of uncertainty in the estimation of future claim payments

Claims on all insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, claims are settled over a long period of time and a large element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they have adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered and damage or loss to property.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprise a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks at the end of the reporting period.

At present; these risks are monitored very closely and reinsurance arrangements are in place to protect the impact of severity of claims and frequency from one event. There is also an underwriting policy in place which is strictly followed.

The underwriting strategy adopted is intended to ensure that the risks underwritten are well diversified in terms of type of risk and level of insured benefits. Medical selection is also included in underwriting procedures with premiums varied to reflect the health condition and family medical history of the insured. The Group has retention limit for standard risks (from a medical point of view). The Group does not have in place any reinsurance for contracts that insure survival risk but every year reserves are set aside to support the liabilities arising from such contracts. Insurance risk for contracts disclosed in this note is also affected by policyholder's right to pay reduced premiums or no future premiums or terminate the contract completely.

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK (Continued)

4.1 Insurance risk (Continued)

Concentration of insurance risks

The table below discloses the maximum insured risk (sum assured) by the class of business in which the contract holder operates and included in the terms of the policy. The amounts are the carrying amounts of the insurance liabilities (gross and net of reinsurance) arising from insurance. At year-end, none of these insurance contracts had triggered a recovery under the reinsurance held by the Company.

GROUP

Year ended 31 December 2022

Long term Business

Class of business

Class of business		Maximum Insured loss			Total Kshs'000
		Kshs 0 m-Kshs 15 m Kshs'000	Kshs 15 m-Kshs 250 m Kshs'000	Kshs 250 m and above Kshs'000	
		Annuity	Gross/Net	3,348,509	
Ordinary life	Gross	88,859,797	3,519,936	408,912	92,788,645
	Net	79,505,055	935,064	4,835	80,444,954
Group life	Gross	993,310	18,115,369	191,595,539	210,704,218
	Net	593,476	8,251,242	84,197,663	93,042,381

Short term business

Class of business

Fire	Gross	5,685	81,513	40,388	127,586
	Net	1,242	17,803	8,821	27,866
Motor	Gross	3,750	4,870	2,813	11,433
	Net	1,444	1,875	1,083	4,402
Accident	Gross	443	16,538	217,218	234,199
	Net	119	4,442	58,339	62,900
Others	Gross	3,079	14,803	68,477	86,359
	Net	1,326	6,372	29,479	37,177
Total	Gross	93,214,573	22,202,928	192,333,347	307,750,848
Total	Net	83,452,615	9,666,697	84,300,220	177,418,088

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK (Continued)

4.1 Insurance risk (Continued)

Concentration of insurance risks (Continued)

COMPANY

Year ended 31 December 2022

Long term Business

Class of business

Annuity
Ordinary life

Group life

Total

Total

GROUP

Year ended 31 December 2021

Long term Business

Class of business

Annuity
Ordinary life

Group life

Short term business

Class of business

Fire

Motor

Accident

Others

Total

Total

	Maximum Insured loss			
	Kshs 0 m-Kshs 15 m	Kshs 15 m-Kshs 250 m	Kshs 250 m and above	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Gross/Net	3,229,187	433,867	-	3,663,054
Gross	67,921,375	2,690,518	312,558	70,924,451
Net	57,554,473	676,902	3,500	58,234,875
Gross	993,310	18,115,369	191,595,539	210,704,218
Net	593,476	8,251,242	84,197,663	93,042,382
Gross	72,143,872	21,239,754	191,908,097	285,291,723
Net	61,377,136	9,362,011	84,201,163	154,940,311

	Maximum Insured loss			
	Kshs 0 m-Kshs 15 m	Kshs 15 m-Kshs 250 m	Kshs 250 m and above	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Gross/Net	2,982,065	400,664	-	3,382,729
Gross	52,474,565	2,224,727	7,957,557	62,656,849
Net	41,254,705	626,186	7,407,070	49,287,961
Gross	1,452,449	20,177,444	180,598,223	202,228,116
Net	1,399,806	14,569,697	83,400,618	99,370,121
Gross	3,227	4,598	3,925	11,750
Net	3,149	3,995	3,363	10,507
Gross	5,009	29,608	99,888	134,505
Net	3,936	3,936	3,936	11,808
Gross	446	16,360	126,769	143,575
Net	416	10,103	22,044	32,563
Gross	3,131	17,747	84,052	104,930
Net	2,368	2,368	2,368	7,104
Gross	56,920,892	22,871,148	188,870,414	268,662,454
Net	45,646,445	15,616,949	90,839,399	152,090,185

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK (Continued)

4.1 Insurance risk (Continued)

COMPANY

Year ended 31 December 2021

Long term Business

Class of business

Annuity

Ordinary life

Group life

Total

Total

	Maximum Insured loss			
	Kshs 0 m-Kshs 15 m	Kshs 15 m-Kshs 250 m	Kshs 250 m and above	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Gross/Net	2,982,065	400,664	-	3,382,729
Gross	45,293,838	1,821,304	777,600	47,892,742
Net	34,922,202	512,976	244,850	35,680,028
Gross	809,768	11,660,544	109,726,099	122,196,411
Net	777,979	8,155,208	54,031,722	62,964,909
Gross	49,085,671	13,882,512	110,503,699	173,471,882
Net	38,682,246	9,068,848	54,276,572	102,027,666

4.2 Financial risk

The Group is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. The most important components of this financial risk are market risk (including interest rate risk, equity price risk and currency risk), credit risk and liquidity risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. It manages these positions with an Asset Liability Management (ALM) framework that has been developed to achieve investment returns in excess of obligations under insurance contracts. The Group produces regular reports at portfolio and asset and liability class level that are circulated to the Group's key management personnel. The principal technique of the Group's asset liability management (ALM) is to match assets to the liabilities arising from insurance contracts by reference to the type of benefits payable to contract holders.

The Group's ALM is also integrated with the management of the financial risks associated with the Group's other financial assets and liabilities not directly associated with insurance and investment liabilities (in particular, borrowings and investments in foreign operations). The Group does not use hedge accounting.

The Group has not changed the processes used to manage its risks from previous periods. The notes below explain how financial risks are managed using the categories utilised in the Group's ALM framework.

The Group has exposure to the following risks arising from financial instruments;

a) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. The primary liquidity risk of the Group is the obligation to pay claims to policyholders as they fall due. The projected settlement of these liabilities is modelled, on a regular basis, using actuarial techniques. The board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover anticipated liabilities and unexpected levels of demand.

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK (Continued)

4.2 Financial risk (Continued)

a) Liquidity risk (Continued)

The table below shows the contractual timing of cash flows and expected maturities arising from assets and liabilities included in the Group's Assets and Liabilities Management (ALM) framework for management of short-term insurance contracts as of 31 December 2022.

GROUP

	Total amount 31.12.2022 Kshs'000	No stated Maturity Kshs'000	Contractual cash flows (undiscounted)				> 5 yrs Kshs'000
			0-1 yr Kshs'000	1-2 yrs Kshs'000	2-3 yrs Kshs'000	3-4 yrs Kshs'000	
Financial assets							
Debt securities held at amortised cost							
- Government securities	946,702	-	287,009	119,894	68,511	154,149	317,139
- Fixed deposits	876,180	-	876,180	-	-	-	-
- Government securities	145,447	-	9,663	9,663	9,663	9,663	106,795
Equity securities at FVTPL	11,933	11,933	-	-	-	-	-
Kenya motor pool balances	24,158	24,158	-	-	-	-	-
Other receivables	94,733	-	94,733	-	-	-	-
Receivables arising out of reinsurance arrangements	124,884	-	124,884	-	-	-	-
Receivables arising out of direct insurance arrangements	20,203	-	20,203	-	-	-	-
Cash and cash equivalents	49,669	-	49,669	-	-	-	-
Total	2,293,909	36,091	1,462,341	129,557	78,174	163,812	423,934
Short-term insurance liabilities							
Insurance contracts-short term	705,427	-	705,427	-	-	-	-
Payables arising from reinsurance arrangements	92,011	-	92,011	-	-	-	-
Payables arising from direct insurance arrangements	51,187	-	51,187	-	-	-	-
Lease liabilities	20,686	-	5,507	15,179	-	-	-
Other payables	453,936	-	453,936	-	-	-	-
Total	1,323,247	-	1,308,068	15,179	-	-	-
Difference in contractual cash flows	970,662	36,091	154,273	114,378	78,174	163,812	423,934

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK (Continued)

4.2 Financial risk (Continued)

a) Liquidity risk (Continued)

The table below shows the contractual timing of cash flows and expected maturities arising from assets and liabilities included in the Group's Assets and Liabilities Management (ALM) framework for management of short-term insurance contracts as of 31 December 2021.

GROUP

	Contractual cash flows (undiscounted)						
	Total amount 31.12.2021 Kshs'000	No stated Maturity Kshs'000	0-1 yr Kshs'000	1-2 yrs Kshs'000	2-3 yrs Kshs'000	3-4 yrs Kshs'000	> 5 yrs Kshs'000
Financial assets							
Debt securities held at amortised cost							
- Government securities	777,588	-	235,267	97,618	260,314	65,078	119,311
- Fixed deposits	706,859	-	706,859	-	-	-	-
- Debt securities at FVTPL	104,592	-	-	-	-	-	104,592
Equity securities at FVTPL	13,119	13,119	-	-	-	-	-
Kenya motor pool balances	24,738	24,738	-	-	-	-	-
Subordinated loan	129,033	129,033	-	-	-	-	-
Other receivables	86,555	-	86,555	-	-	-	-
Receivables arising out of reinsurance arrangements	121,234	-	121,234	-	-	-	-
Receivables arising out of direct insurance arrangements	18,483	-	18,483	-	-	-	-
Cash and cash equivalents	40,464	-	40,464	-	-	-	-
Total	2,022,665	166,890	1,208,862	97,618	260,314	65,078	223,903
Short-term insurance liabilities							
Insurance contracts-short term	543,480	-	543,480	-	-	-	-
Payables arising from reinsurance arrangements	135,956	-	135,956	-	-	-	-
Payables arising from direct insurance arrangements	51,187	-	51,187	-	-	-	-
Lease liabilities	32,614	-	8,683	10,769	13,162	-	-
Other payables	453,612	-	453,612	-	-	-	-
Total	1,216,849	-	1,192,918	10,769	13,162	-	-
Difference in contractual cash flows	805,816	166,890	15,944	86,849	247,152	65,078	223,903

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK (Continued)

4.2 Financial risk (Continued)

a) Liquidity risk (Continued)

The table below shows the contractual timing of cash flows and expected maturities arising from assets and liabilities included in the Company's Assets and Liabilities Management (ALM) framework for management of Short-term insurance contracts as of 31 December 2022.

COMPANY

Financial assets

Debt securities held at amortised cost

- Fixed deposits

Debt securities at FVTPL

Kenya motor pool balances

Cash and cash equivalents

Subordinated loan

Other receivables

Total

Financial liabilities

Payables arising from direct insurance arrangements

Other payables

Payables arising from reinsurance arrangements

Total

Difference in contractual cash flows

Total amount 31.12.2022 Kshs'000	No stated Maturity Kshs'000	Contractual cash flows (undiscounted)				
		0-1 yr Kshs'000	1-2 yrs Kshs'000	2-3yrs Kshs'000	3-4 yrs Kshs'000	> 5 yrs Kshs'000
756,068	-	756,068	-	-	-	-
145,447	-	9,663	9,663	9,663	9,663	106,795
24,158	24,158	-	-	-	-	-
2,711	-	2,711	-	-	-	-
129,033	129,033	-	-	-	-	-
43,204	-	43,204	-	-	-	-
1,100,621	153,191	811,646	9,663	9,663	9,663	106,795
51,187	-	51,187	-	-	-	-
276,204	-	276,204	-	-	-	-
3,981	-	3,981	-	-	-	-
331,372	-	331,372	-	-	-	-
769,249	153,191	480,274	9,663	9,663	9,663	106,795

The table below shows the contractual timing of cash flows and expected maturities arising from assets and liabilities included in the company's Assets and Liabilities Management (ALM) framework for management of Short-term insurance contracts as of 31 December 2021.

Financial assets

Debt securities held at amortised cost

- Fixed deposits

Debt securities at FVTPL

Kenya motor pool balances

Cash and cash equivalents

Subordinated loan

Other receivables

Total

Financial liabilities

Payables arising from direct insurance arrangements

Other payables

Payables arising from reinsurance arrangements

Total

Difference in contractual cash flows

Total amount 31.12.2021 Kshs'000	No stated Maturity Kshs'000	Contractual cash flows (undiscounted)				
		0-1 yr Kshs'000	1-2 yrs Kshs'000	2-3yrs Kshs'000	3-4 yrs Kshs'000	> 5 yrs Kshs'000
-	-	-	-	-	-	-
555,759	-	555,759	-	-	-	-
104,592	-	-	-	-	-	104,592
24,738	24,738	-	-	-	-	-
2,379	-	2,379	-	-	-	-
129,033	129,033	-	-	-	-	-
43,103	-	43,103	-	-	-	-
859,604	153,771	601,241	-	-	-	104,592
51,187	-	51,187	-	-	-	-
264,781	-	264,781	-	-	-	-
3,981	-	3,981	-	-	-	-
319,949	-	319,949	-	-	-	-
539,655	153,771	281,292	-	-	-	104,592

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK (Continued)

4.2 Financial risk (Continued)

a) Liquidity risk (Continued)

The table below shows the contractual timing of cash flows and expected maturities arising from assets and liabilities included in the Group's Assets and Liabilities Management (ALM) framework for management of long term insurance contracts as of 31 December 2022.

GROUP

	Total amount 31.12.2022 Kshs'000	Contractual cash flows (undiscounted)					> 5 yrs Kshs'000
		No stated Maturity Kshs'000	0-1 yr Kshs'000	1-2 yrs Kshs'000	2-3 yrs Kshs'000	3-4 yrs Kshs'000	
Financial assets							
Debt securities held at amortised cost							
- Government securities	190,330,924	-	14,201,175	13,251,564	10,477,694	10,472,193	141,928,298
- Corporate bonds	335,922	-	27,618	27,618	27,618	253,068	-
- Fixed deposits	6,371,245	-	6,371,245	-	-	-	-
Fair value through profit and loss:							
- Equity securities at FVTPL	8,017,497	8,017,497	-	-	-	-	-
- Government securities	86,465,426	-	4,999,036	4,115,395	4,002,219	4,714,351	68,634,425
Mortgage loans	917,022	-	125,459	125,459	125,459	125,459	415,186
Policy loans	1,447,221	-	396,184	176,717	176,717	176,717	520,886
Other Receivable	804,596	-	804,596	-	-	-	-
Cash and cash equivalents	160,474	-	160,474	-	-	-	-
Total	294,850,327	8,017,497	27,085,787	17,696,753	14,809,707	15,741,788	211,498,795
Financial liabilities							
Insurance contracts-long term	141,339,076	-	8,552,670	8,342,413	8,428,174	8,241,197	107,774,622
Payables under unit linked policies	170,901	-	170,901	-	-	-	-
Payables arising from reinsurance arrangements	100,020	-	100,020	-	-	-	-
Payables under deposit administration contracts	86,917,980	-	8,795,957	4,908,079	4,958,535	4,848,531	63,406,878
Lease Liability	664,603	-	136,216	179,956	111,141	53,694	183,596
Other Payables	1,079,173	-	1,079,173	-	-	-	-
Total	230,271,753	-	18,834,937	13,430,448	13,497,850	13,143,422	171,365,096
Difference in contractual cash flows	64,578,574	8,017,497	8,250,850	4,266,305	1,311,857	2,598,366	40,133,699

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK (Continued)

4.2 Financial risk (Continued)

a) Liquidity risk (Continued)

The table below shows the contractual timing of cash flows and expected maturities arising from assets and liabilities included in the Group's Assets and Liabilities Management (ALM) framework for management of long term insurance contracts as of 31 December 2021.

GROUP

Total amount 31.12.2021 Kshs'000	Contractual cash flows (undiscounted)						
	No stated Maturity Kshs'000	0-1 yr Kshs'000	1-2 yrs Kshs'000	2-3 yrs Kshs'000	3-4 yrs Kshs'000	> 5 yrs Kshs'000	
Financial assets							
Debt securities held at amortised cost							
- Government securities	157,127,418	-	16,789,791	11,250,630	10,775,522	8,151,092	110,160,383
- Corporate bonds	363,540	-	27,618	27,618	27,618	27,618	253,068
- Fixed deposits	3,891,407	-	1,832,017	2,059,390	-	-	-
Fair value through profit and loss:							
- Equity securities at FVTPL	9,514,758	9,514,758	-	-	-	-	-
- Government securities	64,082,763	-	5,551,803	3,979,671	3,096,030	2,888,737	48,566,522
Mortgage loans	891,743	-	122,653	122,653	122,653	119,169	404,615
Policy loans	1,282,334	-	497,534	311,477	311,477	161,846	-
Other Receivable	753,650	-	753,650	-	-	-	-
Cash and cash equivalents	512,289	-	512,289	-	-	-	-
Total	238,419,902	9,514,758	26,087,355	17,751,439	14,333,300	11,348,462	159,384,588
Long term insurance liabilities							
Insurance contracts-long term	113,634,680	-	6,900,481	6,303,152	6,496,139	6,532,205	87,402,703
Payables under unit linked policies	198,734	-	198,734	-	-	-	-
Payables arising from reinsurance arrangements	19,619	-	19,619	-	-	-	-
Payables under deposit administration contracts	75,519,506	-	6,971,773	4,048,063	4,172,005	4,195,167	56,132,498
Lease Liability	676,349	-	12,469	12,134	60,671	242,682	348,393
Other Payables	902,989	-	902,989	-	-	-	-
Total	190,951,877	-	15,006,065	10,363,349	10,728,815	10,970,054	143,883,594
Difference in contractual cash flows	47,468,025	9,514,758	11,081,290	7,388,090	3,604,485	378,408	15,500,994

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK (Continued)

4.2 Financial risk (Continued)

a) Liquidity risk (Continued)

The table below shows the contractual timing of cash flows and expected maturities arising from assets and liabilities included in the Company's Assets and Liabilities Management (ALM) framework for management of long-term insurance contracts as of 31 December 2022.

COMPANY

	Total amount 31.12.2022 Kshs'000	Contractual cash flows (undiscounted)					> 5 yrs Kshs'000
		No stated Maturity Kshs'000	0-1 yr Kshs'000	1-2 yrs Kshs'000	2-3 yrs Kshs'000	3-4 yrs Kshs'000	
Financial assets							
Debt securities held at amortised cost							
- Government securities	184,430,429	-	13,814,330	12,489,547	10,042,256	9,492,457	138,591,839
- Corporate bonds	335,922	-	27,618	27,618	27,618	253,068	-
- Deposit with financial institutions	5,357,962	-	5,357,962	-	-	-	-
Fair value through profit and loss:							
- Equity securities held at FVTPL	7,844,244	7,844,244	-	-	-	-	-
- Government securities	86,465,426	-	4,999,036	4,115,395	4,002,219	4,714,351	68,634,425
Mortgage loans	917,022	-	125,459	125,459	125,459	125,459	415,186
Policy loans	1,227,754	-	176,717	176,717	176,717	176,717	520,886
Other receivables	731,869	-	731,869	-	-	-	-
Cash and bank balances	61,214	-	61,214	-	-	-	-
Total	287,371,842	7,844,244	25,294,205	16,934,736	14,374,269	14,762,052	208,162,336
Long term insurance liabilities							
Insurance contracts - long term	141,202,151	-	8,415,745	8,342,413	8,428,174	8,241,197	107,774,622
Payables under unit linked policies	170,901	-	170,901	-	-	-	-
Less assets arising from reinsurance contracts	-	-	-	-	-	-	-
Payable arising from reinsurance contracts	18,500	-	18,500	-	-	-	-
Payables under deposit administration contracts	83,073,246	-	4,951,223	4,906,079	4,958,535	4,848,531	63,406,878
Lease Liability	513,461	-	72,887	92,143	111,141	53,694	183,596
Other payables	810,094	-	810,094	-	-	-	-
Total	225,788,353	-	14,439,350	13,342,635	13,497,850	13,143,422	171,365,096
Difference in contractual cash flows	61,583,489	7,844,244	10,854,855	3,592,101	876,419	1,618,630	36,797,240

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK (Continued)

4.2 Financial risk (Continued)

a) Liquidity risk (Continued)

The table below shows the contractual timing of cash flows and expected maturities arising from assets and liabilities included in the Company's Assets and Liabilities Management (ALM) framework for management of long-term insurance contracts as of 31 December 2021.

COMPANY

Financial assets

Debt securities held at amortised cost

- Government securities

- Corporate bonds

- Deposit with financial institutions

Fair value through profit and loss:

- Equity securities held at FVTPL

- Government securities

Mortgage loans

Policy loans

Other receivables

Cash and bank balances

Total

Long term insurance liabilities

Insurance contracts - long term

Payables under unit linked policies

Less assets arising from reinsurance contracts

Payable arising from reinsurance contracts

Payables under deposit administration contracts

Lease Liability

Other payables

Total

Difference in contractual cash flows

Total amount 31.12.2021 Kshs'000	Contractual cash flows (undiscounted)					
	No stated Maturity Kshs'000	0-1 yr Kshs'000	1-2 yrs Kshs'000	2-3 yrs Kshs'000	3-4 yrs Kshs'000	> 5 yrs Kshs'000
152,827,785	-	12,490,158	11,250,630	10,775,522	8,151,092	110,160,383
363,540	-	27,618	27,618	27,618	27,618	253,068
3,231,183	-	1,171,793	2,059,390	-	-	-
9,345,877	9,345,877	-	-	-	-	-
64,082,763	-	5,551,803	3,979,671	3,096,030	2,888,737	48,566,522
891,743	-	122,653	122,653	122,653	119,169	404,615
1,096,277	-	311,477	311,477	311,477	161,846	-
702,989	-	702,989	-	-	-	-
438,875	-	438,875	-	-	-	-
232,981,032	9,345,877	20,817,366	17,751,439	14,333,300	11,348,462	159,384,588
113,473,713	-	6,739,514	6,303,152	6,496,139	6,532,205	87,402,703
198,734	-	198,734	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
72,876,040	-	4,328,307	4,048,063	4,172,005	4,195,167	56,132,498
506,781	-	8,913	9,257	46,283	185,131	257,197
662,158	-	662,158	-	-	-	-
187,717,426	-	11,937,626	10,360,472	10,714,427	10,912,503	143,792,398
45,263,606	9,345,877	8,879,740	7,390,967	3,618,873	435,959	15,592,190

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK (Continued)

4.2 Financial risk (Continued)

b) Market risk

(i) Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities. The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. For financial instruments and insurance contracts described in this note, the sensitivity is solely associated with the financial instruments as the carrying amounts of the latter are not directly affected by changes in market risks.

The Group's management monitors the sensitivity of reported interest rate movements on a monthly basis by assessing the expected changes in the different portfolios due to a parallel movement of plus 1 percentage points in all yield curves of financial assets and financial liabilities. These particular exposures illustrate the Group's overall exposure to interest rate sensitivities included in the Group's ALM framework and its impact in the Group's profit or loss by business.

An increase/decrease of one percentage point in interest yields would result in additional profit/loss for the year of Kshs 1,059 million (2021:Kshs 962 million) investment income in long-term business and Kshs 6.6 million (2021:Kshs 6 million) in short-term business.

As at 31 December, the Group had the following interest bearing financial assets.

GROUP

Assets

	Effective Interest Rate	Long term business 2022 Kshs'000	Short term business and Investment Activities 2022 Kshs'000	Total 2022 Kshs'000	Total 2021 Kshs'000
Mortgage loans	15%	656,159	-	656,159	651,482
Policy loans	16%	1,004,042	-	1,004,042	864,831
Corporate bonds held at amortised cost	12.25%	229,983	-	229,983	229,908
Government securities held at amortised cost	12%	81,027,679	946,701	81,974,380	70,507,282
Government securities held at FVTPL	12%	30,769,781	71,142	30,840,923	27,108,313
Deposits with financial institutions	9.2%	6,068,824	876,180	6,945,004	4,230,278
Total interest bearing assets		119,756,468	1,894,023	121,650,491	103,592,094

COMPANY

Assets

Mortgage loans	15%	656,159	-	656,159	651,482
Policy loans	16%	784,576	-	784,576	678,774
Corporate bonds held at amortised cost	12.25%	229,983	-	229,983	229,908
Government securities held at amortised cost	12%	75,127,186	4,656	75,131,842	65,438,219
Government securities held at FVTPL	12%	30,769,781	71,142	30,840,923	27,108,313
Deposits with financial institutions	9.2%	5,111,609	756,068	5,867,677	3,461,102
Total interest bearing assets		112,679,294	831,866	113,511,160	97,567,798

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK (Continued)

4.2 Financial risk (Continued)

b) Market risk (Continued)

(ii) Currency risk

Foreign exchange currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's financial assets are primarily denominated in the same currencies as its insurance contract liabilities, which mitigate the foreign currency exchange rate risk. The currency risk is also effectively managed by ensuring that the transactions between the Group and other parties are designated in the functional currencies of the individual Group companies.

At 31 December 2022, if the Kenyan shilling had weakened/strengthened by 1% against the Ugandan shilling with all other variables held constant the profit before tax for the year would have been increased/decreased by Kshs 5.4 million (2021: Kshs 4.1 million) mainly as a result of ICEA LION Life Assurance Company (Uganda) Limited, ICEA LION General Insurance Company (Uganda) Limited and ICEA LION Asset Management (Uganda) Limited operations.

c) Credit risk

The Group has exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Group by failing to pay amounts in full when due. Key areas where the Group is exposed to credit risk are:

- reinsurers' share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders;
- amounts due from insurance intermediaries; and

- amounts due from corporate bond issuers
- Cash and cash equivalents (including fixed deposits)
- Government securities

The Group manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or Groups of counterparty and to geographical and industry segments. Such risks are subject to regular review. Limits on the level of credit risk by category and territory are approved quarterly by the Board of Directors.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on annual basis by reviewing their financial strength prior to finalization of any contract. In addition, management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information.

The Group has in place a well - developed counterparty model that is used to evaluate banks where the Group can place bank deposits. The model has incorporated Bank performance, governance structures and asset quality in arriving at counter party scores. The counter party model is reviewed bi-annually and banks that do not meet the deposit placement criteria and dropped from the approved bank deposit placement institutions.

The exposure to individual counterparties is also managed through other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Group. Management information reported to the directors include details of provisions for impairment on receivables and subsequent write offs.

The customers under the fully performing category are paying their debts as they continue trading. The default rate is low.

The tables below represent the maximum credit risk exposure to the Group attributable to receivables arising out of direct insurance and reinsurance contracts as at 31 December 2022.

GROUP

31 December 2022

Government securities held at amortised cost
Government securities held at FVTPL
Receivables arising from insurance contracts held
Receivables arising from reinsurance contracts held
Mortgage loans
Policy loans
Corporate bonds held at amortised cost
Deposits with financial institutions
Cash and bank balances
Other receivables

Carrying amounts Kshs'000	Impairment allowances Kshs'000	Total Kshs'000
82,056,779	(82,399)	81,974,380
30,840,923	-	30,840,923
20,203	-	20,203
124,884	-	124,884
661,349	(5,190)	656,159
1,006,970	(2,928)	1,004,042
230,305	(322)	229,983
6,995,087	(50,083)	6,945,004
214,240	(4,097)	210,143
952,775	(22,621)	930,154
123,103,515	(167,640)	122,935,875

The tables below represent the maximum credit risk exposure to the Group attributable to receivables arising out of direct insurance and reinsurance contracts as at 31 December 2021.

GROUP

31 December 2021

Government securities held at amortised cost
 Government securities held at FVTPL
 Receivables arising from insurance contracts held
 Receivables arising from reinsurance contracts held
 Mortgage loans
 Policy loans
 Corporate bonds held at amortised cost
 Deposits with financial institutions
 Cash and bank balances
 Other receivables

	Carrying amounts Kshs'000	Impairment allowances Kshs'000	Total Kshs'000
Government securities held at amortised cost	70,576,107	(68,869)	70,507,238
Government securities held at FVTPL	27,108,357	-	27,108,357
Receivables arising from insurance contracts held	18,483	-	18,483
Receivables arising from reinsurance contracts held	130,703	-	130,703
Mortgage loans	653,376	(1,894)	651,482
Policy loans	868,228	(3,397)	864,831
Corporate bonds held at amortised cost	230,230	(322)	229,908
Deposits with financial institutions	4,253,886	(23,608)	4,230,278
Cash and bank balances	557,721	(5,012)	552,709
Other receivables	894,665	(22,621)	872,044
	105,290,354	(124,321)	105,166,033

The customers under the fully performing category are paying their debts as they continue trading. The default rate is low.

The past due debtors are not impaired and continue to be paid. The group does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past due and impaired receivables.

Management makes regular reviews to assess the degree of compliance with the Group's procedures on credit. Exposures to individual policyholders and Groups of policyholders are tracked within the on-going monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders, or homogenous Groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the management.

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK (Continued)

4.2 Financial risk (Continued)

c) Credit risk (Continued)

COMPANY

31 December 2022

Government securities held at amortised cost
Government securities held at FVTPL
Mortgage loans
Policy loans
Subordinated loan
Corporate bonds held at amortised cost
Deposits with financial institutions
Cash and bank balances
Other receivables

Carrying amounts Kshs'000	Impairment allowances Kshs'000	Total Kshs'000
75,207,641	(75,799)	75,131,842
30,840,923	-	30,840,923
661,349	(5,190)	656,159
787,504	(2,928)	784,576
129,033	-	129,033
230,305	(322)	229,983
5,899,546	(31,869)	5,867,677
64,183	(258)	63,925
775,073	-	775,073
114,595,557	(116,366)	114,479,191

COMPANY

31 December 2021

Government securities held at amortised cost
Government securities held at FVTPL
Mortgage loans
Policy loans
Subordinated loan
Corporate bonds held at amortised cost
Deposits with financial institutions
Cash and bank balances
Other receivables

Carrying amounts Kshs'000	Impairment allowances Kshs'000	Total Kshs'000
65,501,997	(63,821)	65,438,176
27,108,357	-	27,108,357
653,376	(1,894)	651,482
680,769	(1,995)	678,774
129,033	-	129,033
230,230	(322)	229,908
3,482,853	(21,751)	3,461,102
443,934	(2,680)	441,254
746,092	-	746,092
98,976,641	(92,463)	98,884,178

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK (Continued)

4.2 Financial risk (Continued)

c) Credit risk (Continued)

Group

	Opening ECL Kshs'000	Additional Kshs'000	Reversal Kshs'000	Closing ECL Kshs'000
Government securities held at amortised cost	68,869	13,530	-	82,399
Deposits with financial institutions	23,608	27,662	(1,186)	50,083
Corporate bonds held at amortised cost	322	-	-	322
Mortgage loans	1,894	3,296	-	5,190
Policy Loans	1,995	933	-	2,928
Receivables arising from reinsurance contracts held	22,621	-	-	22,621
Cash and bank balances	5,012	-	(915)	4,097
Total	124,321	45,421	(2,101)	167,640
Company				
Government securities held at amortised cost	63,821	11,978	-	75,799
Deposits with financial institutions	21,749	11,306	(1,186)	31,869
Corporate bonds held at amortised cost	322	-	-	322
Mortgage loans	1,894	3,296	-	5,190
Policy Loans	1,995	933	-	2,928
Cash and bank balances	2,680	-	(2,422)	258
Total	92,461	27,513	(3,608)	116,366

(d) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK (Continued)

4.2 Financial risk (Continued)

(d) Fair value estimation (Continued)

The following table presents the Group's financial assets and liabilities measured at fair value at 31 December 2022 and 31 December 2021.

GROUP

31 December 2022

Financial assets at fair value through profit or loss

- Equity securities
- REIT investment
- Government securities held at FVTPL

Total financial assets

31 December 2021

Financial assets at fair value through profit or loss

- Equity securities
- REIT investment
- Government securities held at FVTPL

Total financial assets

	Level 1 Kshs `000	Level 2 Kshs `000	Level 3 Kshs `000	Total Kshs `000
Financial assets at fair value through profit or loss				
- Equity securities	8,029,430	-	-	8,029,430
- REIT investment	255,910	-	-	255,910
- Government securities held at FVTPL	30,840,923	-	-	30,840,923
Total financial assets	39,126,263	-	-	39,126,263
Financial assets at fair value through profit or loss				
- Equity securities	9,527,877	-	-	9,527,877
- REIT investment	150,000	-	-	150,000
- Government securities held at FVTPL	27,108,357	-	-	27,108,357
Total financial assets	36,786,234	-	-	36,786,234

There were no transfers between levels 1, 2 and 3 in the period (2021: None).

Reconciliation of level 3 fair value measurements

The directors consider the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

The following table presents the Company's financial assets and liabilities measured at fair value at 31 December 2022 and 31 December 2021.

COMPANY

31 December 2022

Financial assets at fair value through profit or loss

- Equity securities
- REIT investment
- Government securities held at FVTPL

Total financial assets

31 December 2021

Financial assets at fair value through profit or loss

- Equity securities
- REIT investment
- Government securities held at FVTPL

Total financial assets

	Level 1 Kshs `000	Level 2 Kshs `000	Level 3 Kshs `000	Total Kshs `000
Financial assets at fair value through profit or loss				
- Equity securities	7,844,244	-	-	7,844,244
- REIT investment	255,910	-	-	255,910
- Government securities held at FVTPL	30,840,923	-	-	30,840,923
Total financial assets	38,941,077	-	-	38,941,077
Financial assets at fair value through profit or loss				
- Equity securities	9,345,877	-	-	9,345,877
- REIT investment	150,000	-	-	150,000
- Government securities held at FVTPL	27,108,357	-	-	27,108,357
Total financial assets	36,604,234	-	-	36,604,234

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK (Continued)

4.2 Financial risk (Continued)

(e) Equity price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The group is exposed to equity securities price risk as a result of its holdings in equity investments which are listed and traded on the Nairobi Securities Exchange and on the Kampala Stock Exchange which are classified at fair value through profit or loss. Exposure to equity price risk in aggregate is monitored in order to ensure compliance with the relevant regulatory limits for solvency purposes.

The group has a defined investment policy which sets limits on the group's exposure to equity securities both in aggregate terms and by category/share. This policy of diversification is used to manage the group's price risk arising from its investments in equity securities.

At 31 December 2022, if equity market indices had increased/decreased by 5%, with all other variables held constant, the group profit before tax for the year would increase/ decrease by Kshs 401,471,500 (2021: increase/decrease by Kshs 476,393,850).

At 31 December 2022, if equity market indices had increased/decreased by 5%, with all other variables held constant, the company profit before tax for the year would increase/decrease by Kshs 392,212,200 (2021: increase/decrease by Kshs 467,293,835).

(f) Capital management

The Group maintains an efficient capital structure from a combination of equity shareholders' funds and borrowings, consistent with the Group's risk profile and the regulatory and market requirements of its business.

The Group's objectives in managing its capital are:

- to match the profile of its assets and liabilities, taking account of the risks inherent in the business
- to maintain financial strength to support new business growth
- to satisfy the requirements of its policyholders, regulators and rating agencies
- to retain financial flexibility by maintaining strong liquidity and access to a range of capital markets
- to allocate capital efficiently to support growth
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

An important aspect of the Group's overall capital management process is the setting of target risk-adjusted rate of return which is aligned to performance objectives and ensures that the Group is focused on the creation of value for shareholders.

4. MANAGEMENT OF INSURANCE & FINANCIAL RISK (Continued)

4.2 Financial risk (Continued)

(f) Capital management (Continued)

The Group has a number of sources of capital available to it and seeks to optimise its debt to equity structure in order to ensure that it can consistently maximise returns to shareholders. The Group considers not only the traditional sources of capital funding but also the alternative sources of capital including reinsurance, as appropriate, when assessing its deployment and usage of capital. The Group manages as capital all items that are eligible to be treated as capital for regulatory purposes.

The Group manages capital in accordance with these rules and has embedded in its ALM framework the necessary tests to ensure continuous and full compliance with such regulations. The Group has complied with all externally imposed capital requirements throughout the year.

Insurance entities in Kenya are governed by the Insurance Act and as such are subject to insurance solvency regulations which specify the minimum amount and type of capital that must be held in addition to the insurance liabilities.

The new capital requirements (Risk Based Capital) were introduced in the Finance Act, 2015. Insurance companies are required to hold paid up capital by 31st December 2020; the higher of:-

- (i) Kshs 400 million; or
- (ii) risk based capital determined by the Insurance Regulatory Authority (IRA) from time to time; or
- (iii) 5% of the liabilities of the life business for the financial year.

In line with risk-based methodology, IRA has developed a Risk Based Capital (RBC) model, which is aimed at introducing capital requirements that are commensurate to the levels of risk being undertaken, and provide appropriate incentives for good risk management. The RBC model is a factor-based model that computes the capital requirement based on four risk segments: insurance, market, credit and operational risk.

The Company's Capital adequacy ratio position as at 31 December 2022 is as shown below;

	2022 Kshs'000	2021 Kshs'000
Available Capital	16,904,288	15,328,431
Required Capital	5,443,525	4,856,169
Capital Adequacy ratio	311%	316%
Required Capital Adequacy ratio	200%	200%

In Uganda, statutory capital is based on Section 6 of the Insurance Act, 2011.

The Uganda Insurance Act require each insurance company to hold the minimum level of paid up capital as follows;

- General insurance business companies: US\$ 4 billion and
- Long term insurance business companies: US\$ 3 billion

The Insurance Act, 2011 further requires that 2% of the gross written premium or 15% of the net profit, whichever is greater, be transferred to the contingency reserve until it equals the minimum paid up capital or 50% of the current year's net written premium, whichever is higher.

Additionally, for a general insurance company, the Insurance Act, 2011 requires that 5% of the net profit for the year be transferred to the capital reserve.

The two insurance companies in Uganda complied with these requirements during the year.

5. GROSS EARNED PREMIUMS

The premium income of the Group is analysed between the main classes of business as shown below:

Long-term business

Ordinary life
Group life
Group Credit
Annuity

Short-term business

Motor
Fire
Personal accident
Other

	Group		Company	
	2022 Kshs '000	2021 Kshs '000	2022 Kshs '000	2021 Kshs '000
Ordinary life	5,877,755	4,471,152	4,769,586	3,663,225
Group life	859,743	724,427	417,286	454,384
Group Credit	207,248	201,935	207,249	201,935
Annuity	1,999,779	2,736,173	1,977,386	2,736,174
	8,944,525	8,133,687	7,371,507	7,055,718
Motor	263,511	234,494	-	-
Fire	142,475	119,303	-	-
Personal accident	136,528	109,457	-	-
Other	499,944	434,138	-	-
	1,042,458	897,392	-	-
	9,986,983	9,031,079	7,371,507	7,055,718

6. INVESTMENT INCOME

GROUP

Investments held to maturity

Interest from government securities	13,048,677	151,802	13,200,479	11,055,651	139,746	11,195,397
Interest from corporate bonds	27,693	-	27,693	28,980	-	28,980
Interest from bank deposit	268,032	47,052	315,084	183,537	31,111	214,648

Investments at fair value through profit or loss

Fair value gains/(loss) on equity investments	(1,925,843)	(1,641)	(1,927,484)	1,009,378	(205)	1,009,173
Dividends receivable from equity investments	534,876	31,721	566,597	289,916	31,484	321,400
Gain on disposal of equity investments	4,469	-	4,469	26,792	-	26,792
Gain/loss on disposal of bonds	91,535	6,291	97,826	41,447	(307)	41,140
Fair value loss on treasury bonds	(1,289,842)	(6,839)	(1,296,681)	(475,088)	(8,385)	(483,473)
Fair value (loss)/gains on unit trust investments	(18,401)	16,075	(2,326)	109,207	12,335	121,542
Fair value (loss)/gain on REIT investment	13,672	-	13,672	-	-	-
I-REIT income	6,111	-	6,111	1,995	-	1,995

Loans and receivables

Loan interest-mortgages	98,313	-	98,313	92,382	-	92,382
Loan interest-policy loans	90,524	-	90,524	109,347	-	109,347

Investment properties

Fair value (loss)/gains on investment properties (Note 17)	(625,000)	17,717	(607,283)	(178,313)	(85,327)	(263,640)
Gain on disposal of Property investments	-	-	-	2,000	-	2,000
Rental income from investment properties (Note 17)	345,465	25,485	370,950	413,314	23,643	436,957
Investment expenses	(173,268)	(1,411)	(174,679)	(117,045)	(1,208)	(118,253)
Net investment income	10,497,013	286,252	10,783,265	12,593,500	142,887	12,736,387

6. INVESTMENT INCOME (Continued)

COMPANY

	Long term business 2022 Kshs'000	Short term business 2022 Kshs'000	Total 2022 Kshs'000	Long term business 2021 Kshs'000	Short term business 2021 Kshs'000	Total 2021 Kshs'000
<i>Investments held to maturity</i>						
Interest from government securities	12,328,367	17,895	12,346,262	10,517,737	35,047	10,552,784
Interest from corporate bonds	27,693	-	27,693	28,980	-	28,980
Interest from bank deposits	204,198	39,046	243,244	143,833	21,690	165,523
	12,560,258	56,941	12,617,199	10,690,550	56,737	10,747,287
<i>Investments at fair value through profit or loss</i>						
Fair value (loss) / gain on equity investments (Note 18)	(1,906,661)	-	(1,906,661)	1,009,655	-	1,009,655
Dividends receivable from equity investments	521,285	30,908	552,193	284,314	30,908	315,222
Gain on disposal of equity investments	4,469	-	4,469	26,792	-	26,792
Gain on disposal of treasury bonds	91,535	6,291	97,826	41,447	(307)	41,140
Fair value (loss) / gain on treasury bonds	(1,289,842)	(6,839)	(1,296,681)	(475,088)	(8,385)	(483,473)
Fair value (loss) / gain on unit trust investments	(18,401)	16,075	(2,326)	107,735	12,335	120,070
Fair value gain / (loss) on REIT investment	13,672	-	13,672	-	-	-
I-REIT income	6,111	-	6,111	1,995	-	1,995
	(2,577,832)	46,435	(2,531,397)	996,850	34,551	1,031,401
<i>Loans and receivables</i>						
Loan interest-mortgages	98,313	-	98,313	92,382	-	92,382
Loan interest-policy loans	90,524	-	90,524	88,278	-	88,278
	188,837	-	188,837	180,660	-	180,660
<i>Investment properties</i>						
Fair value loss on investment properties (Note 17)	(625,000)	17,717	(607,283)	(178,313)	(85,327)	(263,640)
Gain on disposal of Property investments	-	-	-	2,000	-	2,000
Rental income from investment properties	345,465	25,485	370,950	413,314	23,643	436,957
	(279,535)	43,202	(236,333)	237,001	(61,684)	175,317
Investment expenses	(173,268)	(1,411)	(174,679)	(117,045)	(1,208)	(118,253)
Net investment income	9,718,460	145,167	9,863,627	11,988,016	28,396	12,016,412

7. OTHER OPERATING INCOME

GROUP

Gain on disposal of lease liabilities
Others*

COMPANY

Gain on disposal of lease liabilities
Others*

Long term business 2022 Kshs'000	Short term business 2022 Kshs'000	Total 2022 Kshs'000	Total 2021 Kshs'000
21,797	109	21,906	-
57,202	342	57,544	51,991
78,999	451	79,450	51,991

Long term business 2022 Kshs'000	Short term business 2022 Kshs'000	Total 2022 Kshs'000	Total 2021 Kshs'000
21,797	-	21,797	-
31,769	(541)	31,228	47,086
53,566	(541)	53,025	47,086

*Others (referred above) is mainly made up of withdrawal penalties and interest on staff advances and car loans.

8. CLAIMS AND POLICYHOLDER BENEFITS PAYABLE

GROUP

Long term insurance business

Death and disability claims
Life maturity claims
Surrenders
Annuity payments
Interest payable to policy holders and on deposit admin contracts
Increase in actuarial liabilities
Reinsurance recoveries

General insurance business

Motor
Fire
Personal accident
Other
Change in claim reserves
Reinsurance recoveries

Total claims and policy holder benefits payable

2022 Kshs'000	2021 Kshs'000
622,537	571,396
2,577,991	1,865,134
408,540	349,128
1,746,722	1,535,989
5,226,586	6,228,705
2,457,018	3,728,650
(194,648)	(217,439)
12,844,746	14,061,563
122,024	90,450
11,253	6,807
34,558	29,373
271,443	167,719
52,940	14,272
(241,925)	(160,889)
250,293	147,732
13,095,039	14,209,295

8. CLAIMS AND POLICYHOLDER BENEFITS PAYABLE (Continued)

COMPANY

Long term insurance business

Death and disability claims	
Life maturity claims	
Surrenders	
Annuity payments	
Interest payable to policy holders and on deposit administration contracts	
Increase in actuarial liabilities	
Reinsurance recoveries	

2022	2021
Kshs'000	Kshs'000
469,867	318,312
2,166,825	1,582,285
408,540	349,127
1,746,722	1,535,989
4,923,885	5,999,234
1,855,075	3,508,276
(142,994)	(70,078)
11,427,920	13,223,145

9. (a) OTHER OPERATING EXPENSES

GROUP

Employee benefit expense (see note below)	
Auditors' remuneration	
Directors' emoluments	
Depreciation (Note 14)	
Amortization (Note 15)	
Repairs and maintenance expenditure	
Rental charges	
Depreciation charge on right of use asset (Note 16)	
Business promotions	
Insurance expenses	
Bank charges	
Printing & stationery	
Premium tax	
Fund Administration fees	
Technology expenditure	
Professional fees	
Communication expenditure	
Other*	

2022	2021
Kshs'000	Kshs'000
1,089,623	926,687
12,627	8,207
17,719	11,062
73,617	81,289
6,644	8,852
4,326	3,099
8,061	9,965
98,411	90,045
295,135	63,860
52,696	30,814
49,578	40,377
22,299	22,664
92,664	70,359
66,679	32,309
118,957	78,231
37,790	16,797
29,778	21,353
241,215	239,718
2,317,819	1,755,688

*Key items included in other expenses are fund medical expenses, stamp duty, corporate trustee fees, office tea and consumables, check-off administration fees and policy holders protection levy.

9. (a) OTHER OPERATING EXPENSES (Continued)

Employee benefit expense

Employee benefit expense comprise the following:

- Salaries and wages
- NSSF costs
- Defined contribution scheme
- Performance bonus
- Medical expenses
- Training
- Travelling allowance
- Subscription professional staff
- Staff mortgage subsidy
- Staff housing
- Other Employee benefits

	2022	2021
	Kshs'000	Kshs'000
	680,858	580,996
	30,133	23,556
	48,271	41,948
	143,573	130,205
	32,700	44,979
	13,704	11,131
	53,404	40,431
	731	738
	20,368	16,907
	12,384	12,006
	53,497	23,790
	1,089,623	926,687

COMPANY

Employee benefit expense (see note below)

Auditors' remuneration

Directors' emoluments

Depreciation (Note 14)

Amortization (Note 15)

Repairs and maintenance expenditure

Rental charges

Depreciation charge on right of use asset (Note 16)

Business promotions

Insurance expenses

Bank charges

Printing & stationery

Premium tax

Fund Administration fees

Technology expenditure

Professional fees

Communication expenditure

Other*

	728,658	636,066
	6,128	4,838
	9,360	6,050
	51,523	59,839
	1,719	7,890
	2,868	1,693
	6,902	8,953
	58,788	50,738
	265,880	54,889
	37,769	30,358
	36,033	28,210
	9,039	11,165
	53,809	43,271
	54,885	32,309
	110,745	60,536
	27,368	14,405
	16,446	11,912
	143,447	152,975
	1,621,367	1,216,097

*Key items included in other expenses are fund medical expenses, stamp duty, corporate trustee fees, office tea and consumables, check-off administration fees, penalties & interest and policy holders protection levy.

9. (a) OTHER OPERATING EXPENSES (Continued)

Employee benefit expense

Employee benefit expense comprise the following:

- Salaries and wages
- NSSF costs
- Defined contribution scheme
- Performance bonus
- Medical expenses
- Training
- Travelling allowance
- Subscription professional staff
- Staff mortgage subsidy
- Other Employee benefits

	2022 Kshs'000	2021 Kshs'000
	459,081	393,085
	546	355
	38,822	33,743
	115,340	107,713
	25,539	30,672
	8,571	7,535
	40,905	32,339
	664	370
	16,998	16,738
	22,192	13,516
	728,658	636,066

The average number of employees during the year was as follows:

Business Development
Operations
Management and Administration

GROUP		COMPANY	
2022	2021	2022	2021
73	52	29	27
149	151	90	91
52	40	37	22
274	243	156	140

9. (b) FINANCE COST

Interest on lease liabilities (Note 38)

GROUP		COMPANY	
2022 Kshs'000	2021 Kshs'000	2022 Kshs'000	2021 Kshs'000
83,664	67,809	63,614	64,122

10. (a) INCOME TAX EXPENSE

Current income tax
Deferred income tax (credit) / charge (Note 35)

Income tax expense

GROUP		COMPANY	
2022 Kshs'000	2021 Kshs'000	2022 Kshs'000	2021 Kshs'000
537,250	450,515	(43,756)	324,434
(43,910)	611,005	340,717	610,858
493,340	1,061,520	342,046	935,292

10. INCOME TAX EXPENSE (Continued)

During the year the group and company's tax rate was 30%. The income tax expense on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

The income tax expense on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Profit before income tax	3,085,405	3,894,255	2,673,569	3,440,104
Tax calculated at 30%	925,622	1,168,277	802,071	1,032,031
Tax effects of:				
- Income not subject to tax*	(1,403,401)	(773,126)	(1,328,556)	(760,134)
- Expenses not deductible for tax purposes**	972,662	666,369	867,202	663,395
Deferred tax credit not recognised	(1,543)	-	-	-
Income tax expense/(credit)	493,340	1,061,520	340,717	935,292

* For long-term business, only the amount transferred to shareholders is subject to tax on condition that the company expenditure is within the permitted expenditure as per the Insurance Act.

** For Long-term businesses in Kenya and Uganda, all expenses are allowable for tax purposes as long they are within the permitted expenditure as per the Insurance Act.

10. (b) INCOME TAX MOVEMENT

	GROUP				COMPANY			
	2022 Long Term Kshs'000	2022 Short Term Kshs'000	2022 Total Kshs'000	2021 Total Kshs'000	2022 Long Term Kshs'000	2022 Short Term Kshs'000	2022 Total Kshs'000	2021 Total Kshs'000
At 1 January 2022	208,093	(143,463)	64,630	(73,749)	248,262	(131,894)	116,368	(13,521)
Current year taxation charge	480,516	56,734	537,250	450,516	360,000	24,473	384,473	324,434
Withholding tax recovered	(8,910)	(487)	(9,397)	(10,969)	(8,910)	-	(8,910)	(10,969)
Tax paid	(673,492)	39,180	(634,312)	(301,148)	(548,841)	68,447	(480,394)	(183,576)
Exchange difference	711	(3,219)	(2,508)	(20)	-	-	-	-
At 31 December 2022	6,918	(51,255)	(44,337)	64,630	50,511	(38,974)	11,537	116,368

11(a) EARNINGS PER SHARE

Basic earnings per share have been calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Profit for the year (Kshs' 000)
 Number of ordinary shares (Kshs' 000)
 Basic earnings per share (Kshs)

	Group		Company	
	2022 Kshs'000	2021 Kshs'000	2022 Kshs'000	2021 Kshs'000
Profit for the year (Kshs' 000)	2,594,956	2,830,235	2,332,852	2,504,809
Number of ordinary shares (Kshs' 000)	56,250	56,250	56,250	56,250
Basic earnings per share (Kshs)	46.08	50.33	41.47	44.53

The basic earnings per share is the same as the diluted earnings per share.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

11(b) SHARE PREMIUM

The group has a share premium of Kshs 1,125,000,000.00, representing the excess amount received from the issuance of shares above their nominal value.

12. RESERVES

Statutory reserves

The statutory reserve relates to;

- The surplus on the long term business which is not distributable as dividends as per the requirements of the Insurance Act.
- The contingency reserve under the Uganda subsidiary which is set up under Section 47(2) (c) of the Uganda Insurance Statute 1996. The reserve is provided for at the greater of 2% of the gross premium income, and 15% of net profit each year effective from 1996 and is required to accumulate until it reaches the greater of either minimum paid up capital or 50% of the net premiums written.

Transfer from statutory reserve relates to the proportion of the life assurance business surplus which is distributable as dividends and therefore transferred to retained earnings.

- In the year 2022 Kshs 840,000,000 has been transferred from statutory reserve to retain earnings (2021 : Kshs 700,000,000)

Currency translation reserve

Currency translation reserve relates to translation gains and losses arising as a result of translating opening balances using exchange rates at the close of the period rather than exchange rates at the beginning of the period on consolidation of the subsidiaries.

Revaluation reserve

Revaluation reserve relates to gains and losses arising as a result of revaluation of equity investments held at fair value through other comprehensive income.

13. DIVIDENDS

The directors recommend a final dividend of Kshs 14.93 per share amounting to Kshs 840,000,000 (2021 : Kshs 12.44 per share amounting to Kshs 700 million). In 2021, a special dividend of Kshs 1,826,250,000 was paid.

14. MOTOR VEHICLE & EQUIPMENT

GROUP

COST

Balance as at 1 January 2021

Disposal of subsidiary assets

Additions

Disposals

Exchange difference

At 31 December 2021

Balance as at 1 January 2022

Additions

Disposals

Exchange difference

At 31 December 2022

DEPRECIATION

At 1 January 2021

Reclassified to intangible assets

Charge for the year

Eliminated on disposals

Exchange differences

At 31 December 2021

Balance as at 1 January 2022

Charge for the year

Eliminated on disposals

Exchange differences

At 31 December 2022

CARRYING AMOUNT

At 31 December 2021

At 31 December 2022

Motor vehicles Kshs'000	Computers Kshs'000	Fittings and equipment Kshs'000	Total Kshs'000
60,148	226,345	361,653	648,146
(5,288)	(14,932)	(11,386)	(31,606)
-	37,817	3,229	41,046
(4,500)	-	(85)	(4,585)
870	2,978	7,696	11,544
51,230	252,208	361,107	664,545
51,230	252,208	361,107	664,545
23,306	35,107	76,944	135,357
(7,487)	117	(592)	(7,962)
664	982	2,944	4,590
67,713	288,414	440,403	796,530
46,782	190,385	239,168	476,335
(5,292)	(11,966)	(5,869)	(23,127)
5,803	30,554	44,932	81,289
(4,500)	-	-	(4,500)
847	2,351	4,825	8,023
43,640	211,324	283,056	538,020
43,640	211,324	283,056	538,020
7,574	35,968	30,075	73,617
(7,487)	(117)	(408)	(7,962)
257	928	1,701	2,836
43,984	248,103	314,424	606,511
7,590	40,884	78,051	126,525
23,729	40,311	125,979	190,019

Fully depreciated assets at 31 December 2022 amounted to Kshs 358,369,697 (2021 – Kshs 332,769,792). The notional annual depreciation on these assets would have been Kshs 82,724,096 (2021 – Kshs 74,199,328). None of the Group's property and equipment has been pledged as security for borrowings.

14. MOTOR VEHICLE AND EQUIPMENT (Continued)

COMPANY

COST

At 1 January 2021
Additions
Disposals
At 31 December 2021

At 1 January 2022
Additions
At 31 December 2022

DEPRECIATION

At 1 January 2021
Charge for the year
Eliminated on disposal
At 31 December 2021

At 1 January 2022
Charge for the year
At 31 December 2022

CARRYING AMOUNT

At 31 December 2021
At 31 December 2022

Motor vehicles Kshs'000	Computers Kshs'000	Fittings and equipment Kshs'000	Total Kshs'000
41,738	169,078	235,492	446,308
-	32,732	2,990	35,722
(4,500)	-	-	(4,500)
37,238	201,810	238,482	477,530
37,238	201,811	238,482	477,531
12,600	29,658	72,897	115,155
49,838	231,469	311,379	592,686
30,430	147,815	168,454	346,699
3,815	23,173	32,852	59,840
(4,500)	-	-	(4,500)
29,745	170,988	201,306	402,039
29,745	170,988	201,305	402,038
6,937	27,708	16,878	51,523
36,682	198,696	218,183	453,561
7,493	30,822	37,176	75,491
13,156	32,773	93,196	139,125

15. INTANGIBLE ASSETS

Cost

Balance as at 1 January 2021

Additions during the year

Exchange difference

At 31 December

Depreciation

Balance as at 1 January 2022

Charge for the year

Exchange difference

At 31 December 2022

Carrying amount

GROUP		COMPANY	
2022	2021	2022	2021
Kshs'000	Kshs'000	Kshs'000	Kshs'000
159,522	145,115	144,620	140,017
7,585	14,119	1,644	4,603
733	288	-	-
167,840	159,522	146,264	144,620
146,473	137,782	141,551	133,661
6,644	8,852	1,719	7,890
296	(161)	-	-
153,413	146,473	143,270	141,551
14,427	13,049	2,994	3,069

Fully depreciated assets at 31 December 2022 amounted to Kshs 141,109,838 (2021: Kshs 141,109,838). The notional annual depreciation on these assets would have been Kshs 46,989,576 (2021: Kshs 46,989,576). None of the Company's assets has been pledged as security for borrowings.

16. RIGHT-OF-USE ASSET

Cost

At 1 January	
Additions during the year	
* De-recognition	
Exchange difference	
At 31 December	

Depreciation

At 1 January	
Charge for the year	
Eliminated on de-recognition	
Exchange difference	
At 31 December	

Carrying amount

The Group and Company leases various office premises. The average lease term is five years.

Two of the Company leases expired in the current financial year.

The Company has entered into eight new Lease agreements.

The maturity analysis of the lease liabilities is presented in note 38.

Depreciation expense on right-of-use assets	
Interest expense on lease liabilities	

The Group and Company has no restrictions or covenants imposed by its leases, neither are there arranged sale and leaseback transactions.

The Group and Company has considered the options available to extend or terminate a lease and has considered that for all its leases it expects to extend the lease term by one additional term.

The Company has determined the threshold for low values leases as Kshs 500,000.

* De-recognition during the year represent surrendered leases and de-recognition of the Value Added Tax (VAT) that has been excluded from cash flows as it is not a lease payment. VAT for the lease payment has been included under variable lease payments in profit or loss.

GROUP		COMPANY	
2022 Kshs'000	2021 Kshs'000	2022 Kshs'000	2021 Kshs'000
751,559	758,087	449,235	449,235
108,236	10,177	107,221	-
(17,354)	(31,906)	(17,363)	-
8,049	15,201	-	-
850,490	751,559	539,093	449,235
294,416	211,110	160,645	109,908
98,411	90,045	58,788	50,738
-	(10,460)	-	-
2,908	3,721	-	-
395,735	294,416	219,433	160,646
454,755	457,143	319,660	288,589

GROUP		COMPANY	
2022 Kshs'000	2021 Kshs'000	2022 Kshs'000	2021 Kshs'000
98,411	90,045	58,788	50,738
83,664	67,809	63,614	64,122

17. INVESTMENT PROPERTIES – GROUP AND COMPANY

	Long term business Shs'000	Short term business Shs'000	Total 2022 Shs'000	Total 2021 Shs'000
At start of year	8,795,000	1,168,000	9,963,000	10,610,000
Additions	-	69,283	69,283	14,640
Disposals	-	-	-	(398,000)
Fair value (loss)/ gains (Note 6)	(625,000)	17,717	(607,283)	(263,640)
At year end	8,170,000	1,255,000	9,425,000	9,963,000

The investment properties were last revalued on 31st December 2022 by Kiragu & Mwangi Limited, independent valuers, on an open market basis using the highest and best use principle. The properties are managed by Knight Frank Kenya Limited. The rental income received from the investment properties for the group and company was Shs 370,950,000 (2021:Shs 436,957,254) (Note 6). The total property management expenses was Ksh 257,259,544 (2021: 252,852,748).

The table below analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

At 31 December 2022

Investment property

At 31 December 2021

Investment property

	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
Investment property	-	-	9,425,000	9,425,000
Investment property	-	-	9,963,000	9,963,000

Valuation technique used to derive level 3 fair values

Level 3 fair value of investment properties has been derived using discounted cash flow projections which incorporate assumptions around the continued demand for rental space, sustainability of growth in rent rates as well as makes reference to recent sales.

18. EQUITY INVESTMENTS

GROUP

Quoted investments - at fair value through profit or loss

At 1 January

Additions

Disposals

Fair value gains /(losses) (Note 6)

Exchange differences

At 31 December

Long term business 2022 Kshs'000	Short term business 2022 Kshs'000	Total 2022 Kshs'000	Total 2021 Kshs'000
9,514,758	13,119	9,527,877	7,766,052
489,204	-	489,204	865,562
(67,231)	-	(67,231)	(122,706)
(1,925,843)	(1,641)	(1,927,484)	1,009,065
6,609	455	7,064	9,904
8,017,497	11,933	8,029,430	9,527,877

COMPANY

Quoted investments - at fair value through profit or loss

At 1 January

Additions

Disposals

Fair value gains /(losses) (Note 6)

At 31 December

Long term business 2022 Kshs'000	Short term business 2022 Kshs'000	Total 2022 Kshs'000	Total 2021 Kshs'000
9,345,877	-	9,345,877	7,665,023
472,259	-	472,259	793,905
(67,231)	-	(67,231)	(122,706)
(1,906,661)	-	(1,906,661)	1,009,655
7,844,244	-	7,844,244	9,345,877

19 (a) INVESTMENTS IN SUBSIDIARIES – AT COST

Riverside Park Limited - Kenya
 ICEA LION Life Assurance Company (Uganda) Limited
 ICEA LION Asset Management (Uganda) Limited
 ICEA LION General Insurance Company (Uganda) Limited

COMPANY			
Long term	Short term	2022	2021
Kshs'000	Kshs'000	Kshs'000	Kshs'000
9,823	-	9,823	9,823
-	193,172	193,172	193,172
-	4,250	4,250	4,250
-	483,021	483,021	483,021
9,823	680,443	690,266	690,266

19 (a) Movement in investment in subsidiaries

Movement in subsidiaries
 Opening balances
 Addition: Transfer from Intercompany balances
 Cash Injection
 Disposal at cost

Total	Total
2022	2021
Kshs'000	Kshs'000
690,266	692,924
-	38,712
-	3,226
-	(44,596)
690,266	690,266

ICEA LION Asset Management Limited & ICEA LION Trust Company Limited were disposed as at 01.1.2021 to the ICEA LION Holdings Company Limited at cost.

As at 31 December 2022, ICEA LION Life Assurance Company Limited owned the following stakes in the subsidiaries mentioned below:

Subsidiary	% Owned	Principal business activity
ICEA LION Life Assurance Company (Uganda) Limited	100%	Transacts life insurance business and pension scheme administration.
ICEA LION General Insurance Company (Uganda) Limited	100%	Transacts general insurance business.
Riverside Park Limited - Kenya	100%	The company ceased trading on 31 December 1996 and is dormant.
ICEA LION Asset Management (Uganda) Limited	75%	Management of investment portfolios for clients.

19 (b). DECONSOLIDATION ADJUSTMENT

Assets

Equipment	(6,014)
Right of Use Asset	(36,822)
Intangible assets	(96,302)
Investment in subsidiaries	(1,750)
Other receivables	(161,461)
Tax recoverable	(3,755)
Deferred taxation	-
Government securities held at fair value through profit and loss	(159,690)
Deposits with financial institutions	(384,198)
Cash and bank balances	(6,469)
Lease Liabilities	72,057
Other payables	130,671
Deferred taxation	8,907

Net Assets

Consideration received, satisfied in cash	34,596
Loss on disposal of subsidiary	(610,232)

ICEA LION Asset Management 2021 Kshs'000	ICEA LION Trust Company Limited 2021 Kshs'000	Total 2021 Kshs'000
(6,014)	(2,471)	(8,485)
(36,822)	(36,464)	(73,286)
(96,302)	(3,422)	(99,724)
(1,750)	-	(1,750)
(161,461)	(21,647)	(183,108)
(3,755)	(7,323)	(11,078)
-	(4,823)	(4,823)
(159,690)	(55,599)	(215,289)
(384,198)	(85,415)	(469,613)
(6,469)	(3,434)	(9,903)
72,057	39,341	111,398
130,671	13,243	143,914
8,907	-	8,907
(644,828)	(168,014)	(812,842)
34,596	10,000	44,596
(610,232)	(158,014)	(768,246)

There was no de-consolidation movement in the year 2022.

19 INVESTMENTS IN SUBSIDIARIES

(c) Non-Controlling Interest (NCI)

ICEA LION Life Assurance Company Limited owns 75% of the shares in ICEA LION Asset Management (Uganda) Limited, while the remaining 25% is a non-controlling interest (NCI) as indicated in the table below:

	2022 Kshs'000	2021 Kshs'000
Non-Controlling Interest percentage	25%	25%
Total assets	85,945	58,254
Total liabilities	34,909	27,867
Net assets	51,036	30,387
Carrying amount of NCI	12,759	7,597
Total Income	85,207	54,547
Profit before income tax	26,251	14,304
Income tax expense	(7,187)	(4,318)
Profit for the year	19,064	9,986
Other comprehensive income	(983)	-
Total comprehensive income for the year	18,081	9,986
Total comprehensive income allocated to NCI	4,520	2,497

(d) Summary of Subsidiaries Performance

A summary of financial information for the subsidiaries as of 31 December 2022 and 31 December 2021 is set out below:

	ICEA LION Life Assurance Company (Uganda) Limited		ICEA LION General Assurance Company (Uganda) Limited		ICEA LION Asset Management (Uganda) Limited	
	2022 Kshs'000	2021 Kshs'000	2022 Kshs'000	2021 Kshs'000	2022 Kshs'000	2021 Kshs'000
Total assets	7,767,213	5,756,895	2,006,458	1,640,162	85,860	58,254
Total liabilities	7,035,613	5,058,735	1,525,476	1,173,105	34,825	27,867
Net assets	731,600	698,160	480,982	467,057	51,035	30,387
Net earned premiums and other incomes	2,202,906	1,574,561	703,766	642,394	85,205	54,547
Profit before income tax	126,045	265,602	22,160	130,462	26,251	14,304
Income tax expense	(120,516)	(100,449)	(24,920)	(21,461)	(7,187)	(4,318)
Profit for the year	5,529	165,153	(2,760)	109,001	19,064	9,986
Total comprehensive income for the year	33,440	165,153	(8,014)	109,001	18,081	9,986

20. INVESTMENTS IN ASSOCIATE

GROUP – SHORT TERM BUSINESS

Company's share of net assets;

At 1 January

Share of profit

Prior year adjustment

Dividends received

Net movement

At 31 December

	2022 Kshs'000	2021 Kshs'000
At 1 January	1,671,710	1,659,845
Share of profit	242,054	42,465
Prior year adjustment	-	308
Dividends received	(30,908)	(30,908)
Net movement	211,146	11,865
At 31 December	1,882,856	1,671,710

Further information on the associate company is shown below:

Company	Share capital Kshs	% owned	Country of Incorporation	Principal activity
East Africa Reinsurance Company Limited	1,000,000	30.91%	Kenya	Underwriting all classes of reinsurance and reinsurance businesses

A summary of financial information as of 31 December 2022 and for the year then ended in respect of the associate company is set out below:

Total assets

Total liabilities

Net assets

Group's share of the net assets

Net earned premiums

Profit before income tax

Income tax expense

Profit for the year

Total comprehensive income for the year

	2022 Kshs'000	2021 Kshs'000
Total assets	11,709,639	11,270,753
Total liabilities	5,617,924	5,862,169
Net assets	6,091,715	5,408,584
Group's share of the net assets	1,882,856	1,671,710
Net earned premiums	3,905,142	3,741,219
Profit before income tax	1,046,774	102,455
Income tax expense	263,643	34,933
Profit for the year	783,131	137,388
Total comprehensive income for the year	783,131	137,388

	2022 Kshs'000	2021 Kshs'000
At cost	553,922	553,922
At 1st January	-	-
Additions	-	-
At 31 December	553,922	553,922

COMPANY

At cost

At 1st January

Additions

At 31 December

21. KENYA MOTOR INSURANCE POOL- GROUP AND COMPANY

The Kenya Motor Insurance Pool (KMIP) was a mandatory pool set up to provide motor cover under a pooled arrangement. KMIP has since ceased underwriting and is now dormant though its investments continue to earn income. This balance is recoverable from the pool through a refund amount due upon distribution of the pool assets.

(a) Details of the Group's share in the pool as at the end of the reporting period are as follows;

Name	Country of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held by the company	
			2022	2021
Kenya Motor Insurance Pool	Kenya	Sharing of pool business and risks by underwriting and investments.	5.34%	5.34%

(b) The movement in the amount due is shown below;

	2022	2021
	Kshs'000	Kshs'000
At 1 January	24,738	36,703
Partial distribution	-	(14,604)
Net (decrease)/increase in Group share of net assets of the pool	(580)	2,639
	24,158	24,738

22. LOANS RECEIVABLE

(a) Mortgage loans - GROUP AND COMPANY

	2022	2021
	Kshs'000	Kshs'000
At 1 January	653,377	607,307
Loans advanced	93,831	132,720
Interest charged	39,600	36,002
Loan repayments	(125,459)	(122,652)
Gross	661,349	653,377
Allowance for expected credit losses	(5,190)	(1,895)
At 31 December	656,159	651,482

Maturity profile of mortgage loans:

Loans maturing:		
Within 1 year	75,655	11,821
1 to 5 years	76,927	70,904
Over 5 years	503,577	568,757
	656,159	651,482

22. LOANS RECEIVABLE (Continued)

(b) Policy loans (Continued)

GROUP

At 1 January
Loans advanced
Interest charged
Loan repayments
Exchange adjustments
Gross
Allowance for expected credit losses
At 31 December

	2022	2021
	Kshs'000	Kshs'000
At 1 January	864,831	696,832
Loans advanced	280,664	457,389
Interest charged	68,740	109,344
Loan repayments	(219,217)	(396,181)
Exchange adjustments	8,556	(558)
Gross	1,003,574	866,826
Allowance for expected credit losses	468	(1,995)
At 31 December	1,004,042	864,831

Maturity profile of policy loans:

Loans maturing:
Within 1 year
1-5 years
Over 5 years

Within 1 year	174,151	160,856
1-5 years	512,237	489,301
Over 5 years	317,654	214,674
	1,004,042	864,831

COMPANY

At 1 January
Loans advanced
Interest charged
Loan repayments
Gross
Allowance for expected credit losses
At 31 December

At 1 January	678,774	544,345
Loans advanced	163,177	359,626
Interest charged	90,524	88,275
Loan repayments	(148,367)	(311,477)
Gross	784,108	680,769
Allowance for expected credit losses	468	(1,995)
At 31 December	784,576	678,774

Maturity profile of policy loans:

Loans maturing:
Within 1 year
2-5 years
Over 5 years

Within 1 year	136,085	121,569
2-5 years	400,271	342,530
Over 5 years	248,220	214,675
	784,576	678,774

23. DEFERRED ACQUISITION COSTS

GROUP

At start of the year
Net increase
Exchange differences
At end of the year

	2022 Kshs'000	2021 Kshs'000
At start of the year	55,573	49,284
Net increase	14,199	2,892
Exchange differences	2,772	3,397
At end of the year	72,544	55,573

24. REINSURERS' SHARE OF INSURANCE CONTRACT LIABILITIES

Reinsurers' share of:
Notified outstanding claims

GROUP		COMPANY	
2022 Kshs'000	2021 Kshs'000	2022 Kshs'000	2021 Kshs'000
809,903	522,572	20,276	64,834

25. OTHER RECEIVABLES

GROUP

Due from related companies (Note 39)
Staff advances
Trade debtors
Others*

COMPANY

Due from related companies (Note 39)
Staff advances
Others*

Long term business 2022 Kshs'000	Short term business 2022 Kshs'000	Total 2022 Kshs'000	Total 2021 Kshs'000
93,676	39,088	132,764	112,201
36,491	10,196	46,687	46,017
-	7,471	7,471	-
705,254	37,978	743,232	713,667
835,421	94,733	930,154	871,885
234,374	40,841	275,215	260,309
35,559	302	35,861	36,223
461,936	2,061	463,997	449,560
731,869	43,204	775,073	746,092

*The carrying value of other receivables above approximates their fair value

26. CORPORATE BONDS

GROUP AND COMPANY

Corporate bonds maturing:

- within one year
- 1 to 5 years
- After 5 years
- Allowance for expected credit losses

Long term business 2022 Kshs'000	Short term business 2022 Kshs'000	Total 2022 Kshs'000	Total 2021 Kshs'000
			-
230,306	-	230,306	230,230
-	-	-	-
(323)	-	(323)	(322)
229,983	-	229,983	229,908

27. GOVERNMENT SECURITIES

GROUP

Held at amortised cost

Treasury bills and bonds maturing:

- within one year
- 1 to 5 years
- After 5 years

Gross

- Allowance for expected credit losses

At 31 December

Long term business 2022 Kshs'000	Short term business 2022 Kshs'000	Total 2022 Kshs'000	Total 2021 Kshs'000
5,876,278	245,938	6,122,216	5,980,562
19,872,687	384,188	20,256,875	12,776,630
55,354,231	316,857	55,671,088	51,813,912
81,103,196	946,983	82,050,179	70,571,104
(75,517)	(282)	(75,799)	(63,822)
81,027,679	946,701	81,974,380	70,507,282

Held at FVTPL

Treasury bills and bonds maturing:

- within one year
- 1 to 5 years
- After 5 years

COMPANY

Held at amortised cost

Treasury bills and bonds maturing:

- within one year
- 1 to 5 years
- After 5 years

Gross

- Allowance for expected credit losses

1,031,261	-	1,031,261	2,492,592
6,117,935	-	6,117,935	2,121,978
23,620,585	71,142	23,691,727	22,493,743
30,769,781	71,142	30,840,923	27,108,313
5,489,434	4,656	5,494,090	4,873,288
17,695,497	-	17,695,497	10,710,061
52,017,772	-	52,017,772	49,918,692
75,202,703	4,656	75,207,359	65,502,041
(75,517)	-	(75,517)	(63,822)
75,127,186	4,656	75,131,842	65,438,219

27. GOVERNMENT SECURITIES (Continued)

COMPANY

Held at FVTPL

Treasury bills and bonds maturing:

- within one year
- 1 to 5 years
- After 5 years

Long term business 2022 Kshs'000	Short term business 2022 Kshs'000	Total 2022 Kshs'000	Total 2021 Kshs'000
1,031,260	-	1,031,260	2,492,592
6,117,935	-	6,117,935	2,121,978
23,620,586	71,142	23,691,728	22,493,743
30,769,781	71,142	30,840,923	27,108,313

Treasury bonds amounting to Kshs 7,011,450,000 (2021: Kshs 5,996,950,000) are held under lien with the Central Bank of Kenya.

28. DEPOSITS WITH FINANCIAL INSTITUTIONS

GROUP

Maturing within 90 days
Maturing after 90 days
Allowance for expected credit losses

COMPANY

Maturing within 90 days
Maturing after 90 days
Allowance for expected credit losses

Long term business 2022 Kshs'000	Short term business 2022 Kshs'000	Total 2022 Kshs'000	Total 2021 Kshs'000
1,069,096	120,112	1,189,208	853,057
5,007,280	759,406	5,766,686	3,371,221
(7,552)	(3,338)	(10,890)	-
6,068,824	876,180	6,945,004	4,230,278
130,827	-	130,827	130,829
4,988,334	759,406	5,747,740	3,330,273
(7,552)	(3,338)	(10,890)	-
5,111,609	756,068	5,867,677	3,461,102

Weighted average effective rates – GROUP AND COMPANY

The following table summarises the weighted average effective interest rates at the year end on the principle interest bearing investments.

	2022	2021
Mortgage loans	15%	15%
Policy loans	16%	16%
Government securities	12.19%	12%
Corporate bonds	12.25%	12.25%
Deposits with financial institution	9.20%	7.82%

29. SHARE CAPITAL

GROUP AND COMPANY

Balance at 1 January 2021, 31 December 2021 and 31 December 2022

Number of shares	Ordinary shares		Total Kshs'000
	Long term Kshs'000	Short term Kshs'000	
56,250,000	150,000	975,000	1,125,000

The total authorised number of ordinary shares is 56,250,000 with a par value of Kshs 20 per share. All issued shares are fully paid with equal rights.

30. UNEARNED PREMIUM

GROUP

At 1 January
Increase
Exchange adjustments
At 31 December

	2022 Kshs'000	2021 Kshs'000
At 1 January	377,826	161,538
Increase	96,044	3,783
Exchange adjustments	18,830	10,879
At 31 December	492,700	176,200

31. INSURANCE CONTRACT LIABILITIES

GROUP AND COMPANY

- (a) Long term insurance contracts
- claims reported and claims handling expenses
 - actuarial liabilities with respect to contracts in force
- (b) Short term non-life insurance contracts:
- claims reported and claims handling expenses
 - claims incurred but not reported
- Total – short term**

	GROUP		COMPANY	
	2022 Kshs'000	2021 Kshs'000	2022 Kshs'000	2021 Kshs'000
(a) Long term insurance contracts	297,302	353,525	160,377	192,558
- claims reported and claims handling expenses	31,933,734	29,315,701	29,200,990	27,305,671
- actuarial liabilities with respect to contracts in force	32,231,036	29,669,226	29,361,367	27,498,229
(b) Short term non-life insurance contracts:	524,814	445,555	-	-
- claims reported and claims handling expenses	180,613	97,925	-	-
- claims incurred but not reported	705,427	543,480	-	-
Total – short term	32,936,463	30,212,706	29,361,367	27,498,229

Insurance contract liabilities comprises gross claims reported, claims handling expenses and actuarial liabilities with respect to all contracts in force for ordinary (including unit linked policies), group credit and group life business.

Movements in insurance liabilities and reinsurance assets are shown in Note 32.

31. INSURANCE CONTRACT LIABILITIES (Continued)

The table below illustrates how the group's short term estimates of total claims outstanding for each accident year has changed at successive year ends as at 31.12.2022.

Accident Year	2018 Kshs'000	2019 Kshs'000	2020 Kshs'000	2021 Kshs'000	2022 Kshs'000	Total Kshs'000
Company - Gross of Reinsurance						
Accident Year	213,567	257,137	262,232	312,692	361,179	1,406,807
One Year Later	437,343	316,218	333,803	448,499	-	1,535,863
Two Years Later	404,979	287,771	336,944	-	-	1,029,694
Three Years Later	414,813	298,447	-	-	-	713,260
Four Years Later	1,552,416	-	-	-	-	1,552,416
Current Estimate of Cumulative Claims	1,552,416	298,447	336,944	448,499	361,179	2,997,485
Less: Cumulative Payments to Date	(1,112,028)	(268,890)	(318,328)	(381,286)	(211,526)	(2,292,058)
Total Gross Liability as per the Balance Sheet	440,388	29,557	18,616	67,213	149,653	705,427

The table below illustrates how the group's short term estimates of total claims outstanding for each accident year has changed at successive year ends as at 31.12.2021.

Accident Year	2017 Kshs'000	2018 Kshs'000	2019 Kshs'000	2020 Kshs'000	2021 Kshs'000	Total Kshs'000
Estimate of ultimate claims costs:						
At end of accident year	158,801	205,394	264,945	250,937	294,968	1,175,045
One year later	191,071	425,805	304,155	320,445	-	1,241,476
Two years later	189,343	389,505	276,740	-	-	855,588
Three years later	187,997	398,723	-	-	-	586,720
Four years later	618,983	-	-	-	-	618,983
Current Estimate of Cumulative claims	618,983	398,723	276,740	320,445	294,968	1,909,859
Less: Cumulative Payments to Date	(393,774)	(378,006)	(250,822)	(284,250)	(59,527)	(1,366,379)
Total Gross Liability as per the Balance Sheet	225,209	20,717	25,918	36,195	235,441	543,480

32. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

Short term	Gross	Reinsurance	Net 2022	Gross	Reinsurance	Net 2021
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
At 1 January						
Notified claims	445,555	(296,421)	149,134	391,885	(257,609)	134,276
IBNR	97,925	(66,428)	31,497	58,777	(38,645)	20,132
At 1 January	543,480	(362,849)	180,631	450,662	(296,254)	154,408
Claims incurred in current year	574,266	(323,974)	250,292	370,587	(215,112)	155,475
Payment for claims	(439,278)	241,926	(197,352)	(307,641)	168,154	(139,487)
Exchange difference	26,959	(17,675)	9,284	29,872	(19,637)	10,235
At 31 December	705,427	(462,572)	242,855	543,480	(362,849)	180,631
Notified claims	524,814	(342,727)	182,087	445,555	(296,421)	149,134
IBNR	180,613	(119,845)	60,768	97,925	(66,428)	31,497
At 31 December	705,427	(462,572)	242,855	543,480	(362,849)	180,631
Long term						
At 1 January	29,669,226	(159,723)	29,509,503	25,694,312	(74,005)	25,620,307
Actuarial liabilities movement for current year	2,561,810	65,072	2,626,882	3,974,914	(85,718)	3,858,933
	32,231,036	(94,651)	32,136,385	29,669,226	(159,723)	29,479,240
Total	32,936,463	(557,223)	32,379,240	30,212,706	(522,572)	29,659,397

33. (a) AMOUNTS PAYABLE UNDER DEPOSIT ADMINISTRATION CONTRACTS

Deposit administration contract liabilities are recorded at amortised cost. Movements in amounts payable under deposit administration contracts during the year were as shown below. The liabilities are shown inclusive of interest accumulated to 31 December. Interest was declared and credited to the customer accounts at a weighted average rate of 6.5% for the year (2021:9.25%).

GROUP

	2022	2021
	Kshs'000	Kshs'000
At 1 January	75,519,507	64,439,693
Deposit administration contributions received	14,728,340	13,799,669
Surrenders	(8,192,700)	(8,820,771)
Interest payable to policyholders	5,226,586	6,209,463
Tax on unregistered schemes	(493,102)	(241,024)
Adjustment in actuarial liabilities	6,610	(18,849)
Exchange adjustments	122,738	151,326
At 31 December	86,917,979	75,519,507

33. (a) AMOUNTS PAYABLE UNDER DEPOSIT ADMINISTRATION CONTRACTS (Continued)

COMPANY

At 1 January

Deposit administration contributions received

Surrenders

Interest payable to policyholders

Tax on unregistered schemes

At 31 December

	2022	2021
	Kshs'000	Kshs'000
At 1 January	72,876,041	62,603,711
Deposit administration contributions received	13,316,381	12,930,263
Surrenders	(7,549,959)	(8,416,143)
Interest payable to policyholders	4,923,885	5,999,234
Tax on unregistered schemes	(493,103)	(241,024)
At 31 December	83,073,245	72,876,041

33. (b) AMOUNTS PAYABLE UNDER UNIT LINKED POLICIES

GROUP AND COMPANY

At 1 January

Premiums received

Adjustment in actuarial liabilities

	2022	2021
	Kshs'000	Kshs'000
At 1 January	198,734	208,208
Premiums received	12,412	14,505
Adjustment in actuarial liabilities	(40,245)	(23,979)
	170,901	198,734

34. OTHER PAYABLES

GROUP

Amounts due to related companies (Note 39)

Withholding tax payable

Accrued expenses

Statutory deductions payable

Rent deposits

Other liabilities*

	Long term business 2022	Short term business 2022	Total 2022	Total 2021
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Amounts due to related companies (Note 39)	20,862	93,574	114,436	98,125
Withholding tax payable	40,405	-	40,405	53,244
Accrued expenses	595,991	-	595,991	390,414
Statutory deductions payable	11,843	-	11,843	12,786
Rent deposits	35,237	6,804	42,041	35,237
Other liabilities*	374,830	353,559	728,389	688,462
	1,079,168	453,937	1,533,105	1,278,268

*Other liabilities consist of rental creditors, sundry creditors, PAYE payable, outstanding staff leave liability, KPRL AGM expenses amongst others

The carrying value of other payables above approximates their fair value.

34. OTHER PAYABLES (Continued)

COMPANY

Amounts due to related companies (Note 39)
Withholding tax payable
Accrued expenses
Statutory deductions payable
Rent deposits
Other liabilities*

Long term business 2022 Kshs'000	Short term business 2022 Kshs'000	Total 2022 Kshs'000	Total 2021 Kshs'000
50,411	227,825	278,236	259,901
40,405	-	40,405	53,244
545,227	-	545,227	372,025
11,843	-	11,843	9,532
35,237	6,803	42,040	35,237
126,973	41,576	168,549	197,001
810,096	276,204	1,086,300	926,940

*Other liabilities consist of rental creditors, sundry creditors, PAYE payable, outstanding staff leave liability, KPRL AGM expenses amongst others

The carrying value of other payables above approximates their fair value.

35. DEFERRED INCOME TAX

Deferred income tax is calculated on all temporary differences under the liability method using a principal tax rate of 30% (2021:30%). Deferred tax assets and liabilities are attributable to the following items:

GROUP

Year ended 31 December 2022

Deferred income tax asset

Property and equipment on historical cost basis
Unrealised exchange gains
Prior year adjustment
Provision for liabilities and charges
Tax losses carried forward

Deferred income tax liability

Property and equipment:
- on historical cost basis
- on revaluation surplus
Fair value gains on investment property
Actuarial reserve

Net deferred tax liability

At 1 Jan 2022 Kshs'000	Prior year Adjustment	(Credited/ charged to Profit and Loss Kshs'000	At 31 Dec 2022 Kshs'000
(42,405)	-	(153)	(42,558)
(20,106)	(70)	-	(20,176)
311	-	-	311
(21,174)	-	-	(21,174)
(14,245)	-	-	(14,245)
(97,619)	(70)	(153)	(97,842)
305	-	-	305
(496)	-	-	(496)
229,397	-	5,315	234,712
2,336,265	-	(49,072)	2,287,193
2,565,471	-	(43,757)	2,521,714
2,467,852	(70)	(43,910)	2,423,872

35. DEFERRED INCOME TAX (Continued)

GROUP

Year ended 31 December 2021

Deferred income tax asset

Property and equipment on historical cost basis	(47,198)	4,793	-	-	(42,405)
Unrealised exchange gains	(20,106)	-	-	-	(20,106)
Prior year adjustment	164	-	-	147	311
Provision for liabilities and charges	(21,174)	-	-	-	(21,174)
Tax losses carried forward	(14,252)	-	6	1	(14,245)
	(102,566)	4,793	6	148	(97,619)

Deferred income tax liability

Property and equipment:					
- on historical cost basis	9,210	(8,905)	-	-	305
- on revaluation surplus	(496)	-	-	-	(496)
Fair value gains on investment property	254,995	-	-	(25,598)	229,397
Actuarial reserve	1,699,810	-	-	636,455	2,336,265
	1,963,519	(8,905)	-	610,857	2,565,471

Net deferred tax liability

At 1 Jan 2021 Kshs'000	Disposal of Subsidiaries	Prior year Adjustment	(Credited/ charged to Profit and Loss Kshs'000	At 31 Dec 2021 Kshs'000
(47,198)	4,793	-	-	(42,405)
(20,106)	-	-	-	(20,106)
164	-	-	147	311
(21,174)	-	-	-	(21,174)
(14,252)	-	6	1	(14,245)
(102,566)	4,793	6	148	(97,619)
9,210	(8,905)	-	-	305
(496)	-	-	-	(496)
254,995	-	-	(25,598)	229,397
1,699,810	-	-	636,455	2,336,265
1,963,519	(8,905)	-	610,857	2,565,471
1,860,953	(4,112)	6	611,005	2,467,852

COMPANY

Year ended 31st December 2022

Deferred income tax asset

Provision for liabilities and charges	(97,291)	-	(97,291)
	(97,291)	-	(97,291)

Deferred income tax liability

Fair value gains on investment property	229,203	5,315	234,518
Actuarial surplus	2,336,268	(49,072)	2,287,196
	2,565,471	(43,757)	2,521,714

Net deferred tax liability

At 1 Jan 2022 Kshs'000	(Credited/ charged to Profit and Loss Kshs'000	At 31 Dec 2022 Kshs'000
(97,291)	-	(97,291)
(97,291)	-	(97,291)
229,203	5,315	234,518
2,336,268	(49,072)	2,287,196
2,565,471	(43,757)	2,521,714
2,468,180	(43,757)	2,424,423

35. DEFERRED INCOME TAX (Continued)

COMPANY

Year ended 31st December 2021

Deferred income tax asset

Provision for liabilities and charges

Deferred income tax liability

Fair value gains on investment property

Actuarial surplus

Net deferred tax liability

At 1 Jan 2021 Kshs'000	(Credited/ charged to Profit and Loss Kshs'000	At 31 Dec 2021 Kshs'000
(97,291)	-	(97,291)
(97,291)	-	(97,291)
254,801	(25,598)	229,203
1,699,812	636,456	2,336,268
1,954,613	610,858	2,565,471
1,857,322	610,858	2,468,180

36. CASH GENERATED FROM OPERATIONS

a) Reconciliation of profit before taxation to cash generated from operations

		GROUP		COMPANY	
		2022 Kshs'000	2021 Kshs'000	2022 Kshs'000	2021 Kshs'000
Profit before tax		3,085,405	3,894,253	2,673,569	3,440,102
Adjustments for:					
Depreciation and amortization	14 & 15	178,672	176,807	112,030	118,468
Impairment allowance	2	-	-	-	-
Gain on disposal of lease liabilities		21,906	-	21,797	-
Net movement in share of associate profits	19	(211,146)	(11,865)	-	-
Gain /(loss) on sale of shares	6	-	-	(4,469)	(26,792)
Fair value (loss) /gains on investment properties	17	607,283	263,640	607,283	263,640
Fair value gains on treasury bonds	6	1,296,681	483,473	1,296,681	483,473
Fair value loss /(gains) of quoted shares	18	1,927,484	(1,009,065)	1,906,661	(1,009,547)
Fair value loss /(gains) on unit trusts	6	2,326	(121,542)	2,326	(120,070)
Impairment of policy and mortgage loans		-	-	2,974	-
Dividend income	6	(566,597)	(321,400)	(552,193)	(315,222)
Rental income	6	(370,950)	(436,957)	(370,950)	(436,957)
Interest income on policy and mortgage loans		(108,486)	-	(130,270)	-
Interest income	6	(13,543,256)	(11,764,291)	(12,806,036)	(10,959,739)
Changes in working capital:					
Trade and other receivables		(357,893)	(189,052)	25,629	(181,537)
Technical provisions		13,965,000	14,910,430	12,071,368	13,760,688
Trade and other payables		713,518	22,505	145,671	(26,269)
Cash generated from operations		6,639,947	5,896,936	5,002,071	4,990,238

36. CASH GENERATED FROM OPERATIONS (Continued)

(b) Cash and cash equivalents

Cash and bank balances
Deposits with financial institutions (Note 28)

GROUP		COMPANY	
2022	2021	2022	2021
Kshs'000	Kshs'000	Kshs'000	Kshs'000
210,143	552,753	63,925	441,254
1,189,208	816,125	130,827	130,829
1,399,351	1,368,835	194,752	572,083

(b) Proceeds from disposal of Subsidiary

Consideration received, satisfied in cash
Disposal of subsidiary
Cash and cash equivalents disposed off

Loss on disposal

2022	2021
Kshs'000	Kshs'000
-	44,596
-	(1,750)
-	(9,903)
-	32,943

(c) Effect of translation

Exchange differences in translating foreign operations
Exchange differences in translating Property Plant and Equipment
Exchange differences in translating Right of use asset
Exchange differences in translating Equity investments
Exchange differences in translating intangible assets

2022	2021
Kshs'000	Kshs'000
26,631	16,736
7,478	(11,544)
8,049	(15,201)
7,064	(9,904)
296	(288)
49,518	(20,201)

37. CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the reporting period date was as follows:

Property and equipment

GROUP		COMPANY	
2022	2021	2022	2021
Kshs'000	Kshs'000	Kshs'000	Kshs'000
8,018	5,167	3,769	2,112

38. LEASE LIABILITY

At 1 January
 Derecognition of lease liabilities
 Additions during the year
 Adjustments
 Interest charge for the year (Note 9(b))
 Repayment during the year
 Exchange difference

At 31 December

Maturity analysis of operating lease payments:

Year 1
 Year 2
 Year 3
 Year 4
 Year 5 and onwards

	GROUP		COMPANY	
	2022 Kshs'000	2021 Kshs'000	2022 Kshs'000	2021 Kshs'000
At 1 January	708,962	784,956	506,781	541,203
Derecognition of lease liabilities	(39,160)	(20,447)	(39,160)	-
Additions during the year	108,450	8,098	107,221	-
Adjustments	996	-	-	-
Interest charge for the year (Note 9(b))	83,664	67,809	63,614	64,122
Repayment during the year	(185,044)	(132,066)	(124,995)	(98,544)
Exchange difference	7,421	612	-	-
At 31 December	685,289	708,962	513,461	506,781

	GROUP		COMPANY	
	2022 Kshs'000	2021 Kshs'000	2022 Kshs'000	2021 Kshs'000
Year 1	141,723	12,469	72,887	8,913
Year 2	195,135	-	92,143	-
Year 3	111,141	2,440	111,141	1,744
Year 4	53,694	303,258	53,694	216,775
Year 5 and onwards	183,596	390,795	183,596	279,349
	685,289	708,962	513,461	506,781

The Group and Company recognizes leases of various office premises only. The average lease term is five years . No other leases are recognized.

39. RELATED PARTY BALANCES AND TRANSACTIONS

The company is incorporated in Kenya under the Companies Act and is domiciled in Kenya. The ultimate holding company is Asset Managers Limited, which is incorporated in Kenya. In the normal course of business, the Group transacts with the following related entities.

- ICEA LION Asset Management Limited – common ownership
- ICEA LION Trust Company Limited – common ownership
- ICEA LION General Insurance Company (Uganda) Limited – 100% subsidiary
- ICEA LION Life Assurance Company (Uganda) Limited – 100% subsidiary
- ICEA LION Asset Management (Uganda) Limited – 75% subsidiary
- ICEA LION General Insurance Company Limited - common ownership
- Knight Frank Kenya Limited - common ownership
- First Chartered Securities Limited - common ownership
- East Africa Reinsurance Company Limited - Associate

i) Transactions with related parties

Management fees - ICEA LION Asset Management Limited
 Trustee fees - ICEA LION Trust Company Limited
 Deposits held with other related institutions
 Reinsurance Premiums - East Africa Re

ii) Outstanding balances with related parties

Due to related parties

GROUP

First Chartered Securities Limited
 ICEA LION General Insurance Company Limited
 ICEA LION Trust Company Limited
 ICEA LION Asset Management Limited

COMPANY

Riverside Park Limited
 ICEA LION General Insurance Company (Uganda) Limited
 ICEA LION General Insurance Company Limited
 ICEA LION Asset Management Limited
 First Chartered Securities Limited
 ICEA LION LIFE Assurance Company (Uganda) Ltd
 ICEA LION Asset Management (Uganda) Limited
 ICEA LION Trust Company Limited

	2022	2021
	Kshs'000	Kshs'000
	174,679	118,253
	20,415	46,415
	1,017,927	344,358
	237,118	191,167
	114,436	98,125
	30,822	31,682
	100,212	100,211
	17,392	15,549
	70,409	55,255
	15,467	15,467
	41,729	41,729
	2,197	-
	8	8
	278,236	259,901

39. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

Due from related parties

GROUP

ICEA LION General Insurance Company Limited	39,087	35,839
First Chartered Securities Limited	16,089	16,800
Knight Frank Kenya Limited	808	734
ICEA LION Insurance Holdings Limited	177	-
ICEA LION Trust Company Limited	1,702	521
ICEA LION Asset Management Limited	74,901	58,307
	132,764	112,201

COMPANY

ICEA LION General Insurance Company Limited	39,088	39,027
ICEA LION General Insurance Company (Uganda) Limited	100,105	99,239
ICEA LION Life Assurance Company (Uganda) Limited	40,592	38,519
ICEA LION Asset Management Limited	74,901	58,307
First Chartered Securities Limited	16,089	16,800
ICEA LION Trust Company Limited	1,702	521
Riverside Park Limited	3	3
ICEA LION Insurance Holdings Limited	177	-
Knight Frank Kenya Limited	808	734
ICEA LION Asset Management (Uganda) Limited	1,750	7,159
	275,215	260,309

iii) Key management and directors' remuneration

GROUP

Directors' emoluments – fees	17,709	11,062
Key management remuneration	415,873	336,864
	433,592	347,926

COMPANY

Directors' emoluments – fees	9,360	6,050
Key management remuneration	284,125	228,163
	293,485	234,213

	2022 Kshs'000	2021 Kshs'000
	39,087	35,839
	16,089	16,800
	808	734
	177	-
	1,702	521
	74,901	58,307
	132,764	112,201
	39,088	39,027
	100,105	99,239
	40,592	38,519
	74,901	58,307
	16,089	16,800
	1,702	521
	3	3
	177	-
	808	734
	1,750	7,159
	275,215	260,309

	17,709	11,062
	415,873	336,864
	433,592	347,926
	9,360	6,050
	284,125	228,163
	293,485	234,213

SUPPLEMENTARY INFORMATION

APPENDIX I

CONSOLIDATED LONG TERM REVENUE ACCOUNT

Net premiums written

 Gross premiums written
 Reassurance premium

Net earned premiums

 Exchange fluctuation
 Investment income
 Commission earned
 Available for sale reserve

Total investment and other income

 Claims paid; life and death
 Surrenders
 Interest payable to policyholders
 Increase in actuarial liabilities

Total claims

 Premium tax
 Commissions payable
 Operating expenses

Total expenses
Increase in funds during the year

Income tax expense

Increase in funds after tax

	Other Superannuation Kshs'000	Ordinary Life Fund Kshs'000	Deposit Administration Kshs'000	Total 2022 Kshs'000	Total 2021 Kshs'000
	3,066,770	5,877,755	-	8,944,525	8,133,687
	(498,863)	(69,980)	-	(568,843)	(441,477)
	2,567,907	5,807,775	-	8,375,682	7,692,210
	(267)	(1,482)	(1,674)	(3,423)	897
	1,441,004	1,477,379	7,657,668	10,576,051	12,620,733
	132,507	19,187	-	151,694	114,293
	(3,629)	(5,714)	(9,838)	(19,181)	(277)
	1,569,615	1,489,370	7,646,156	10,705,141	12,735,646
	372,336	55,553	-	427,889	353,959
	1,769,106	2,964,147	-	4,733,253	3,750,249
	-	24,309	5,202,277	5,226,586	6,228,705
	1,393,117	1,057,291	6,610	2,457,018	3,728,650
	3,534,559	4,101,300	5,208,887	12,844,746	14,061,563
	13,218	64,187	1,881	79,286	59,441
	154,658	1,096,594	227,026	1,478,278	1,120,167
	302,886	1,170,251	551,651	2,024,788	1,512,134
	470,762	2,331,032	780,558	3,582,352	2,691,742
	132,201	864,813	1,656,711	2,653,725	3,674,551
	(40,580)	(129,033)	(261,832)	(431,445)	(1,036,905)
	91,621	735,780	1,394,879	2,222,280	2,637,646

SUPPLEMENTARY INFORMATION

APPENDIX II

COMPANY LONG TERM REVENUE ACCOUNT

	Other Superannuation	Ordinary Life Fund	Deposit Administration	Total 2022	Total 2021
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Gross earned premiums	2,601,921	4,769,586	-	7,371,507	7,055,718
Less: reinsurance premiums ceded	(301,778)	(53,508)	-	(355,286)	(306,447)
Net earned premiums	2,300,143	4,716,078	-	7,016,221	6,749,271
Investment income	1,369,024	1,121,209	7,262,648	9,752,881	12,012,521
Commissions earned	81,113	15,100	-	96,213	88,068
Total investment and other income	1,450,137	1,136,309	7,262,648	9,849,094	12,100,589
Claims paid; life and death	278,430	48,443	-	326,873	248,234
Surrenders/annuities	1,763,705	2,558,382	-	4,322,087	3,467,401
Interest payable to policyholders	-	-	4,923,885	4,923,885	5,999,234
Adjustment in actuarial liabilities	1,293,763	561,312	-	1,855,075	3,508,276
Total claims	3,335,898	3,168,137	4,923,885	11,427,920	13,223,145
Premium tax	6,245	47,564	-	53,809	43,271
Commissions payable	80,020	924,624	215,472	1,220,116	935,109
Operating expenses	219,429	889,582	522,104	1,631,115	1,236,888
Total expenses	305,694	1,861,770	737,576	2,905,040	2,215,268
Increase/(Decrease) in funds during the year	108,688	822,480	1,601,187	2,532,355	3,411,447
Income tax expense	(30,144)	(77,355)	(203,430)	(310,929)	(936,456)
Increase in funds after tax	78,544	745,125	1,397,757	2,221,426	2,474,991

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022



SUPPLEMENTARY INFORMATION

APPENDIX III

CONSOLIDATED SHORT TERM REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

	Fire industrial Kshs'000	Fire domestic Kshs'000	Personal accident Kshs'000	Medical Kshs'000	Workmen's compensation Kshs'000	Marine Kshs'000	Engineering Kshs'000	Public liability Kshs'000	Theft Kshs'000	Miscellan- eous Kshs'000	Motor private Kshs'000	Motor commercial Kshs'000	2022 Total Kshs'000
Gross Premium written	141,091	1,384	136,528	251,833	27,693	37,421	80,418	29,282	108,647	19,294	131,410	132,101	1,097,103
Changes in gross UPR	(3,505)	(1,078)	(4,648)	(13,424)	(8,682)	(374)	(2,544)	(589)	(881)	(124)	(13,346)	(5,450)	(54,645)
Gross earned premiums	137,586	306	131,880	238,409	19,011	37,047	77,874	28,693	107,766	19,170	118,064	126,652	1,042,458
Less: Reinsurance payable	(111,180)	(523)	(99,588)	(165,080)	(6,239)	(24,145)	(69,709)	(22,249)	(73,804)	(16,781)	(8,677)	(25,199)	(623,174)
Net earned premium	26,406	(217)	32,292	73,329	12,772	12,902	8,165	6,444	33,962	2,389	109,387	101,453	419,284
Claims paid	10,351	902	34,558	204,436	7,630	15,958	28,306	7,323	7,791	-	54,606	67,418	439,279
Changes in gross outstanding claims	(178)	393	9,533	15,297	13,651	9,723	1,151	2,651	(8,400)	3,062	3,385	2,672	52,940
Claims recoverable	(7,435)	(6)	(25,950)	(149,321)	(1,384)	(14,531)	(26,096)	(5,800)	(518)	-	(2,621)	(8,264)	(241,926)
Total claims incurred	2,738	1,289	18,141	70,412	19,897	11,150	3,361	4,174	(1,127)	3,062	55,370	61,826	250,293
Commissions payable	30,832	204	25,473	23,956	4,806	6,857	14,391	4,548	12,075	3,656	15,525	16,654	158,977
Commissions receivable	(33,414)	(34)	(29,757)	(27,422)	(1,556)	(6,655)	(16,864)	(2,633)	(14,650)	(4,631)	(1,054)	(4,065)	(142,735)
Operating expenses	29,672	1,796	25,664	45,563	7,249	7,020	18,864	7,506	19,647	6,457	69,043	33,885	272,336
Total expenses	27,090	1,966	21,380	42,097	10,499	7,222	16,391	9,421	17,072	5,482	83,514	46,444	288,578
Underwriting (loss) / profit	(3,422)	(3,472)	(7,229)	(39,180)	(17,624)	(5,470)	(11,587)	(7,151)	18,017	(6,155)	(29,497)	(6,817)	(119,587)

SUPPLEMENTARY INFORMATION

APPENDIX III

 CONSOLIDATED SHORT TERM REVENUE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Fire industrial Kshs'000	Fire domestic Kshs'000	Personal accident Kshs'000	Medical Kshs'000	Workmen's compensation Kshs'000	Marine Kshs'000	Engineering Kshs'000	Public liability Kshs'000	Theft Kshs'000	Miscellan- eous Kshs'000	Motor private Kshs'000	Motor commercial Kshs'000	2021 Total Kshs'000
Gross Premium written	63,486	1,086	118,217	33,374	32,223	178,226	12,757	116,327	118,167	109,457	97,653	20,203	901,176
Changes in gross UPR	(268)	(46)	3,883	(77)	580	(13,142)	(47)	(3,471)	9,594	1,573	(2,012)	(351)	(3,784)
Gross earned premiums	63,218	1,040	122,100	33,296	32,802	165,084	12,710	112,856	127,761	111,030	95,641	19,852	897,392
Less: Reinsurance payable	(55,004)	(204)	(90,755)	(33,297)	(32,803)	(123,803)	(11,332)	(18,562)	(6,895)	(82,120)	(68,832)	(6,973)	(515,549)
Net earned premium	8,214	836	31,345	4,756	10,272	41,281	1,378	94,294	120,866	28,910	26,810	12,880	381,843
Claims paid	9,617	707	6,100	2,815	29,074	95,411	-	41,968	48,482	29,373	14,801	16,001	294,349
Changes in gross outstanding claims	77	(1)	(2,290)	1,806	52	10,239	-	(25,431)	48,482	3,646	3,783	4,414	14,272
Claims recoverable	(6,897)	-	(4,606)	(2,339)	(27,439)	(73,957)	-	(14,520)	(1,158)	(18,388)	(3,617)	(7,969)	(160,890)
Total claims incurred	2,797	706	(796)	2,282	1,687	31,693	-	2,017	95,806	14,631	14,967	12,446	147,732
Commissions payable	13,621	177	27,353	5,413	5,860	19,850	2,648	15,234	14,535	22,895	9,876	4,228	141,690
Commissions receivable	(15,659)	(11)	(26,892)	(6,488)	(5,551)	(18,012)	(2,679)	(2,676)	(713)	(23,969)	(12,233)	(1,971)	(116,854)
Operating expenses	15,675	268	29,189	8,240	7,956	44,005	3,150	28,722	29,176	27,026	24,111	4,988	222,506
Total expenses	13,637	434	29,650	7,165	8,265	45,843	3,119	41,280	42,998	25,952	21,754	7,245	247,345
Underwriting (loss) / profit	(8,221)	(305)	2,491	(4,691)	320	(36,255)	(1,741)	50,997	12,568	(11,673)	(9,912)	(6,812)	(13,234)

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ICEA LION

INSURANCE • PENSIONS • INVESTMENTS • TRUSTS

CORPORATE INFORMATION

REGISTERED OFFICE

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SUBSIDIARY COMPANIES

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G. Kuria Chief Executive Officer

ICEA LION Life Assurance Company (Uganda) Limited

E. Mwaka Chief Executive Officer

SECRETARY

Kennedy M. Ontiti

Certified Public Secretary (Kenya)
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AUDITOR

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and Consultants Limited
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Standard Chartered Bank Kenya Limited

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CORPORATE SOCIAL RESPONSIBILITY (CSR) & INVESTMENT (CSI) 2013 -2022

ICEA LION GROUP CORPORATE SOCIAL RESPONSIBILITY SUPPORT - JANUARY 2013 - DECEMBER 2022

No.	PROJECT PARTNER	DESCRIPTION	CATEGORY	GROUP COST	LIFE ASSURANCE	GENERAL INSURANCE
1.	Kenya Paraplegic Organization	Bring Zack Back Campaign	Health	200,000	100,000	100,000
2.	Kenya Paraplegic Organization	Charity Golf Tournament	Health	200,000	100,000	100,000
3.	The Nairobi Hospital	Children's Charity Heart Fund Golf Tournament	Health	200,000	100,000	100,000
4.	The Association of Kenya Insurers	Annual Medical Camp	Health	50,000	25,000	25,000
5.	Kenya Diabetes Management & Information Centre	Annual Diabetes Walk	Health	100,000	50,000	50,000
6.	Lewa Wildlife Conservancy	Safaricom Lewa Marathon	Brand Equity - Environment	200,000	-	200,000
7.	Rhino Ark Charitable Trust	Support of Rhino Charge Team	Environment	100,000	50,000	50,000
8.	Kahawa Garisson	High School Project	Education	300,000	150,000	150,000
9.	August 7 Memorial Trust	In Support of the Needy	Special Projects - Support for the Needy	100,000	50,000	50,000
10.	SOS Children's Villages	In Support of the Needy Children	Special Projects - Support for the Needy	100,000	50,000	50,000
11.	Lions Club of Kenya	Charity Golf Tournament	Special Projects - Support for the Needy	250,000	125,000	125,000
12.	Faraja Cancer Support Trust	Faraja Cancer Centre Development	Health	2,000,000	1,000,000	1,000,000
13.	KCB Safari Rally	Official Event Insurer June 2013 - June 2014	Brand Equity - Sports	1,000,000	-	1,000,000
Total Support Amount				4,800,000	1,800,000	3,000,000

2013

CORPORATE SOCIAL RESPONSIBILITY (CSR) & INVESTMENT (CSI) 2013 -2022

2014

ICEA LION GROUP CORPORATE SOCIAL RESPONSIBILITY SUPPORT - JANUARY 2013 - DECEMBER 2022						
No.	PROJECT PARTNER	DESCRIPTION	CATEGORY	GROUP COST	LIFE ASSURANCE	GENERAL INSURANCE
1.	Alexis Foundation	Charity Golf Tournament	Education	75,000	37,500	37,500
2.	Lewa Wildlife Conservancy	Safaricom Lewa Marathon	Brand Equity - Environment	500,000	250,000	250,000
3.	Heart to Heart Foundation	Heart Run (Karen Hospital)	Health	50,000	25,000	25,000
4.	Faraja Cancer Support Trust	White Water Rafting - Official Event Insurer	Health	10,045	5,023	5,023
5.	Faraja Cancer Support Trust	Purchase of Branded Tee Shirts	Health	200,000	100,000	100,000
6.	Kenya Diabetes Management & Information Centre	Annual Diabetes Walk	Health	50,000	25,000	25,000
7.	Insurance Regulatory Authority	Cerebral Palsy of Kenya Annual Walk	Health	100,000	50,000	50,000
8.	The Nairobi Hospital	Children's Charity Heart Fund Golf Tournament	Health	100,000	50,000	50,000
9.	The Association of Kenya Insurers	Annual Medical Camp, Kamangu Primary - Kiambu	Health	50,000	25,000	25,000
10.	Drumbeat Ltd - Amazing Maasai Marathon	"Supporting Girl Child Secondary Education in Maasailand - Official Event Insurer"	Education	130,000	65,000	65,000
11.	The Kenya Red Cross	Annual Gala Dinner for the Disaster Kitty	Special Projects - Disaster Preparedness	300,000	-	300,000
12.	KCB Safari Rally	Official Event Insurer - Event Cover & Office Insurance	Brand Equity - Sports	270,254	135,127	135,127
Total Support Amount				1,835,299	767,650	1,067,650

ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

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CORPORATE SOCIAL RESPONSIBILITY (CSR) & INVESTMENT (CSI) 2013 -2022

2015

ICEA LION GROUP CORPORATE SOCIAL RESPONSIBILITY SUPPORT - JANUARY 2013 - DECEMBER 2022						
No.	PROJECT PARTNER	DESCRIPTION	CATEGORY	GROUP COST	LIFE ASSURANCE	GENERAL INSURANCE
1.	Insurance Institute of Kenya	IJK Annual Charity Golf Tournament	Special Projects - Support for the Needy	50,000	-	50,000
2.	Special Olympics Kenya	3 Air Tickets for Special Olympics Swim Team	Special Projects - Sports	500,000	250,000	250,000
3.	Insurance Regulatory Authority	Cerebral Palsy of Kenya Annual Walk	Health	20,000	10,000	10,000
4.	Lewa Wildlife Conservancy	Safaricom Lewa Marathon	Brand Equity - Environment	300,000	-	300,000
5.	The Association of Kenya Insurers	Annual Medical Camp - Ngurubaini Primary School - Mwea	Health	70,000	35,000	35,000
6.	Consolata Youth Rehabilitation Programme	COYREP & ICEA LION Visit To Clean Up Deep Sea Slum	Brand Equity - Environment	100,000	50,000	50,000
7.	The Nairobi Hospital	Children's Charity Heart Fund Golf Tournament	Health	100,000	50,000	50,000
8.	Wema Centre Trust	Annual Fund Raising Dinner	Special Projects - Support for the Needy	250,000	125,000	125,000
9.	Help Baby Ivannah	Medical Bill Support For The Late Baby Ivannah	Special Projects - Support for the Needy	30,000	15,000	15,000
10.	KCB Safari Rally	Official Event Insurer - Event Cover & Office Insurance	Brand Equity - Sports	270,254	135,127	135,127
11.	KCB Safari Rally	Official Event Insurer Jun 2014 - Dec 2015	Brand Equity - Sports	3,000,000	-	3,000,000
Total Support Amount				4,690,254	670,127	4,020,127

CORPORATE SOCIAL RESPONSIBILITY (CSR) & INVESTMENT (CSI) 2013 -2022

ICEA LION GROUP CORPORATE SOCIAL RESPONSIBILITY SUPPORT - JANUARY 2013 - DECEMBER 2022						
No.	PROJECT PARTNER	DESCRIPTION	CATEGORY	GROUP COST	LIFE ASSURANCE	GENERAL INSURANCE
1.	Insurance Institute of Kenya	IIK Annual Charity Golf Tournament	Special Projects - Support for the Needy	50,000	25,000	25,000
2.	Kenya Diabetes Management & Information Centre	Annual Diabetes Walk	Health	50,000	25,000	25,000
3.	Faraja Cancer Support Trust	White Water Rafting - Official Event Insurer	Health	10,045	5,023	5,023
4.	Lewa Wildlife Conservancy	Safaricom Lewa Marathon	Brand Equity - Environment	300,000	150,000	150,000
5.	Association of Kenya Insurers	Joint Insurers Pensions Awareness Campaign	Special Projects - Financial Literacy	1,000,000	500,000	500,000
6.	Jockey Club of Kenya - Horse Derby	111 th Kenya Derby Prize Money For Riders	Brand Equity - Sports	1,000,000	500,000	500,000
7.	Jockey Club of Kenya - Horse Derby	Social Media Boosting to Advertise Event	Brand Equity - Sports	17,493	8,746	8,746
8.	Duke of Edinburgh's Presidential Award Scheme	Feeding Youth During Mt. Kenya Climb	Education	500,000	250,000	250,000
9.	Insurance Regulatory Authority	Cerebral Palsy of Kenya Annual Walk	Health	20,000	10,000	10,000
10.	East African & Kenya Motor Sports Club	FIM MotoCross Of African Nations 2016	Brand Equity - Sports	500,000	250,000	250,000
11.	East African Motor Sports Club	Refurbishing 16 Spectator Stands & Constructing 14 new ones	Brand Equity - Sports	1,397,000	698,500	698,500
12.	The Association of Kenya Insurers	Annual Medical Camp - Karagita - Naivasha	Health	85,000	42,500	42,500
13.	KCB Safari Rally	Official Event Insurer - Event Cover & Office Insurance	Brand Equity - Sports	270,254	135,127	135,127
Total Support Amount				5,199,792	2,599,896	2,599,896

2016

ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

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CORPORATE SOCIAL RESPONSIBILITY (CSR) & INVESTMENT (CSI) 2013 -2022

ICEA LION GROUP CORPORATE SOCIAL RESPONSIBILITY SUPPORT - JANUARY 2013 - DECEMBER 2022							
No.	PROJECT PARTNER	DESCRIPTION	CATEGORY	GROUP COST	LIFE ASSURANCE	GENERAL INSURANCE	
2017	1.	The Association of Kenya Insurers	Annual Medical Camp - Gatanga - Thika	Health	85,000	42,500	42,500
	2.	Insurance Institute of Kenya	IIK Annual Charity Golf Tournament	Special Projects - Support for the Needy	50,000	25,000	25,000
	3.	Faraja Cancer Support Trust	White Water Rafting - Official Event Insurer	Health	10,045	5,022.50	5,022.50
	4.	Lewa Wildlife Conservancy	Lewa Marathon	Brand Equity - Environment	500,000	300,000	200,000
	Total Support Amount			645,045	372,522.50	272,522.50	
2018	1.	The Association of Kenya Insurers	Annual Medical Camp - Matuu - Machakos	Health	90,000	45,000	45,000
	2.	Lewa Wildlife Conservancy	Lewa Marathon	Brand Equity - Environment	700,000	500,000	200,000
	Total Support Amount			790,000	545,000	245,000	
2019	1.	The Association of Kenya Insurers	Annual Medical Camp - Isinya	Health	90,000	45,000	45,000
	2.	Lewa Wildlife Conservancy	Lewa Marathon	Brand Equity - Environment	700,000	-	700,000
	Total Support Amount			790,000	45,000	745,000	
2020	1.	Lewa Wildlife Conservancy	Virtual Lewa Marathon	Brand Equity - Environment	100,000	50,000	50,000
	2.	National Emergency Response Committee	COVID-19 Pandemic Support	Health & Special Projects	10,000,000	5,000,000	5,000,000
	Total Support Amount			10,100,000	5,050,000	5,050,000	
2021	1.	The Academy of Dance and Arts Ltd	Grease Musical Show Sponsorship	Brand Equity - Special Projects	250,000	-	250,000
	2.	Wema Centre	Sponsorship for Wemathon	Brand Equity - Sports	50,000	-	50,000
	Total Support Amount			300,000	-	300,000	

CORPORATE SOCIAL RESPONSIBILITY (CSR) & INVESTMENT (CSI) 2013 -2022

ICEA LION GROUP CORPORATE SOCIAL RESPONSIBILITY SUPPORT - JANUARY 2013 - DECEMBER 2022						
No.	PROJECT PARTNER	DESCRIPTION	CATEGORY	GROUP COST	LIFE ASSURANCE	GENERAL INSURANCE
1	Msk gala award	Msk gala award	Brand Equity - Special Projects	30,000	30,000	
2	Minet kenya financial services limited	Annual trustee conf sponsorship	Brand Equity - Special Projects	100,000	100,000	
3	Ashanti pension insurance agency ltd	Nhif dc agency	Brand Equity - Special Projects	200,000	200,000	
4	Jkuat srbs - trustee account	Jkuat srbs - trustee account	Brand Equity - Special Projects	75,000	75,000	
5	Rhino ark kenya charitable trust	Rhino charge sponsorship	Brand Equity - Special Projects	300,000	150,000	150,000
6	Zamara actaries administrators and consultants	Sponsorship zamara fanaka	Brand Equity - Special Projects	100,000	100,000	
8	Vhi(k) public health reserve account	Csr support for village hopecore	Brand Equity - Special Projects	25,000	25,000	
9	2nk sacco	Csr support for 2nk sacco	Brand Equity - Special Projects	50,000	50,000	
10	Meru university of science and technology	Luncheon sponsorship	Brand Equity - Special Projects	30,000	30,000	
11	University of nairobi foundation registered trusts	University of nairobi foundation launch sponsorship	Brand Equity - Special Projects	100,000	50,000	50,000
13	Kenya association of technical training institutions	Sponsorship katti agm	Brand Equity - Special Projects	200,000	200,000	
14	Mulembe golf sports club	Mulembe golf tournament	Brand Equity - Special Projects	100,000	100,000	
15	Forum for african women educationalists	Fawe dinner	Brand Equity - Special Projects	100,000	100,000	

2022

ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

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CORPORATE SOCIAL RESPONSIBILITY (CSR) & INVESTMENT (CSI) 2013 -2022

ICEA LION GROUP CORPORATE SOCIAL RESPONSIBILITY SUPPORT - JANUARY 2013 - DECEMBER 2022						
No.	PROJECT PARTNER	DESCRIPTION	CATEGORY	GROUP COST	LIFE ASSURANCE	GENERAL INSURANCE
16	Limuru country club	Limuru country club	Brand Equity - Special Projects	50,000	50,000	
17	Kenya medical association	Sponsorship 49th kma conference	Brand Equity - Special Projects	100,000	100,000	
18	Lewa wildlife conservancy	Lewa wildlife conservancy	Brand Equity - Environment	503,000	250,000	253,000
19	81 Tank battalion nakuru	Cocktail sponsorship	Brand Equity - Special Projects	76,315	76,315	
20	Embakasi garrison	Sponsorship embakasi garrison	Brand Equity - Special Projects	120,000	120,000	
21	Association of kenya professional insurance agents	Association of kenya professional insurance agents	Brand Equity - Special Projects	150,000	150,000	
22	Devki charitable foundation	Donation-school feeding programs in drought areas	Brand Equity - Special Projects	500,000		500,000
23	Kenya manufacturers association	Sponsorship 49th kma conference	Brand Equity - Special Projects	100,000		100,000
24	The academy of dance & arts limited	Performance of grease sponsorship	Brand Equity - Special Projects	200,000		200,000
25	Wema centre	Sponsorship for wema centre	Brand Equity - Special Projects	50,000		50,000
26	Central account national defence college	Sponsorship cultural day	Brand Equity - Special Projects	100,000		100,000
27	Lohana ladies circle	Sponsorship lohana ladies circle(IIc) charity walk	Brand Equity - Special Projects	100,000		100,000
Total Support Amount				3,459,315	1,956,315	1,503,000
TOTAL CORPORATE SOCIAL RESPONSIBILITY SUPPORT AMOUNT FROM JANUARY 2013 - DECEMBER 2022				32,614,705	13,809,010	18,805,695

2022

CORPORATE SOCIAL RESPONSIBILITY (CSR) & INVESTMENT (CSI) 2013 -2022

ICEA LION GROUP CORPORATE SOCIAL RESPONSIBILITY SUPPORT - JANUARY 2013 - DECEMBER 2022						
No.	PROJECT PARTNER	DESCRIPTION	CATEGORY	GROUP COST	LIFE ASSURANCE	GENERAL INSURANCE
2016-2017 1.	Ewaso Lions - Lion Conservation Project	Warrior Watch & Lion Monitoring Equipment	Corporate Social Investment Initiative - Environmental Conservation & Community Based Interventions	862,554	431,277	431,277
		Production of the Lion Conservation Video		3,838,634	1,919,317	1,919,317
		Promoting the Lion Conservation Video & Initiative on Social Media (Facebook, Instagram & YouTube)		600,000	300,000	300,000
		KWS Methodology & Standardization Workshop Sponsorship		462,000	231,000	231,000
2.	Kenya Wildlife Service (KWS) National Lion Census	National Lion Census - Phase I - Lake Nakuru National Park		821,167	410,583.50	410,583.50
		Total Support Amount		6,584,355	3,292,177.50	3,292,177.50
2018 1.	Lewa Wildlife Conservancy	ICEA LION Staff Immersion & Sensitization Videography & Photography	Corporate Social Investment Initiative - Environmental Conservation & Community Based Interventions	194,880	97,440	97,440
		Conservation Education Programme - 15 Schools, 690 Students, 60 Teachers from Northern Kenya for 2 Days		3,515,000	1,757,500	1,757,500
		Conservation Education Programme - ICEA LION Staff immersion		200,000	100,000	100,000
		Lion Predator Monitoring Programme		472,000	236,000	236,000
		Total Support Amount			4,381,880	2,190,940

CORPORATE SOCIAL RESPONSIBILITY (CSR) & INVESTMENT (CSI) 2013 -2022

ICEA LION GROUP CORPORATE SOCIAL RESPONSIBILITY SUPPORT - JANUARY 2013 - DECEMBER 2022						
No.	PROJECT PARTNER	DESCRIPTION	CATEGORY	GROUP COST	LIFE ASSURANCE	GENERAL INSURANCE
2019	1. Kenya Wildlife Service (KWS) National Lion Census	National Lion Census - Census Equipment for 5 Regions		1,701,925	850,963	850,963
	2. Lewa Wildlife Conservancy	ICEA LION Staff Immersion & Sensitization Videography & Photography	Corporate Social Investment Initiative - Environmental	194,880	97,440	97,440
		Conservation Education Programme - ICEA LION Staff immersion with Bardassa Secondary School	Conservation & Community Based Interventions	200,000	100,000	100,000
		Lion Predator Monitoring Programme		472,000	236,000	236,000
Total Support Amount				2,568,805	1,284,493	1,284,493
2020	1. Lewa Wildlife Conservancy	Fund Raising Gala Dinner: Chief Guest :Eliud Kipchoge	Brand Equity - Environment	600,000	300,000	300,000
	2. "Organization of East & Southern African Insurers (OESAI)	Sponsored OESAI Sustainability Conference	Brand Equity - Environment	600,000	300,000	300,000
	Total Support Amount				1,200,000	600,000
TOTAL CORPORATE SOCIAL INVESTMENT SUPPORT AMOUNT FROM OCT 2016 - DEC 2022				14,735,040	7,367,520	7,367,520
TOTAL CORPORATE SOCIAL RESPONSIBILITY & INVESTMENT SUPPORT AMOUNT FROM JAN 2013 - DEC 2022				47,349,745	21,176,530	26,173,215

OUR AWARDS & ACCOLADES

THINK BUSINESS AWARDS

WINNER	YEAR
General Insurer of the Year	2014, 2017
Lifetime Achievement Award: CEO - Steven Oluoch	2018
Best Insurer in Product Distribution & Marketing	2017
Corporate Risk Manager of the Year: Dorothy Maseke	2017, 2018
Training	2016
Customer Satisfaction	2016
Customer Service	2018, 2017
Claims Settlement	2018, 2015
Risk Management	2015
Best Insurer in Sustainable CSR	2018
Major Loss Award	2012
Best Company in Technology & Digital Applications	2018
1 ST RUNNERS UP	
Best Insurer in Sustainable CSR	2017
Customer Service	2014, 2016
Risk Management Award	2014, 2017
Marketing Initiative of the Year	2012
Most Innovative Insurance Company	2018
Best Insurance Company in Product Distribution & Marketing	2018
Training	2015
Fraud Detection & Prevention	2015, 2016, 2018
2 ND RUNNERS UP	
General Insurer of the Year	2015, 2016, 2018
Training	2014, 2018
Fraud Detection & Prevention	2014, 2017
Claims Settlement	2016

ICPSK CHAMPIONS OF GOVERNANCE AWARDS

WINNER	YEAR
Insurance Sector	2017, 2018
Company Secretary of the Year: Kennedy Ontiti	2015, 2016
1 ST RUNNERS UP	
Insurance Sector	2015, 2016
Company Secretary of the Year: Kennedy Ontiti	2018
2 ND RUNNERS UP	
Overall Champions of Governance Award	2018
CEO of the Year: Steven Oluoch	2016
Insurance Sector	2016
Company Secretary of the Year: Kennedy Ontiti	2017

EAST AFRICAN MARITIME AWARDS

WINNER	YEAR
Marine Cargo Insurer	2018

INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (ICPAK) FINANCIAL REPORTING (FiRe) AWARDS

WINNER	YEAR
Insurance Category	2022
Environment & Social Reporting	2022
1 ST RUNNERS UP	
Insurance Category	2019, 2022
2 ND RUNNER UP	
Insurance Category	2018

KENYA INSTITUTE OF MANAGEMENT (KIM) COMPANY OF THE YEAR AWARDS (COYA) 2017

WINNER	YEAR
CEO of the Year: Steven Oluoch	2017
Financial Management Determinant	2017



ICEA LION LIFE ASSURANCE 2022 INTEGRATED REPORT

APPENDICES

OUR AWARDS & ACCOLADES

DELOITTE'S BEST COMPANY TO WORK FOR AWARDS

WINNER	YEAR
Insurance Sector	2014, 2015
1ST RUNNERS UP	
Overall: Mid-Size Companies (under 500 employees)	2016

THE 2018 ASSOCIATION OF PRACTITIONERS
IN ADVERTISING (APA) LOERIES AWARDS

WINNER
Overall: Grand Prix Award - #BackYourFuture Campaign
Gold Award: Integrated Campaign - #BackYourFuture Campaign
Silver Award: Integrated Campaign - Travel Insurance Campaign

INSTITUTE OF CUSTOMER SERVICE – ICS KENYA AWARDS

WINNER	YEAR
Insurance Sector	2014

INSURANCE INSTITUTE OF KENYA (IIK) ANNUAL QUIZ

WINNER	YEAR
	2017

INTERNATIONAL SAFETY TRAINING CENTRE AWARD

WINNER	YEAR
International Workplace Safety Award	2019

ASSOCIATION OF KENYA INSURERS (AKI) SPORTS DAY

WINNER	YEAR
Indoor Games	2018, 2019, 2022
Swimming	2019
Overall Insurance Company	2022
1ST RUNNERS UP	
Overall Champions	2016, 2018, 2019, 2022
Track & Field Games Champions	2018, 2019, 2022
Auxiliary Games, Indoor Games, Volleyball and Athletics Games Champions	2016

AFRICAN CRISTAL MEDIA & ADVERTISING AWARDS - MOROCCO

2 ND RUNNERS UP	YEAR
Digital Insurance Category	2019



APPENDICES

ICEA LION'S INTEGRATED LAB

Meet our team that spearheaded and continues to champion Integrated Thinking and delivered the 2022 Integrated Report that was developed and designed in-house.

Joseph Mutinda

Marketing and Communications Assistant
Manager
ICEA LION Group

Zipporah Chege

Chief Financial Officer
ICEA LION General Insurance

Kevin Nyakeri

Chief Financial Officer
ICEA LION Life Assurance

Dorothy Maseke

Group Head, Risk & Compliance
ICEA LION Group



ICEA LION'S LIFE ASSURANCE FINANCE & ACTUARIAL TEAM

We appreciate our dedicated Finance and Actuarial team who worked diligently in liaison with Integrated Lab team to deliver our 2022 Integrated Report.



Back row from left to right

- Bob Mbogo
- Anthony Muturi
- Stella Nzioka
- Josephat Wahome
- Charles Wilner
- Robert Kanyi
- Francis Sesi

Middle row from left to right

- Samuel Barasa
- Brida Muisyo
- Julius Irungu
- Burton Nderitu
- Angelica Songok
- Lilian Njuguna
- Margaret Mutumira
- Sinto Mukui

Seated row from left to right

- Sheila Muriira
- Gabriel Kilonzo
- Kevin Nyakeri
- Simon Ndungu
- Margaret Ndungu





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